

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

**Seventy-Ninth Session
March 16, 2017**

The Committee on Taxation was called to order by Vice Chair Irene Bustamante Adams at 4:03 p.m. on Thursday, March 16, 2017, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 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:

Assemblywoman Dina Neal, Chair
Assemblywoman Irene Bustamante Adams, Vice Chair
Assemblyman Paul Anderson
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Lesley E. Cohen
Assemblyman Edgar Flores
Assemblyman Al Kramer
Assemblyman Jim Marchant
Assemblyman Keith Pickard
Assemblywoman Ellen B. Spiegel

COMMITTEE MEMBERS ABSENT:

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:

Medin Gebrezgier, Chief Marketing Officer, Revive Brand Co., Las Vegas, Nevada
Brent D. Buffone, President, CCMM LLC, Las Vegas, Nevada
Kevin Raiford, Professor, Department of Business Administration,
College of Southern Nevada
Ken Evans, President, Urban Chamber of Commerce, Las Vegas, Nevada
Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro
Chamber of Commerce
David Cherry, Communications and Intergovernmental Relations Manager,
City of Henderson
Ricardo Villalobos, Executive Director, Workforce and Economic Development,
College of Southern Nevada
Michael Flores, Director of Government Affairs and Communications,
College of Southern Nevada
Deonne E. Contine, Executive Director, Department of Taxation
Jorge Pupo, Revenue Tax Manager, Compliance Division, Department of Taxation

Vice Chair Bustamante Adams:

[Roll was taken.] We have two bills today. We are going to take them out of order. We will hear Assembly Bill 94 first. Our Chair of the Assembly Committee on Taxation [Assemblywoman Neal] is the presenter. I will open the hearing on Assembly Bill 94.

**Assembly Bill 94: Repeals the prospective expiration of the Nevada Grow Program.
(BDR S-217)**

Assemblywoman Dina Neal, Assembly District No. 7:

I am presenting Assembly Bill 94 today. This bill stems from Assembly Bill 399 of the 78th Session, which implemented a pilot program to encourage growth and expansion of existing businesses located in Nevada. I now want to make the NV Grow Program permanent.

To give you some background, economic gardening represents a new way of thinking about supporting the growth of companies and letting business owners know how important they are to our local economies. Instead of offering the traditional incentives like tax credits and other discounts, we are offering something more valuable—strategic information. We have pooled together a strategic collaborative using the southern Nevada Small Business Development Center (SBDC), the College of Southern Nevada (CSN) and their business department, and the chambers of commerce.

Over the past year and a half we took on about 12 businesses. I would say roughly 10 stayed in the program. We were able to work with those businesses, and the counselors were able to meet their needs and discuss how we could help them grow and go to the next level.

Before I present the bill I am going to show you a four-minute video ([Exhibit C](#)) so you can hear what businesses in the south had to say, and to give you an idea of what happened in the interim during the pilot program. [The following information was taken from ([Exhibit C](#)).]

My name is Dida Clifton. I own a company called The Office Squad. We are back office support for solo business owners and entrepreneurs who are struggling to do everything themselves. I was struggling with identifying my target market. Can you believe that, having a business that is fifteen years old, and still not knowing who exactly you are selling to? So with the data that we pulled on what is in the area, what is in the [Las Vegas] Valley, what is in Nevada, what kind of business owners there are, what they need, we did a value proposition which I had never created before. I defined my target markets, so now I actually know who I am talking to. It narrows it down so I am not just kind of lost in space, as my daughter says, or bowling in the dark. You just throw the ball and maybe you will hit a pin. Now I know exactly where to direct it.

My name is Diane Hale, I am the chief executive officer and owner of HER Services (Hale Environmental Resource Safety Services). We are the number one go-to company for safety, hazardous materials, and OSHA [Occupational Safety and Health Administration, U.S. Department of Labor] compliance training. I was introduced to NV Grow through SBDC, as well as through Ken Evans of the Urban Chamber. He said, "Hey, Diane. Since you are going through the next phase of your business, this program could really help you." There are multiple items I think would be very beneficial for this program, for any small business. One, you have a wealth of business professionals at CSN, from social media to just the bread and butter business and applications, financial planning, some of the GIS [geographic information systems] looking at if I was to have a brick and mortar store selling widgets or a suit, they could actually do the research for me, to find out what was the foot traffic, how many buses, how many cars come by. How busy are they on the weekends? What is the income level around that particular area? All I can say to the Nevada Legislature is this is one of the best programs I have actively been involved in. I know there are growing pains with it. I would love to see this continue because the more I hear about what else and what new opportunities I can have in this program, the more excited I am because time is money and that is one thing as a small business owner I do not have. More importantly, I do not know where to get those experts, and now I know that there is a lot more that CSN and the NV Grow Program can offer me. I would like to see that offered to other small businesses.

[Kevin Raiford, Professor, Department of Business Administration, College of Southern Nevada] My goal was to provide GIS data, which allows people the demographic projections, and they use that data. I had a client who did not

know that in their geography there were some people who spoke Spanish as their first language, so when given that data and they say, You know what? Now all our flyers are going to be bilingual. I have clients who did not know that, you know, we have a huge growing Filipino market, so now they are translating some of their promotional materials into Tagalog. So it is really exciting to see the businesses grow by using the data, to know who is in their demography and what they can do in terms of expanding their business, so it is exciting. You know Vegas is growing and so you see a huge influence by people around the globe. Every neighborhood in Las Vegas takes on its own flavor. I can see this program expanding a) in Las Vegas and b) in having international sales. [Video was stopped at this point.]

Assemblywoman Neal:

I just wanted to show you that quick clip. I know there was a lot of background noise. We were actually having one of our meetings to retool and figure out what had happened with businesses; the College of Southern Nevada decided we should do a video on the spot and capture folks before they left ([Exhibit C](#)). The staff from CSN actually created the video, so that is another one of the amazing tools and resources we have been able to have, trying to work around the \$150,000. We tried to make a lot of magic with that money over a year and a half.

I would like to go down south to Professor Raiford, and the two businesses. I would like them to share their stories with the Committee before I cover the bill.

Medin Gebrezgier, Chief Marketing Officer, Revive Brand Co., Las Vegas, Nevada:

Here are a few of my thoughts about the NV Grow Program. As a small business owner, I understand it is crucial to have this data for making decisions, not only to keep cash flow going or to make proper decisions, but if you make an incorrect decision it could be the difference between keeping the doors open and shutting your entire operation down. We have learned that the hard way.

We had the support of family and friends, but we have learned that instead of just taking money or getting large investments, being smart about the things you have and getting as much data and information is very helpful. My business is Revive Brand Co. We make bags, accessories, and all kinds of apparel. We started it here in Las Vegas. This is a home-based business and we sell online at www.revivebrandco.com. We make all kinds of products right out of our garage and sell these to big companies, all sorts of basketball players, and athletes.

Brent D. Buffone, President, CCMM LLC, Las Vegas, Nevada:

I was born and raised in Las Vegas. I took Professor Raiford's business class a few years ago. Since then I have received an extensive amount of information and strategies provided from the advisors from the NV Grow Program. Mr. Raiford has been very influential in what I have done. I have created an organic chewing gum business. It is chewmanja.com.

