

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

**Seventy-Ninth Session  
April 6, 2017**

The Committee on Taxation was called to order by Chair Dina Neal at 4:12 p.m. on Thursday, April 6, 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](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  
Assemblywoman Lesley E. Cohen  
Assemblyman Edgar Flores  
Assemblyman Al Kramer  
Assemblyman Jim Marchant  
Assemblyman Keith Pickard  
Assemblywoman Ellen B. Spiegel

**COMMITTEE MEMBERS ABSENT:**

Assemblywoman Teresa Benitez-Thompson (excused)  
Assemblyman Jason Frierson (excused)

**GUEST LEGISLATORS PRESENT:**

Assemblywoman Heidi Swank, Assembly District No. 16  
Assemblywoman Sandra Jauregui, Assembly District No. 41  
Assemblywoman Daniele Monroe-Moreno, Assembly District No. 1

**STAFF MEMBERS PRESENT:**

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



**OTHERS PRESENT:**

Renee Kuhlman, Director of Policy Outreach, Government Relations & Policy,  
National Trust for Historic Preservation  
Susan Fisher, Treasurer, Nevada Preservation Foundation; and representing  
Branded Screen Printing, Reno, Nevada  
Danny L. Thompson, representing Local 872, Laborers' International Union of  
North America, AFL-CIO  
Warren B. Hardy II, representing City of Mesquite  
Randy Soltero, Private Citizen, Las Vegas, Nevada  
Wes Henderson, Executive Director, Nevada League of Cities and Municipalities  
Fran Almaraz, representing International Brotherhood of Teamsters  
Brian McAnallen, Government Affairs Manager, Office of Administrative Services,  
City of Las Vegas  
Nitasha Mehta, Associate Director of Reengagement Marketing, Boxed.com  
Max Dworin, Chief of Staff, Boxed.com  
Maria-Teresa Liebermann, Deputy Director, Battle Born Progress  
Erika Washington, Nevada State Director, Make It Work Campaign  
Kim Amato, Founder and Board President, Baby's Bounty  
Jared Busker, Policy Analyst, Children's Advocacy Alliance  
Elisa Cafferata, Director of Government Affairs, Nevada Advocates for Planned  
Parenthood Affiliates, Inc.  
Bella Sloane, Private Citizen, Reno, Nevada  
Elizabeth Castillo, Intern, NARAL Pro-Choice Nevada  
Marlene Lockard, representing Nevada Women's Lobby  
Wendy Stolyarov, Legislative Director, Libertarian Party of Nevada  
Darla Bryant-Rose, Private Citizen, Reno, Nevada  
Stacey Shinn, Policy Director, Progressive Leadership Alliance of Nevada  
Cheryl Blomstrom, Interim President, Nevada Taxpayers Association  
Bryan Wachter, Senior Vice President, Retail Association of Nevada  
Ken Evans, President, Urban Chamber of Commerce, Las Vegas, Nevada  
Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro  
Chamber of Commerce  
Randi Thompson, Nevada State Director, National Federation of Independent  
Business  
Cory Hunt, Deputy Director, Office of Economic Development, Office of  
the Governor  
Scott W. Anderson, Chief Deputy, Office of the Secretary of State  
Matthew Taylor, President, Nevada Registered Agent Association  
Scott Scherer, representing Nevada Registered Agent Association  
Nikki E. Dobay, Senior Tax Counsel, Council on State Taxation, Portland, Oregon  
Jonathan P. Leleu, representing Southern Nevada Chapter, NAIOP, Commercial  
Real Estate Development Association

**Chair Neal:**

[Roll was taken and Committee rules and protocol were reviewed.] We are going to take the bills out of order today. I would like to call Assemblywoman Swank to the table, and we will open the hearing on Assembly Bill 370.

**Assembly Bill 370: Provides for transferable tax credits for the rehabilitation of historic buildings. (BDR 32-536)**

**Assemblywoman Heidi Swank, Assembly District No. 16:**

I have Renee Kuhlman on the phone. She is the Director of Policy Outreach for the National Trust for Historic Preservation. She will be doing the overview of the PowerPoint, then I will walk the Committee through the bill.