You can go on to the website. The name under which we do business is Manja. The limited liability company (LLC) is CCMM LLC. Now, from that information and strategies that I have received, it has really helped me to zero in on my target market, and growth is now much more possible.

Kevin Raiford, Professor, Department of Business Administration, College of Southern Nevada:

Along with being a business professor for CSN, I am also the advisor for the entrepreneurship program and a Nevada SBDC counselor. What these two young men represent is what we see going on now in southern Nevada. People are taking the data we use from the NV Grow Program in order to grow their business and to target certain demographics. This program is a stepping stone to having more detailed discussions and preparation.

I was looking at the data recently and we have serviced 79 clients through the NV Grow Program, even though we intended this to be a pilot. The best example would be if you were to go to a middle school and offer free t-shirts to the first ten female students in grade 7 who walked in the door; once everyone saw them with those t-shirts, they would want them too.

Even with the small fund we had, we were able to expand this program to actually help 79 clients. We were supposed to help just a small number but once everybody saw the data, they jumped on board. Now it is growing like wildfire. I am pleased and hope we can continue this program to service numerous amounts of clients in southern Nevada.

Assemblywoman Neal:

Some of the 79 clients got spot help versus walking through the actual program over a series of weeks. Could you explain that to the Committee?

Kevin Raiford:

It was actually a lot of word of mouth. One client shared the data they had with another client, and then they would want that data. Sometimes our client would use the data to approach a small business, and when the small business would see the data, they wanted to know where they got the information and if they could get it too. I still get random phone calls and people coming past my office. Sometimes people actually saw the data for another client on my desk and would start asking questions about how they could be part of the program. Even though they were not officially enrolled in the NV Grow Program, they decided to be someone who I would counsel by showing them demographic situations where they know just the income distribution inside of a ZIP code.

Tony Yozze is a perfect example, with his indoor kids playground. After coming by the office and seeing the data, he is now a colossal fan. He uses it all the time. He was recently featured on one of our news programs, Channel 13 in Las Vegas, about his indoor kids playground.

I have about 200 students every semester. About 70 percent of them are actually pursuing their own businesses. You can do the math. Everybody wants this data and everybody wants this counseling. Even if you are using social media, or any other aspect of your business, you realize now that knowing what the language is, what times to advertise on the radio, it is very effective. That is why this data has expanded.

Assemblywoman Neal:

Yes, it does. The reason why I wanted Professor Raiford to spell out the data impact is because in the 2015 bill [Assembly Bill 399 of the 78th Session], one of the biggest efforts that was huge for me in economic gardening was trying to make sure we had a geographic information system (GIS) specialist. We were able to use \$75,000 of the money to hire a GIS specialist within the pilot program so we could actually start getting data. We used the northern Nevada SBDC to start mining data, and also Professor Raiford. That was a huge component. One thing I knew was if I was going to make this kind of economic gardening program work, I needed to add the GIS.

I will now walk you through the proposed amendment ([Exhibit D](#)), to help you understand what the changes are to the bill. In section 1.5, we are changing this to be cited as the "NV Grow Act" because the goal of this particular bill is to try to move us from the pilot program status to an official act in statute. If you read further, the bill explains the intent of the Legislature is to provide the resources, and the purpose of the program is to stimulate investment.

The "Office" mentioned throughout is actually the Office of Economic Development, in the Office of the Governor (GOED), and they actually are the office that does the economic development. Our goal around GOED was to use a particular person, Bob Potts, who is the Research Director for the Office. I had built a relationship with him, to try to make sure he was in constant collaboration with us. He is a data guru. I wanted to make sure any time we scrubbed the data that Brian Bonnenfant, who is in the Reno office of the Nevada SBDC, was seeing it in Washoe County, along with Bob Potts and Professor Raiford, to make sure the data was accurate so the business could use it.

The next portion is in section 3. On page 2, line 10 is a consultation where we are trying to make sure the Office is in constant consultation with us, and if we are doing anything outside of the scope they could offer guidance. Paragraph (a) of subsection 2, section 3, is the institutions. This is the group we wanted to bring together to help us get our program off the ground. We knew we needed Clark County, and we needed the Clark County Department of Business License group, mainly because they could tell us the businesses that were coming in, and they had a lot of expertise they could offer us.

As you go down into section 3, subsection 2, paragraph (b), the change there is because in 2015 the SBDC in the south was not necessarily on board with what we were doing as a pilot program. Now they are. The reason why we have Clark County and Washoe County operating together is because now both entities will now be working together, which was my ultimate goal, to help us get this program off the ground. We had a lot of conversations to

help them understand our goals and why we needed this complete collaboration to exist between the north and the south, even though it was a struggle at first. Everybody is now in agreement.

In section 3, subsection 3, when it says, "The Centers, jointly, shall select the lead counselor and manage the NV Grow Program . . . ," one of the things we found out was although we had CSN on board, we needed a lead counselor. We needed a lead person at that site who was going to help guide the process through. That lead person is going to be Professor Raiford. That was placed in the bill because we realized we needed to strengthen the program by making sure we had a lead.

If you go down to section 3, subsection 3, paragraph (b), we changed roles and structures. Where it used to say "Nevada Small Business Development Center in Washoe County," we now have the "College of Southern Nevada as administrator of the geographic information system" because right now the GIS person [Pablo Rea] is housed at CSN, and we would like to keep him there. In the original part of the bill, we had the SBDC in Washoe County as part of the management of the GIS, but we want to shift that role.

In section 3, subsection 3, paragraph (c), we are asking the Centers to identify the businesses and business sectors. Once we were getting into doing the program we found out that the role of the SBDC in CSN was finding the businesses, identifying them, and doing the analysis of whether or not they were going to fit into the program.

In section 3, subsection 3, paragraph (d), where it says, "Identification by the Centers of the skilled labor that exists in this State and its potential for growth," we were trying to make sure there is an alignment in the workforce with the businesses we do. In section 3, subsection 3, paragraph (e), the reason why the "targeting of the business sectors" language is in there is because as we moved as a state, under our economic strategic plan, we were focused on actual business sector growth. We wanted to make sure we respected that business sector growth and, as much as we could, be inclusive to the business sector growth to show the correlation between the state economic development plan and what we were doing in the NV Grow Program. We thought that was a good measure. We were cleaning it up to say that when the SBDCs start identifying businesses, they are going to be thinking about if you fit into one of the sector councils that the state is already targeting, or do you fall out. We actually want to highlight that as we do our reporting.

Section 3, subsection 3, paragraph (f) basically focuses on the utilization of existing resources by the SBDCs. That particular sentence was extremely important because my goal in having a small amount of money was to leverage what we already have. Nobody ever wants to reinvent the wheel. What we wanted to do was leverage any type of resource we had. That is why the chambers of commerce are very important because they already have a certain level of resources and classes that we felt we could maximize and use in order to create and produce a better program to help businesses go to the next level.

Section 3, subsection 3, paragraph (g) harnesses the academic expertise of CSN. In the interim, we were meeting with the Department of Business Administration and they started to really like the NV Grow Program. We had several meetings where the business department said they wanted to figure out how we could offer noncredit classes to businesses to help strengthen where they are and what they do. We placed that in the bill because we want to make sure we provide an avenue for the business department to actually use some of their expertise for this program. They are completely on board and love this idea of trying to dig further into this issue.

Section 3, subsection 3, paragraph (h) is a reiteration that the GIS will be at CSN and of what they are going to be doing. We will use them to map the market. We want to know retail sales. We want to know about the competitive intelligence. That is part of what the GIS is there for, and it has been a great benefit to us.

Section 3, subsection 3, paragraph (j) is our ability to try to capture some of the activities that were going on. We actually had CSN students who created the website for Diane Hale, the second lady in the video ([Exhibit C](#)), and prepared marketing material. These students were pulled in under Professor Raiford. They came up with very unique things for her. We wanted to make sure that even though it is a nontraditional marketing technique, that we had an avenue to try to integrate some of the activities we had going on in the interim.

Section 3, subsection 4, paragraph (a)—the business mentorship—was always in the bill, even if you go back and look at Assembly Bill 399 of the 78th Session. It was, however, one of the things we were not able to accomplish. Business mentorship is an enormous part of trying to make NV Grow and economic gardening a reality. Business mentorship is the space where businesses get a chance to sit down with other businesses—not as a competitor or in a competitive market—to share experiences and get advice. It is invaluable because they get a chance to listen to some of the challenges and strategies other businesses have had to face, or deal with, which helps them to problem solve and think things through. One of the goals of NV Grow was to have businesses do something like a periodic round table where they could get mentorship, flesh out some of the issues, and talk through what was happening.

In section 3, subsection 4, paragraph (c), creating and facilitating NV Grow participants peer-to-peer mentoring sessions, we realized when the businesses sat down with each other, they learned so much from each other. For example, we have a lady who sells funnel cakes. She was selling them from a vehicle. She wanted to transition to a brick and mortar space. She was able to sit down with Diane Hale [the second woman in the video] and discover a lot of valuable information—like how the city of Las Vegas could help her and what kind of redevelopment advantages were out there—so we realized that we needed to make sure we had more participants during the peer-to-peer mentoring sessions. That was in the bill, but I wanted to make sure it was spelled out in the law. When you write law, people see it; if they do not see the exact language, they do not do it.

In section 3, subsection 5, we increased the 10 businesses to 15 every year because we think we will be able to capture more businesses than that. We want to be conservative because I am only asking for a small amount of money and we are still at the point of leveraging the resources. I feel, as a state, we do not have a lot of money for these types of programs, so I am hedging my bets and trying to get a little more money so we can do more activities.

In section 3, subsection 6, paragraph (b), I dropped the threshold to \$50,000—with the range from \$50,000 to \$700,000 in revenue—because we have a lot of businesses that have been operating for more than a year or two and they felt they were at the next level, but in terms of the revenue they were capturing minus expenses they were paying, they were locked out of the process in regard to some of the businesses at the Las Vegas Latin Chamber of Commerce and the Urban Chamber of Commerce. We wanted to be able to offer them whatever we could within the program. That is why the threshold was dropped, so we could embrace more businesses. There were good businesses, that for whatever reason, could not generate \$100,000. One example is a business called Honey Cakes Cafe. I was pushing them to get into the program but they could not meet the \$100,000 revenue threshold, minus expenses. Now they would have an opportunity to get in.

In section 8, subsection 1, there is another change in which I increased the sum to allow the Nevada SBDC to have a little more money to carry out the program because they were given more duties. We wanted to help and support the business counselors. I need to amend section 8, subsection 2. The way it reads is correct in regard to the \$150,000, but that \$150,000 will not pay for a lead counselor. The \$150,000 is going to continue to pay for the GIS specialist. It is also going to provide more marketing tools and stipends. We were thinking about field trips; we talked to the Department of Business Administration at CSN about how we could get businesses to visit each other, to be on site. We were trying to figure out how to create more flexibility within the program. We are going to try to make magic with our money, spreading it around in multiple ways. I am open for any questions.

Assemblywoman Spiegel:

I was wondering how qualifying businesses will be informed of the program? How will they be selected, especially with the reduced threshold for involvement? I am guessing there will be many more than 15 businesses per year that would qualify to participate.

Assemblywoman Neal:

A NV Grow website has already been created at CSN. We already have an application, so it would be a simple amendment to that application. The SBDC counselors are going to now be in the role of identifying and vetting those businesses. What we know for sure is that although there may be 15 businesses that come through the program as the actual cohort, we know there may also be spot access in terms of just having a particular need for information. That is where Professor Raiford got the 79 number. The way our marketing works right now is all the chambers of commerce have information on the NV Grow Program. They also have the applications. They get the word out, along with the SBDC centers, which are housed at the University of Nevada, Las Vegas. I hope that answers your question.

Assemblywoman Cohen:

It sounds like a wonderful program. There was a mention by Ms. Hale on the video of some growing pains, and you mentioned two businesses that had left the program. Could you go into the growing pains that you have seen?

Assemblywoman Neal:

I do not want to throw anybody under the bus but the growing pains were that we had the wrong person running the program. We had a director who was not following directions and was doing his own thing. I had to get involved about six months in and try to redirect. There was a lack of communication by a particular person who basically decided that it did not matter what I had to say or what the law had to say. They were going to do whatever they wanted, so as a result, we lost some people. It was not because of the value of the program; it was the fact that there was no process. I literally had to get involved, get in my own bill, and make the process exist. That is when I met Ms. Hale. Once she discovered the information she was supposed to get, she wanted to stay. Once she found out what the program was supposed to be, she wanted to stay involved and be involved for the next round. That is what happened.

Assemblywoman Cohen:

I know you and Professor Raiford covered some data, and you may have already covered this, but I am not a small business person and the language is slightly different than I am used to. There was mention of the data of language spoken by potential customers in the area where the businesses are located and also the proper times to advertise on the radio. Could you give us an example of other data that is being captured for the businesses that is being utilized?

Assemblywoman Neal:

One example was for a business in the 89106 ZIP code [pages 2 through 7, ([Exhibit E](#))]. They wanted the per capita income and the retail trade specific to their area. We ran data on the retail trade of the food and drink being sold in their area, checking supply and demand. We did a breakdown of what the demand was, what the retail potential was, and what the retail sales were in that specific ZIP code. We also discussed the retail gap with them. We were able to list the different people within the industry group who were operating within that ZIP code. They were able to get an idea of the potential sales in that area. We then discussed with them a possible new target and new market strategy in order to capture the revenue they were seeking. That is a good example of some of the data that was compiled by our GIS specialist down south [Pablo Rea].