**Renee Kuhlman, Director of Policy Outreach, Government Relations & Policy, National Trust for Historic Preservation:**

On behalf of our members in Nevada, and my organization, I want to thank you for the opportunity to speak before your group today about trends in state historic tax credits. As you can see on slide 2 ([Exhibit C](#)), this is a type of policy—a type of incentive—that many states have adopted. Thirty-four states currently offer this type of incentive. Illinois offers a state historic tax credit. At this time it is only available for the communities within the River Edge Redevelopment Zone. There are five pilot cities they are trying this project on. You can see on this map, the dark blue shaded areas, those states that offer this type of incentive. Most of these tax credits mirror the various successful Federal Historic Preservation Tax Incentives, which is a 20 percent credit for rehabilitating certified historic buildings.

Something I have done recently is look back in time, to see the evolution of these incentives across the country [page 3, ([Exhibit C](#))]. In 1994, there were eight states that had this type of credit. In 2016, there were 34 states that offer this. In the past five years, seven states have enacted them, and you can see the list on the left: Alabama, Colorado, Mississippi, Nebraska, Pennsylvania, North Carolina, and Texas. I will talk a little bit more about those later on. One of the things I do at the National Trust for Historic Preservation is track these tax credits and the benefits they are offering to their states.

In this time of tax reform at the federal level, I wanted to point out that in 1984, the last time we were looking at our tax code in a comprehensive way, President Ronald Reagan looked at the Federal Historic Preservation Tax Incentives and he said, "Our historic tax credits have made the preservation of our older buildings not only a matter of respect for beauty and history, but of course for economic good sense." You will see this in several state studies, where they have examined the rehabilitation of these historic structures and what they have meant to the state. Virginia's history tax credit project is one of the older ones, and over its 17-year existence, they found it has created about 31,000 full- and part-time jobs, and it has brought about \$133 million in state and local tax revenues to the state [page 4, ([Exhibit C](#))].

One of the reasons why these tax credits have been so successful is because they are labor intensive. The historic buildings themselves are not going to go anywhere. They are going to stay in the community. The jobs renovating the exterior brick walls, repairing the terrazzo floors, and fixing the marble surrounds are all very labor intensive. You will be surprised to know that rehabilitation is actually more labor intensive than new construction. Studies have shown about 60 percent is spent on materials for new construction, and 40 percent of the cost is spent on labor. It is the opposite when rehabilitating a historic building. About 60 percent of your costs are on labor, and about 40 percent on materials. In Georgia they looked at how it compares with other industries [page 5, ([Exhibit C](#))]. Rehabilitation of historic buildings is very labor intensive and creates more jobs.

The next two slides show how the money gets paid back to the state—how the state's investment is recuperated. There are two phases. The construction phase occurs after the building has been certified historic and is being renovated. A certain percentage of the dollars comes back to the state. This shows an actual example from Louisiana [page 6, ([Exhibit C](#))]. On the bottom left is a yellow-shaded box. They estimate 27 cents per dollar of tax credit coming back to the state during the construction phase. That is pretty typical. In most states it is 27 cents, 31 cents, 33 cents, 34 cents, 40 cents—in that range—about one-third comes back to the state. This is before the state actually releases any money. In the way that other states have set up their tax credit programs, the building work is done, it has been certified by the state that the rehabilitation meets the state's criteria, then the state awards the tax credit. The state is actually recouping about one-third of the cost before the tax credit goes out the door.

The states have varying degrees on how soon they would be paid back. That variation is seen because the use of the building varies. For example, if you have a building that is renovated into a hotel, you will see the payback to the state is quicker because you have a lot of different taxes and you have a lot of people coming in. There are a lot of employees versus if you turn it into an apartment building where there is one staff person. That sort of gives you a range of how soon these paybacks can occur.

The state of Maryland looked at its own state program [page 7, ([Exhibit C](#))] and found the benefits they get back exceed the cost to the treasury. This is the one I was telling you about. They figured it to be approximately 34 cents in tax revenues for every dollar of tax credit during construction that comes back to the state. It varies by pennies. I have been so surprised by the studies I have seen. It is about the same. In Maryland they estimated an average return of approximately \$1.02 back during the first year after the project is completed, and about \$3.31 back to the state within five years. That is pretty average based on other studies.