Another example is they wanted a business summary of the 89103 ZIP code [pages 8 through 13, ([Exhibit E](#))]. They wanted to know who was in the space and who was in the market. They wanted to know the total number of businesses, total number of employees, and how many residential homes they would be dealing with. This was for a construction-based business. We were able to do a breakdown by retail trade summary and

show how much home improvement activity was going on in that specific ZIP code. They were looking for information on a particular skill set within the home improvement retail industry, trying to get a feel for the general landscape.

The last example was a request to know demographics for the 89106 ZIP code. They wanted to know the female population and what the income was within those households, to figure out a specific target group to focus on. Our GIS specialist can do all kinds of things. He can create a map. He can do clusters. We have a lot of capacity there in terms of our data and what they ask for.

Assemblyman Pickard:

I have worked with the Henderson Chamber of Commerce quite a bit. I know they have a similar incubation program. I was excited when I first saw the bill. I love these ideas.

With the initial investment of \$150,000, it sounds like you are on top of the data. What is the total result in revenue we have seen from that investment?

Assemblywoman Neal:

I will ask Professor Raiford to answer that question.

Kevin Raiford:

I would say it is about \$2.1 million.

Assemblywoman Neal:

I am very careful with my spending so when we got \$150,000, I wanted to see how we could make some magic. I wanted to figure out everything we could do for free, and then I pulled it all together.

Assemblyman Pickard:

That is the beautiful thing about the chambers of commerce, they will give you support without any expectation of remuneration. The fact you are working with the chambers is great as well.

Vice Chair Bustamante Adams:

Are there any other questions from the members? [There were none.] I do have some questions for the businesses in Las Vegas. Is there anything Nevada can do better in regard to getting the word out?

Brent Buffone:

Yes. I definitely think we could do a much better job getting the word out through other chambers, other high schools, or college programs. I am a member of the Latin Chamber of Commerce and I received an email from the U.S. Small Business Administration about the NV Grow Program. I attempted to call the number, which was a number in Washington, D.C. It went straight to voice mail, so it was difficult for me to determine what the NV Grow Program was and to actually speak with someone.

I did speak with Professor Raiford and he made himself available to meet with me. I think a lot of young people here in the Las Vegas Valley are not aware this program exists. Getting the word out through social media, through the public libraries, and through the chambers are just a few suggestions.

Medin Gebrezgier:

I would also say doing educational community events would be extremely helpful in removing some of the stigmas of becoming a business owner. Removing some of that fear comes with education and teaching the practicality of owning a business. You can feed your family just as easily by owning a business as you would by getting a job. That would be excellent, the government reaching out to the people to help them open and run their own business. I am of Eritrean descent, and there are resources for people from the Horn of Africa, Ethiopia, and Eritrea out here as well.

Vice Chair Bustamante Adams:

Thank you for that information. I appreciate the Ethiopian community in my district. Professor Raiford, besides the website, do you do anything else on social media for the program?

Kevin Raiford:

Yes, we do. We try to really push the success stories through applications like Instagram, Snapchat, or even Twitter. These two young men are a reflection of a lot of these people in that age group. They are really dynamic. Amanda Appling is also somebody who is fantastic. She makes videos and posts her success. Sometimes something as simple as a seven- to eight-second video on social media can really drive a lot of traffic and really highlight some of the achievements of these small businesses.

Vice Chair Bustamante Adams:

Assemblywoman Neal, in section 3, subsection 3 of the proposed amendment ([Exhibit D](#)), where it says the Centers shall jointly select a lead counselor, do you anticipate there ever being a situation where there is not an agreement, or they are not on the same page when selecting the counselor? How would you handle that?

Assemblywoman Neal:

I do not believe that is going to happen. With the conversations we have had, we know we need the strongest person to take the lead. When we did our master calendar to figure out the classes that would be offered, we needed to know when a person walked through the door the flow of classes we were going to be offering. Whether it was at the Urban or Latin Chamber of Commerce, or SBDC, we needed to make sure we matched them with the right counselor.

Matching the right client with the right counselor can only happen if you have a strong lead SBDC counselor who has the relationships and is familiar with all of the parties functioning in this phase. We are probably taking this particular line for granted because we know it is Professor Raiford. If Professor Raiford ever quits, we will be looking for another person. I can definitely clear that up.

We do have constant communication between the north and south centers. They have monthly meetings. I should probably think about a fall-back provision there if there was ever a disagreement how to deal with it, but they do have good communication.

Vice Chair Bustamante Adams:

In section 3, subsection 3, paragraph (c), the business sectors, it says the "analysis and identification by the Centers of businesses and business sectors in this State" How does SBDC work with the GOED information regarding the sectors that already exist, or does it go outside of the seven sectors that we try to concentrate on?

Assemblywoman Neal:

The reason it says businesses and business sectors is because it does go outside of the business sectors. We found that not all small businesses, especially the ones you heard from today, are in the sector councils. If we did have someone in the business sector we wanted to have a correlation with, a relationship, we wanted to notate that as a fact. In the report, we wanted to be able to say which business was in which sector and what their status was. This is how we were able to help them grow and move to the next level within the program. We were trying to be in line with what the state idea of sector development is. We did not want to just choose to do our own thing, but actually try to compliment and be inclusive of the other businesses that fall out of the other sector. If you remember, when we first created those business sector councils, we actually had an "other" category. We just do not seem to focus on the "other" category as much as we should.

Vice Chair Bustamante Adams:

That is true. My last question is on section 8, subsection 2 ([Exhibit D](#)). I know this is not the Assembly Committee on Ways and Means, but I just want to make sure I understood. You said you are going to clarify that language because the \$150,000 is not for the lead counselor. You intended it for the GIS specialist and to go toward other things like marketing and field trips. Is that correct?

Assemblywoman Neal:

Correct. It is going to be used differently. The way that reads leads you in the wrong direction. The assumption would be the lead counselor is going to get \$150,000 when he is not. He is getting a set-aside from the college, which is not \$150,000. This has already been worked out. I actually need to clean that language up and spell it out so it is clear how that is supposed to happen.

Another amendment to the bill will be to make sure that money is specifically for the program and not indirect costs—other things that can be siphoned off the top from administrative stuff. We wanted to make sure as much as possible was going to the program.

I wanted to make sure I said this because CSN has put a lot of faith in my idea. They were the ones that stood by me when I said I believed in this. I tried in 2013 with Assembly Bill 410 of the 77th Session; it did not pass. It passed in 2015 under Chairman Armstrong [Assembly Bill 399 of the 78th Session]. Now you can see the reality of what it is. I want to give kudos to the people who gave their sweat equity to this bill and really did not receive a dime. They believed in it and wanted to participate. I think we ought to give them credit because most people try not to do anything for free, and they certainly do not give their staff to anyone and let them use them as much as you can without any compensation.

Vice Chair Bustamante Adams:

I think it is important for the freshman legislators to know that it is so important to follow your bill. If you had not gotten involved, I think it would have gone by the wayside and nobody would have picked it up.

Assemblywoman Neal:

Yes, this would have been a really bad hearing.

Assemblywoman Spiegel:

My question is for Professor Raiford. I need you to provide more clarity to me. For instance, if you have 75 businesses applying—I understand you look at sectors, but then beyond that—how do you make the determinations which businesses to accept into the program and which to decline? I was trying to find materials online and am having trouble with some of the websites. Is there a rolling admissions date? Are there application due dates? Is there a selection criteria or a committee that vets everything? I would appreciate you explaining the process.

Kevin Raiford:

That is an excellent question. The easy way to address this is to say we take on all commerce. Everyone who applies and asks for information we accept in some way, shape, or form. We usually have certain businesses that have \$100,000 growth and have already been in business. Those are the businesses we focus on. Once we do that we will also allow anyone; it could be a mom and pop food truck. If you have questions and you want some data, we will provide it.

Our official cohort is any business that can meet the dollar amount threshold; however, we will take any business. NV Grow is a subset of what the Nevada SBDC provides. No one is ever turned away if they have a request for counseling and they want data. We would never say no to anyone.

In looking at my calendar, on April 10 I will be in Henderson working on a project to expand this program to get anybody in the Water Street District in Henderson up and running, supplying them data. To answer your question, I see an average of about 125 clients every calendar year and I offer the data to every single one of them, and all the other counselors would do the same.

Assemblywoman Neal:

You can find the site by searching "CSN NV Grow." We created this website with the help of CSN, and we came up with the logo. It will clearly be changed with the March 11, 2016 date. Folks could click on "Nevada Grow Application," scroll down, and submit their information. They would be contacted after that. We would have their areas of interest. There is a list, and they could check multiple things they were interested in and tell us what they were willing to commit to, because there has to be a commitment.

There are various questions on the application we try to get them to answer so when the SBDC counselor had the conversation, once they went through the vetting process, there would be a group discussion on who would be in. After that person agreed, they would then be entered into the Neoserra customer relationship management software. The reason why we chose Neoserra, and then CSN adopted the Neoserra software, is so that we can constantly talk to each other. There was training done for CSN folks so they could log into Neoserra, which is the SBDC platform, so they could either pull up data, track clients, see when they met, and see what the conversations were. That was probably the best tool because it was free and we did not have to pay for it. The only thing we had to do was sign a confidentiality agreement and share.

Vice Chair Bustamante Adams:

Are there any other questions? [There were none.]. We will move into the support position for A.B. 94. Mr. Evans, we will start with you.

Ken Evans, President, Urban Chamber of Commerce, Las Vegas, Nevada:

I am here today in support of A.B. 94. On behalf of the Urban Chamber of Commerce, we want to thank Assemblywoman Neal for seeing this effort through. You saw several of our members in the video ([Exhibit C](#)) do their presentation. We are convinced this program will help our members grow, as well as nonmembers. It will definitely help some of our smaller businesses grow. Our chamber membership composition is 80 to 85 percent small businesses, of which a significant amount are what we would call "micro-businesses." This means they may have one to three people on staff. Their ability to leverage this is a valuable resource to get the data they need and to make key business decisions. This will prove invaluable in their growth.

Again, the Urban Chamber of Commerce is in support of A.B. 94, and we stand prepared to do some of the things we have done in the past in terms of identifying businesses, supporting businesses, and being there with whatever platform and resources we have to move this program forward.

Vice Chair Bustamante Adams:

Thank you for your testimony. Is there anyone else in Las Vegas testifying in support? [There was no one.] We will now have those in Carson City who are in support of A.B. 94 come to the table.

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

The Las Vegas Metro Chamber of Commerce would like to continue its support of this initiative. We did support the creation of the pilot program in the 2015 Legislative Session [Assembly Bill 399 of the 78th Session]. I would like to thank Assemblywoman Dina Neal for her efforts. She has done a great job shepherding this bill and the pilot program during the interim period. We appreciate her efforts and would like to offer our support because it does help small businesses in our community. The Las Vegas Metro Chamber of Commerce is like the Urban Chamber of Commerce in that, even though we are the state's largest business association, about 85 percent of our membership is small business. We think this is another great tool to offer to those small businesses in our community and statewide.

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

I am here representing our economic development department. I just wanted to share with you their thoughts on this bill that we definitely support. They say A.B. 94 provides a secure source of funding for valuable economic development and resources provided through the SBDC and CSN, both serving as valuable economic development partners for the City of Henderson. The NV Grow Program helps bridge a gap in the provision of small business assistance, and it is strategically important to the overall economic development mission for the City of Henderson.

Ricardo Villalobos, Executive Director, Workforce and Economic Development, College of Southern Nevada:

I am the new Executive Director for the Division of Workforce and Economic Development, so for the record I am not the one Assemblywoman Neal was talking about. I am the new one, and I definitely do not intend to repeat any issues that arose in the past. I do want to thank Assemblywoman Neal for driving this great program and providing leadership. I look forward to working with her and making sure she does not have to be as involved as she was in the past.

I want to thank the Committee for considering this program. I am excited about it and CSN is excited about it. On behalf of CSN's Division of Workforce and Economic Development, we are behind putting the full force of our division into this to make it a success. We are working in partnership with the various chambers, CSN's academic side, SBDC, and with GOED. We are fully behind it. We will oversee the GIS specialist and I look forward to putting together the reports, data, and information we will be able to update this Committee with in the future.

Vice Chair Bustamante Adams:

Thank you for your testimony.

**Michael Flores, Director of Government Affairs and Communications,
College of Southern Nevada:**

I would just like to echo what Mr. Villalobos said. We are very excited we got this off the ground, and it passed last session. We have worked very closely with Assemblywoman Neal on this program during the interim, and we have heard from small businesses. We know what an impact it has. To be able to continue this program is going to be huge under the direction of Director Villalobos. I cannot say enough about Professor Raiford and all the work he is doing at the college with our students, being able to utilize this program to give real hands-on experience to students. Being able to see what is happening with small businesses is incredible. We are in full support of this legislation and hope to continue it.

Vice Chair Bustamante Adams:

Thank you for your testimony. Are there any others in support?

Paul Moradkhan:

I apologize. The Chamber, Reno-Sparks-Northern Nevada, has been detained in the Assembly Committee on Transportation. Mr. Abney asked that he also be placed on the record in support of this bill today.

Michael Flores:

We just received an email from the Latin Chamber of Commerce. Unfortunately they could not be present for this hearing today, but they are in full support of this legislation.

Ken Evans:

I want to refer to that as well. The Urban Chamber of Commerce and the Latin Chamber of Commerce have been solid partners in this endeavor, and they are in support of this as well.

Vice Chair Bustamante Adams:

I appreciate you guys working together. Thank you so much. Are there any others in support of A.B. 94? [There were none.] Those in opposition, is there something about the bill you would like to see changed, and let the sponsor know? [There was nothing.] Those in neutral, is there any information you think would be beneficial, so we could be well informed? [There was none.] Does the bill sponsor have any closing comments?

Assemblywoman Neal:

I want to thank the Committee for their indulgence and for watching the video. I would appreciate your consideration in passing this measure on to the Assembly Committee on Ways and Means.

Vice Chair Bustamante Adams:

Thank you so much, and you are going to get the amendments you talked about?

Assemblywoman Neal:

Yes.