What I want to talk to you about next are some of the benefits of this program in Wisconsin [page 8, ([Exhibit C](#))]. They looked at the projects that were done in 2014 and found that 60 percent of them had been vacant or underutilized. Some of them had even been vacant between 10 to 30 years. In 2013 Wisconsin chose to significantly improve its state tax credit.

That is why they wanted to see what had happened in 2014. The program had generated amazing interest in rehabilitating the state's older buildings. Cleveland State University also looked at Ohio's historic tax credit and found that 82 percent of the buildings were vacant prior to the use of the credits.

This page shows an example of a brewery in Milwaukee that was renovated into a hotel [page 9, ([Exhibit C](#))]. I actually stayed in this hotel. It was a great experience. All the vats they used are still in the hotel. What I wanted to share with this picture is an example of the catalytic impact a renovation of a former brewery into a hotel can have. In looking specifically at the impact on local property values, I know this does not return a lot of value to the state in terms of economic dollars, but it does do a lot for the local communities in terms of increasing local property values. Before the renovation, this building sat empty for many years and was valued at \$1.4 million. After the rehabilitation, it was valued at \$14.3 million. The 90-room hotel employs 28 people full-time and part-time, and the restaurant and bar employ 51. It is a significant amount. What we have had a hard time quantifying is the catalytic impact these projects have. This brewery sits where there was a very large vacant lot. Since the rehabilitation of this brewery, new construction has transpired because people have seen the investment in the area. Similarly, Cleveland State University looked at Ohio and found that, on average, the increase of the property values was pretty significant. I thought it was very interesting that the parcels adjacent to the projects also increased—on average about 12 percent.

One thing I wanted to point out was that the tax credits are used by communities of all sizes [page 10, ([Exhibit C](#))]. This is an example from Louisiana, where you would obviously think about New Orleans and Baton Rouge, but it is also used in towns as small as Grand Coteau or Arnaudville, very small communities. It is even more impactful when these small towns have a major building that is renovated.

This is an example from Cincinnati [page 11, ([Exhibit C](#))], the Over-the-Rhine district, which is very systematically going block by block to renovate some of its historic buildings. The Over-the-Rhine district used to be an area a lot of people would not want to go. It has now become one of the hottest places to go to in Cincinnati. This picture is an example of a small building that has been renovated. This was enabled by the state's historic tax credit. A lot of times these are used to create housing. I do not know if that is an issue for you in your state. In Ohio they estimated every dollar in historic tax credit attracts an average of \$6.20 in private investment. As I was mentioning, these are in areas that you probably have seen a lot of investment over time.

This is a program that also brings a lot of federal dollars to the state because it boosts the use of the Federal Historic Preservation Tax Incentives [page 12, ([Exhibit C](#))]. There was a study by a couple of planners in the District of Columbia's Office of Planning, of all places, and they were very intrigued by state tax credits. They looked at all the data they could, and found between \$15 million and \$35 million more a year in terms of the use of the Federal Historic Preservation Tax Incentives. You get more use of the federal historic tax credit when you have a good state historic tax credit in place.

On the next slide [page 13, ([Exhibit C](#))], I can tell you what happened in Texas. Texas enacted a state historic tax credit in 2013 and said "look alive" because you will actually be able to get the credit in 2015. The first year the Federal Historic Preservation Tax Incentives was in place was 1987, after the last tax reform. Between 1987 and 2007, Houston had about 40 historic tax credit projects, with about \$217 million in what we call "qualified rehabilitation expenses." They had been certified that these expenses were done to rehabilitate the buildings. After the passage of the state historic tax credit, Houston now has 12 renovations going on, 12 habilitation projects downtown, and it is the same amount in the past year that they generated over the prior 20 years. It is a very significant increase in the amount of rehabilitation, if you put in place a good state historic tax credit.

The graph on page 14 ([Exhibit C](#)) shows the Federal Historic Preservation Tax Incentives in terms of what other states see in activity using this tax incentive. This data was provided by the National Park Service, U.S. Department of the Interior. These are the top 10 users of the federal historic tax credit. You will not see any surprises here. New York state has New York City. The state of Virginia has the District of Columbia nearby. Those are all really hot markets. Look at Missouri and Louisiana. These states are really using the federal program a great deal. I put Nevada in there, and it ranks 43rd out of the 50 states in terms of use of this federal program.

In conclusion [page 15, ([Exhibit C](#))], these types of tax incentives pay more back to the state than they cost; they generate new tax revenue for the state before the incentive is actually utilized; and the credit is actually awarded. It is helping preserve an important part of our heritage. Our main goal at the National Trust for Historic Preservation is to preserve our history. It also puts these underutilized and abandoned buildings back into productive use.

**Assemblywoman Swank:**

I want to give a plug to the Aloft Houston Downtown, the building you see on page 13 ([Exhibit C](#)). When I attended the National Trust for Historic Preservation conference in Houston last year, I attended a cocktail party for the historic tax credit in this building. It had just opened days before. It looks really cool and old on the outside, and it has these amazing spaces where they incorporated some of the original features and brought in a lot of new modern looks to the interior of the building. It was really amazing to be in Houston last summer and to stay downtown. I stayed about one-half mile from the conference and varied my walk through the area and saw a lot of really great work being done—a lot of construction jobs being created in Houston—bringing back these old vacant buildings.

The last slide [page 17, ([Exhibit C](#))] shows pictures of Nevada buildings that could be eligible for a historic tax credit. The top row are all buildings in Las Vegas. We all know the Huntridge Theater. I think it is one we know very well. It is actually already on the National Register of Historic Places (NRHP). It would be an easy jump to get the Federal Historic Preservation Tax Incentives, along with the state historic tax credit.

The middle one in the top row used to be a residential building. It is currently the offices for the television show *Ghost Adventures*. It is a nice example that tax credits do not have to go to really big buildings. They can also go to smaller buildings and do a lot of good there.

On the far right is the Reed Whipple Cultural Center, which is currently owned by the City of Las Vegas. Because these tax credits are transferable, local jurisdictions can take part in them. The Mob Museum was a Federal Historic Preservation Tax Incentives project the City of Las Vegas did. On the bottom row, far left, is the El Rancho Hotel back in the '50s. You can tell by the cars. This is an example that not all these buildings are in big cities. This building is in a town of about 1,300—in Wells, Nevada—that is currently looking at doing the Federal Historic Preservation Tax Incentives as part of rehabilitating that building. The City of Wells, as you probably know, was significantly damaged by an earthquake in 2008. This building is one of the few that are left there, and it could be an anchor for the rehabilitation of downtown Wells. In the middle of the bottom row is the Lear Theater in Reno, by Paul Revere Williams. I hear they are looking for ways to make their rehabilitation more economical. On the far right, bottom row, is what I call my "poster-child." It is the Bridger Building in downtown Las Vegas. It has been vacant for as long as I can remember. If we could find a way to bridge that gap between rehabilitation and expenses for folks, we would not end up with buildings like the Bridger Building, Huntridge Theater, and the Reed Whipple Cultural Center. I think for us in Nevada, this could be a way to bring back a lot of these buildings that are currently empty. I will walk you through the bill.

**Chair Neal:**

What I want you to do for the bill is give us the highlights, then we will ask you questions.

**Assemblywoman Swank:**

The first several sections are just definitions, so I will skip over those, but I am happy to answer any questions you may have on those. Section 7 contains most of this program. In section 7, subsection 1, paragraphs (a) through (d), it states what taxes can be credited, which are the modified business tax, gaming license fees, insurance premium tax, and any combination thereof. A lot of what this tax credit will do is help small businesses with the rehabilitation of their buildings. One of my aims was to make some of those tax incentives that have been available to much larger corporations available to our small businesses, and this is one way in which we can do that.