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

Vice Chair Bustamante Adams:

With that we will close the hearing on A.B. 94. I will hand the meeting over to Chair Neal for the next bill.

[Assemblywoman Neal assumed the Chair.]

Chair Neal:

We will open the hearing on Assembly Bill 47.

Assembly Bill 47: Requires the Department of Taxation to develop and operate a system for matching data for the collection of delinquent taxes and fees administered by the Department. (BDR 32-249)

Deonne E. Contine, Executive Director, Department of Taxation:

This is the Department of Taxation's bill. It would allow us to use a data-matching service to more efficiently collect delinquent taxes. I would like to explain the process we currently go through, then explain the reason we are asking for this change.

Under our current statutes in Chapter 360 of *Nevada Revised Statutes* (NRS), the Department has statutory authority to file liens, garnish wages, levy bank accounts, and seize assets. Currently the process to do all of that is a little bit slow and cumbersome.

A revenue officer will attempt to locate a delinquent taxpayer's assets by issuing individual levies to several financial institutions. If the bank or the financial institution notifies the Department that there is a match, that is when we can act. It is kind of a shotgun approach and is very time consuming. There is a lot of work and effort that goes into notifying everybody one at a time.

This bill would allow us to use a data-matching service. We would provide the information to the data-matching service and they would compile it in an electronic way that could communicate with all the financial institutions, so it would be a one-stop-shop. Instead of having to go to every institution individually, we would do it one time; if we were notified there was a match, we would use the same processes we do currently under the statutes, whether it be a withhold or some type of a levy against a delinquent taxpayer.

For clarification, this is in situations where the debt is final: it is completely final. It has been disputed, and the dispute has been resolved in favor of the Department, or the taxpayer's process to appeal has lapsed and they did not file an appeal. When there is delinquent debt that is final and is on the Department's books, then it becomes our responsibility to go out and attempt to collect.

Assembly Bill 47 mirrors a statute in the State Controller's chapter of NRS [Chapter 227]. The Controller already has a statutory authority to use this service. We have some statutory authority to use the same chapter, in Chapter 353C of NRS, to collect taxes. We were given that authority in 2009. They got the authority to use the match in 2011. When the change was made to give them authority, they did not give us the authority to use it, so that is why we are here asking for it in Chapter 360 of NRS.

Some of the benefits would be the immediate data-matching results could increase collections at a lower cost. It is a more targeted approach to bank levies, it would increase payment activity due to frozen assets, and it would help to get taxpayers to make payment arrangements for their delinquent tax liability. To give you some information about the security of the process, as security can always be an issue, the service provided does meet the Internal Revenue Service (IRS), U.S. Department of the Treasury publication requirements for tax information security guidelines for federal, state, and local agencies, and the data is encrypted—both in transit and at rest. We are asking for this change so we can have statutory authority to use this system to more efficiently collect taxes. I would be happy to answer any questions.

Assemblyman Flores:

In envisioning this system, once you have determined it is money you can collect on, how much of that money is actually collectable? The reason I ask is we have had conversations in different committees about collecting money that is out there and is owed, and often we find it is not collectable and we are not going to be able to get it. Could you walk me through that? How much would you actually capture?

Deonne Contine:

This process would allow us to more easily and efficiently identify and collect those taxes that we cannot currently collect. I am not sure I quite understand your question. Do you want me to talk about our accounts receivable?

Assemblyman Flores:

I understand the system will help collect debt that is out there and has been identified as collectable. How much of what is out there is money you could capture? I will give you an example through a different lens, so you can understand my lens. In the Assembly Committee on Government Affairs, we talk often about money that is owed, and we find out they have gone through multiple collection options and were never able to capture that money. I am trying to understand it through a taxation lens, if you could break that down. On one hand, we have money we have to go collect, and there may be different avenues where we have to go to collect on it. Through these avenues, yes, it is collectable. This is going to be very efficient because it is going to make it very easy to go get it. On the other hand, we can never get this money because the individual does not have that money and it is impossible to collect on that. Could you frame that out for me so I can understand it better?

Deonne Contine:

We have a lot of different tools. We have the statutory tools I am talking about here. We also have the ability to work with taxpayers, where they can compromise their debt. They can come to us and let us know they cannot pay everything, and they give us a reason. There are statutory provisions: doubt as to collectability, equity, and fairness. There is an analysis of factors that are provided in statute, and we will work through those to try to deal with the situation that an individual taxpayer is going through. We have payment plans that are processed through our office on a regular basis. We do have a write-off. There is a statute in Chapter 360 of NRS that is a normal process of writing off debt due to age.

We have very specific collection activities that are all statutory, so it is different than in the context of a collection agency. We are still attempting to work with taxpayers, attempting to keep taxpayers in compliance so they can maintain their business and will be able to contribute to the state going forward. We have several different avenues we go through, and several ways we work with taxpayers to facilitate their payment. Collection of taxes is voluntary in many cases. Many taxpayers file their returns and pay the liability every month. Those are the easiest. We do not have to do much with them. When there are problems, we do have all the statutory tools and programs we work with taxpayers to get the liability.

Assemblyman Flores:

I appreciate that. Again, this was more for my education, so I would be able to understand the different avenues that exist.

Assemblywoman Benitez-Thompson:

You were mentioning the Office of the State Controller got authorizing language in 2011. Was the authorization we did for them the ability to select a vendor to allow them to make their debt collection process electronic?

Deonne Contine:

I am not sure if that happened at the same time. This is just one of the processes they were given at that time. Obviously their debt is different than the debt we might collect. It is my understanding they are going forward with using a process like this now.

Assemblywoman Benitez-Thompson:

If I am remembering correctly from a hearing a couple of weeks ago, this has been an incredibly rocky road for them—not so much the concept and the language giving them the authority to do this but from the other side, the vendor side. There was a difference in what the request for proposal (RFP) said and what actually happened. I think through multiple amendments the system just went live within the last two weeks, even though I believe the contract was approved in 2011 to 2012. Am I thinking of the same thing that you are thinking of?

Deonne Contine:

I do not think it is the same thing as this process. I think they got an outside debt collector, and then they went to an automated service. Is that what you are talking about? This is more of just a product we can use as the agency. It is another tool we would have to do what we already do, but essentially more efficiently. Again, as I explained to Assemblyman Flores, we often have to explain the processes we go through. I know we are debt collectors, but even though we are collecting taxes, we are people who work with taxpayers to keep them in compliance. It is different than having a service where if you have a medical bill, or some other bill, and you do not pay it, it gets sent to an outside service. It is a much different process than that. I think it is a more personal process.

Assemblywoman Benitez-Thompson:

Just to follow up, and I believe this issue came up in the Controller's Office. Was the type of contract that was put in place not only for the external person but also for the bill of goods for the software and the data they thought they were going to use? Walking into a contract and then realizing a piece costs more—so if you want access to X, Y, and Z, you have all these other costs and expenses—and having clauses that do not let you back out of the contract is why the process took years. I would caution that it looks like this would initiate an RFP for a vendor for the software. You would use the data-matching software, and that has not necessarily worked well. I will just put that out there, for the record.

The other piece I think about is why introduce legislation only to change the means by which you are already authorized to do something? If you are authorized by statute to collect this, and you can do it in a paper format, what is the substantive difference in doing it electronically? Typically that is just an appropriations, not necessarily permissive language.

Deonne Contine:

The difference is we would be using a service. We would have to provide the service with taxpayer information, and taxpayer information is confidential. We have the ability under statute to provide it to financial institutions, but we would have to send it for that match to occur through a third party.

Assemblywoman Bustamante Adams:

I know this is not the money committee, but would you use the same vendor as the Controller's Office, or is there more than one vendor that provides this kind of product?

Deonne Contine:

My staff is telling me that there is more than one vendor. For our process, it is relatively inexpensive. What we wanted to do was get the authority and then explore if there was a way to get in on a state contract that is already in place. If we could do that, we could do it within our budget. If not, we could analyze it down the line, come back at some point when we have an idea if it is going to cost more than we think, then put it into our budget. The point of this was to get the process started, so we could at least have the statutory authority, then go forward and explore those options.

Assemblywoman Bustamante Adams:

I think that is really important to put on the record. In section 1, subsection 4, when it talks about financial institutions, is that referring to those under the Commissioner of the Division of Financial Institutions within the Department of Business and Industry? Would it be credit unions, savings and loans—everything under Chapter 360?

Deonne Contine:

The financial institution has the meaning ascribed in NRS 239A.030. I can tell you there are about 80 in Nevada we would use.

Assemblyman Pickard:

Do you have the support of the financial institutions? They have the mirror side of this. They have to adapt their data systems to talk to yours. Are they on board with this?

Deonne Contine:

They already do some of this for other entities. I think in Nevada a few entities use this like the Division of Welfare and Supportive Services within the Department of Health and Human Services, as well as some of the other Health and Human Services divisions. There are a few others in Nevada. I think it was George Ross [a paid lobbyist] who I talked to. He represents some of the financial institutions. He said he discussed it with his group and this is something they do. They did not seem to have any concerns about it.

Assemblyman Pickard:

You mentioned there are different software packages. Would you either create software or use their software, so we are not inconveniencing them without them knowing it?

Deonne Contine:

The service creates the interface. It puts our data into a system that talks specifically to their system.

Assemblywoman Cohen:

I am having some trouble with the language in section 1, subsection 5. Am I reading this correctly, that if the court orders the Department of Taxation to refund money, the Department does not have to pay any further damages caused by the taking of the money?

Deonne Contine:

Yes.

Assemblywoman Cohen:

In section 1, subsection 3, paragraph (c), toward the bottom of the paragraph, it says after you send the notice to the banking institution there cannot be taking from the account after the notice has been sent. What is the purpose for that?

Deonne Contine:

I think it only applies to what is in that financial institution at the time they receive the request from the Department. Anything else placed in the account after that would have to be the subject of a subsequent request, if there ever was one.

Assemblywoman Cohen:

What would the purpose for that be?

Deonne Contine:

I think what they are trying to protect against is if the bank, or the financial institution, gets a notice from the Department that we have a levy or a lien and we want to withhold or take money from the account, and if the taxpayer then puts additional funds in that account, the institution would not have to send us that money. Those funds would be the subject of a subsequent request, if there was one.

Assemblyman Flores:

I imagine there are other states that do this. Can you walk me through a system that exists in another state? Could you draw a comparison as to what was happening before the system, what happens after implementation, and why it is so important we do this? It would be very beneficial to me if you could draw that distinction.

Jorge Pupo, Revenue Tax Manager, Compliance Division, Department of Taxation:

Are you talking about current procedures versus if this were implemented?

Assemblyman Flores:

Yes. What are you envisioning the system would look like? How would it function? Is it already in play in other jurisdictions? If, for instance, Utah did not have this and after they implemented it, why has it been beneficial to them?

Jorge Pupo:

Sure. I can tell you how that would affect us. Currently, I have a revenue officer who is working on a case with a delinquent taxpayer. We go through a skip tracing process where we try to locate their assets. Part of the collection process is that we issue these back levies or garnishments. Right now we do not know who a lot of these taxpayers are, where they are, or if they are even in Nevada. It becomes a fishing expedition. We create these levies, we deliver it to a bank, and we cross our fingers that we get a hit. That is done for each financial institution. It is slow and cumbersome. There is a review process between the revenue officer, their team leader, and ultimately the tax program supervisor. A team leader has six to eight people on their team. You are getting several of these levies approved within your system with the team leaders, so that creates a time frame.

What this helps us do is put together a list of delinquent taxpayers in an electronic format. It is uploaded and goes into the system. The service compiles the information in a format that works for every financial institution. Previously, we were talking

about a shotgun approach. Now we are going to target the financial institutions. Currently I have 55 officers hitting one bank at a time. With this, for each individual taxpayer, we are going to be able to query 80 financial institutions at one time. The banks make the records match. They come back to the service. The service says, Hey, we have matches on X amount of delinquent accounts, and then they notify the Department. The Department validates that information to make sure we have the right person, and we direct the institution to encumber the funds or encumber the assets. We have gone from a shotgun approach to a very targeted approach.

The other benefit to this system is that if a national bank, or the bank, has a nexus in this state and other states, that query is now extended across the country. Nevada is pretty transient, and during the boom a lot of people packed up and left. While they were previously very difficult to locate, now we can locate assets outside of the state and we can begin procedures for domesticating a judgement in that state.

Assemblyman Flores:

That breakdown was very helpful. I would like clarification on when you send out that request to a financial institution, is that an email that you send out or is it a letter?

Jorge Pupo:

It is a set of documents. We call it a "withhold," and it has all the statutory information. It also has what is called a "withhold and release," or "demand and release," where we make the demand to the bank and give them the authorization to release those funds immediately. Right now it is a creeper format and they are hand-delivered by a revenue officer to each financial institution.

Assemblyman Flores:

You are saying with the system we are going to be able to replicate this and potentially find somebody in a different state?

Jorge Pupo:

Potentially, if that bank in Nevada has other branches across the country. They have to have a nexus in Nevada in order to make that search across the country.

Assemblyman Flores:

Right now, through the paper-format approach, we cannot do the nexus. If I approach institution A and they have a nexus to other states, right now through the paper format we cannot track it?

Jorge Pupo:

That is correct. Currently it just hits whatever bank is in Nevada. There is no subsequent search for national accounts.

Assemblyman Flores:

I am trying to understand why that is the case. If I make a request to institution A, are you saying in order for me to get all the branches of institution A, I have to individually serve each one?

Jorge Pupo:

That is correct, and then you run into jurisdictional issues as well.

Assemblywoman Benitez-Thompson:

You mentioned the Department of Health and Human Services and the Division of Welfare and Support Services. These, and probably Medicaid I would imagine, use similar systems to do financial searches and histories. My experience as a legislator over these kinds of vendors has left such a poor taste in my mouth. If there are other state agencies that have successfully entered into contracts with vendors, and they have worked just as we thought they would work when it was presented, I would love to hear about those. That would go a long way toward giving me some comfort that we could have a successful contract with a vendor to do this kind of work. Could you get back to the Committee?