Section 7, subsection 2, states that the Office of Historic Preservation of the State Department of Conservation and Natural Resources needs to approve that the rehabilitation meets the requirements for the program. Section 7, subsection 3, are the eligibility requirements. We do have a few amendments. One we are putting in is that the structure must be eligible for the NRHP. Another amendment we are proposing is a per-project cap of \$3 million. A third amendment is that there is a minimum project cost of \$20,000, so the whole project has to cost at least \$20,000. Other eligibility requirements are that they have to meet the Office's requirements, which are generally the eligibility requirements in section 7, subsection 3. Section 7, subsection 4 specifies what needs to be

included in the application. It also refers to subsection 8, which states the Office of Historic Preservation can decide through regulation any other requirements or processes to carry out of the program. We would like to give this to the Office. They have a lot of expertise. They have a lot of networks to the National Trust for Historic Preservation that could help them set up a good program, so I did not want to put that on them. We do have a proposed amendment to put in a process for the appeal of applications that are turned down, if the Committee thinks that would be helpful.

In section 7, subsection 5, it states that the Office must provide the estimated amount of taxes that will be awarded at the end of the project to the applicant, the Department of Taxation, and the Nevada Gaming Control Board. Section 7, subsection 6 states the time frame in which the transferable tax credit determination must be made. Section 7, subsection 7 states the applicant has to submit all the needed records and verify the requirements are met.

Section 8 states that tax credits are transferrable. We would like to amend section 9. I am hoping this is the right section to do this. We want a 10-year carry forward. It was pointed out to us that small businesses might not have enough taxes annually to obtain all the credits available. This would also allow them to extend out the period of time in which they would get those tax credits.

Section 10 is the process for hearing and deciding on an application. It also places a priority on projects that promote tourism in Nevada. We really think this is important because while Nevada has done a great job of promoting tourism, we have not done the greatest job promoting heritage and cultural tourism. The rehabilitation of our old buildings is a way to start bringing in those heritage tourism dollars.

Section 11 states that anyone who is fraudulent in their application becomes ineligible. There has been a suggestion of possibly creating a penalty for anyone who did not enter into the program in good faith, and should the Committee decide to include that, we are happy to put that in. Section 12 states there are annual reporting requirements to the Governor and to the Legislature. Ms. Kuhlman or I are available to answer any questions.

**Assemblywoman Bustamante Adams:**

I know you said you had some amendments for section 7, subsection 3, regarding who is eligible. Could you repeat that?

**Assemblywoman Swank:**

You have to be eligible for the NRHP. Usually this mirrors the Federal Historic Preservation Tax Incentives process, where you start out with a determination of initial eligibility and work through that process as you work on the rehabilitation of the building. You come out on the other end on the NRHP. It mirrors that process.

**Assemblywoman Bustamante Adams:**

Did you say the cap is \$3 million?



**Assemblywoman Swank:**

Correct, it is \$3 million per project.

**Assemblywoman Bustamante Adams:**

And the tax credit could not go over that?

**Assemblywoman Swank:**

That is correct.

**Assemblywoman Bustamante Adams:**

You mentioned reporting in section 12. It must be submitted to the Governor and the Director of the Legislative Counsel Bureau (LCB), correct?

**Assemblywoman Swank:**

Yes, it goes to the Governor and then it goes to the Director of LCB for transmittal to the Legislature.

**Assemblywoman Bustamante Adams:**

Part of the problem when we did tax credits on some other projects is they allowed the gaming tax, especially, and for lack of a better words, they could "trade it." We did not know who was taking advantage of those. Is the knowledge to be able to know who is buying those from the entity included in this bill?

**Assemblywoman Swank:**

It is not, but I like that idea. I think that is very good knowledge for us to gain, as far as long-term evaluation of the program. I would love to have that added. I think it is a great idea.

**Assemblyman Pickard:**

You and I had the opportunity to talk about this in advance so I will admit on the record that I thought it was a good bill then, and now I think after the amendments you described, it is an even better bill. I am personally excited by historical rehabilitation projects. I do want one point of clarification. In section 9, do I understand correctly that you are going to increase the time to ten years, to allow for recovery over a period of time?

**Assemblywoman Swank:**

That is correct, it will increase to a 10-year carry forward. That would help our small businesses. Since the intent is for small businesses to take advantage of this, it will make it much more accessible to them and also provide a little more smoothing out of these tax credits.