Deonne Contine:

There is a contract between the Division of Welfare and Supportive Services and Informatix. I believe it is the same contract the Controller has for this particular service.

Assemblyman Paul Anderson:

I wanted to go back to section 1, subsection 3, paragraph (c), the notification process. I know we touched on this, but I am a little confused. Could you walk me through this? I feel like I am chasing my tail as I read through the verbiage. I understand how we would notify the banking institution. The taxpayer would obviously know they have a liability with the Department of Taxation, as I am sure you have notified them by several other means. Would I, as a taxpayer, know that my bank now knows there is a lien? Is there some kind of notification in which I would have an indication to possibly move my assets to avoid the payment in this way?

Deonne Contine:

You would not get a notification from the bank. Your money would be taken from your account, up to the amount that is allowed by law.

Assemblyman Paul Anderson:

Once the bank is notified, is there no time frame built out in the statutes in which those assets would be then ceased or recovered?

Deonne Contine:

Mr. Pupo can correct me if I am wrong, but it is immediate. That is the way it is done now in the paper format. It is the same process.

Jorge Pupo:

Currently with the paper format, by statute, once we serve the garnishment, there is a ten-day period where the account is put on hold by the bank. Then they have ten days to transmit those funds.

Chair Neal:

In the process you are currently performing this via paper, what is the threshold of the delinquency you meet in order to go and take money from somebody's bank? I thought I read quarterly. I am wondering how much of a delinquency does a person need to have before you start serving notice and getting money out of their account?

Jorge Pupo:

There is no threshold. The withhold is a part of the process, and it is part of an escalating set of actions taken. Before we actually do bank withholds, we try to contact the taxpayer to see if they could enter into a payment arrangement. We try to work with them before we actually get to the seizure part. There are several contacts made. My revenue officers attempt a field visit, whether it is a business location or a residence. We do everything in our power to try to get some sort of compliance before we take any seizure action. There are several steps we take. I say there is no threshold, but obviously we take into account the time and expense. Right now, I am not going to send a revenue officer out for \$50. It would have to be a significant amount.

Chair Neal:

Currently, since you are doing service via paper, under Chapter 360 of NRS, we are assuming this is all new law. When you are saying the financial institution may not be held liable in any civil or criminal action, what is the reason you have inserted that sentence? Have you been challenged on the legality of your actions?

Deonne Contine:

No, not to my knowledge. The drafting came from the Legislative Counsel Bureau (LCB). We said we would like to have the ability to do the process that is in the Controller's statute. Would you either add us on that because we already have some authority, or would you put authority in our statute? This is how it came back. This is the exact language that is in NRS 353C.240.

Chair Neal:

I had a question on the court order language, which was section 1, subsection 5. I do not think Ms. Contine finished the question in regard to the Department of Taxation not having liability for taking assets that may also be in a court order, that the court is also trying to get. It says, "If a court issues an order to return to a person any assets surrendered by a financial institution pursuant to subsection 3, the Department is not liable to the person for any of those assets that have been provided to the Department in accordance with the order for the payment of a delinquency or deficiency."

Does this mean that if you have those assets in your possession, you do not even have to give them up? You do not have to give them back? You do not have to do anything? That is how I read it. I am trying to figure this out in regard to the law. You are saying the Controller has this same authority. To me I see it as a greater authority. You are saying that regardless of the motion or action by a court, you will not be under that action even though it is related to the same asset. You actually have more power and control to get that asset over a court. That is how I read it.

Deonne Contine:

I think what that refers to is the Department has the power to collect taxes. So what that is saying is we are not liable for any damages. It is not that they cannot come back to us and sue us or come to get the money back. I could be wrong, so I will check with LCB on that language. I think that it is because the Department has the responsibility to collect the taxes, and we specifically have a statute that says you cannot sue the Department to stop collection of a tax. I think that is what it is saying. I will double check with them. I am not sure why that language is there. I think we would not have to pay damages if there was some type of problem. I will double check with LCB on the genesis of that language.

Chair Neal:

Yes, could you clear that up—damages or monetary damages? If you wrongfully took the money and the court orders you to surrender or give back those assets, and somehow I am harmed for a period of time because you went into my back account and took those assets, I think you should be liable. You are saying you are not coming after small change; you are coming after real money.

Deonne Contine:

Just to put that in context, again, this is the larger liabilities debt that has already been disputed and has gone through a process of dispute, or in some other way finalized. That is the flip point to that; these are people who owe the state money. They have the state's money. In some cases they may have had it for long time, and in some cases it might be a lot of money. This is just to protect the state's revenue and to give us those tools to get the state's revenue when it is actually due.

Assemblywoman Spiegel:

This is a follow up to Chair Neal's question. Sometimes mistakes and errors do happen, especially when you do things electronically. Someone could put in an account number that is off by one digit, which is a legitimate typographical error. If something like that happened, and money was actually taken out of an account in error, is there liability in that case, or does this bill also relieve the Department?

Deonne Contine:

We would return the money if there were an error.

Assemblywoman Spiegel:

Would you be responsible for damages?

Deonne Contine:

No.

Assemblywoman Spiegel:

If you took someone's money in error, then they bounced all their payroll checks, there would be no responsibility on the part of the state?

Deonne Contine:

Not under this provision.

Chair Neal:

Do the members have any additional questions? [There were none.] Is there anyone speaking in support of A.B. 47? [There was no one.] Is there anyone who is neutral on A.B. 47? [There was no one.] Is there anyone speaking in opposition to A.B. 47? [There was no one.] Do you have any final comments?

Deonne Contine:

Thank you for hearing this. Again, this is just a more efficient tool we would like to use to do some of the activities we are already responsible for doing. We think this is a good resource for the state, and it allows us to bring money in more quickly and more efficiently than we have in the past. I would urge your support.

Chair Neal:

We will close the hearing on A.B. 47. I will open the hearing for public comment. Seeing none, we are adjourned [at 5:44 p.m.].

RESPECTFULLY SUBMITTED:

Gina Hall
Committee Secretary

APPROVED BY:

Assemblywoman Dina Neal, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is a copy of a video titled "Nevada Grow – An economic gardening pilot program designed to help local businesses thrive and grow," presented by Assemblywoman Dina Neal, Assembly District No. 7.

[Exhibit D](#) is a proposed amendment to Assembly Bill 94, dated March 16, 2017, presented by Assemblywoman Dina Neal, Assembly District No. 7.

[Exhibit E](#) is demographic and business data material for ZIP codes 89101, 89103, 89104, and 89106, dated March 10, 2017, submitted by Assemblywoman Dina Neal, Assembly District No. 7.

[Exhibit F](#) is a letter dated March 2, 2017, in support of Assembly Bill 94, to the Assembly Committee on Taxation, authored by Aviva Gordon, Legislative Committee Chairwoman, Henderson Chamber of Commerce, and Amber Stidham, Director of Government Affairs, Henderson Chamber of Commerce.