**Assemblyman Pickard:**

As I understand this, this is a transferable credit. They could actually sell them and recoup that, kind of in the market as it were. We are not looking at a potential loss of those. It is just that they would be able to use that in their own tax planning as opposed to selling them and getting the cash flow. Is that right?

**Assemblywoman Swank:**

That is correct.

**Assemblyman Pickard:**

My other question has to do with the \$3 million cap. If the projects are more than \$3 million, I think it makes a lot of sense. It limits the liability to the state. What if the projects are less than \$3 million? Are we saying we then cap it at the value of the project? They get \$3 million even if was a \$100,000 project? How does that work?

**Assemblywoman Swank:**

No. It is 20 percent of the expenses for rehabilitation that meet the Secretary of the Interior's standards—only 20 percent of those expenses.

**Assemblyman Pickard:**

We actually have a 20 percent cap of their expenses, not to exceed \$3 million?

**Assemblywoman Swank:**

That is correct.

**Assemblywoman Bustamante Adams:**

A lot of these are in the downtown area so my question is, how does it work if an entity, like the city, has a redevelopment program and this program? Could a small business take advantage of both, or is it only supposed to utilize one?

**Assemblywoman Swank:**

I believe they could take advantage of both, but I will need to check and make sure. One of the things this really encourages, as Ms. Kuhlman presented, is for folks to also get the Federal Historic Preservation Tax Incentive on top of that. That will then bring in a lot more federal dollars.

**Assemblywoman Bustamante Adams:**

In section 7, the taxes you decided to include in the tax credit, was there any reason why you picked those specific taxes?

**Assemblywoman Swank:**

I was trying to mirror some of the incentives we gave to larger businesses, as a way to bring this to small businesses. We have done a lot of great work bringing in businesses like Tesla. I think we know small businesses are our major employers in the state. They bring in so many jobs, and they tend to occupy older buildings. I wanted to work on this, to bring this

to our smaller businesses. I, like Assemblyman Pickard, love the historic preservation, but I think a working building is really the only real preservation success we have. Working in ways we can bring in small businesses was the major goal of this bill.

**Assemblywoman Bustamante Adams:**

In the presentation, they were able to identify and calculate the average on the return based off of the tax credit. In section 12, when you are asking for the reporting, I do not see that in there. How would we capture it to know what the return is based on what is given? I do not know if it is there.

**Assemblywoman Swank:**

It is not in our reporting. I would definitely love to add it to the reporting. If you would like information on how that is calculated I may defer to staff or to Ms. Kuhlman for that.

**Assemblywoman Bustamante Adams:**

The idea is not how it is calculated, but that we would be able to calculate it in some fashion, so we could determine the return. My last question has to do with there not being a sunset. Did you explore that idea for this program?

**Assemblywoman Swank:**

I did not. One of the amazing things about working in historic preservation, especially in southern Nevada, is that we are just on the cusp of so many of our buildings becoming 50 years old, which is the general threshold for being considered historic in Nevada. I would be concerned that if we set a sunset for this, there would be a lot of possible NRHP buildings that are not quite old enough yet in southern Nevada. We want to make sure we are capturing and rehabilitating buildings across the entire state.

**Assemblyman Pickard:**

I want to mention for the record that part of the conversation we had, and the intent as I understand it, is this is not to give an incentive for somebody who has a run-down warehouse in a back lot somewhere that really has no historical value. This is to get rehabilitation for the buildings that really have historical significance and that we are trying to preserve. Is that correct?

**Assemblywoman Swank:**

That is correct. If you look at the buildings on slide 17 ([Exhibit C](#)), you can see some of our remarkable buildings in Las Vegas. It does not mean they are always the biggest buildings. For instance, the *Ghost Adventures* house was originally owned by Cyril Wengert. You might know that from Wengert Avenue if you live downtown, or from NV Energy's Wengert Conference Room, as he was one of the original incorporators of NV Energy. It is not a big building, but historically it is an immensely important part of our town. It is just for those significant buildings.

**Assemblyman Paul Anderson:**

Thank you for the opportunity to meet earlier on the bill. I appreciate the insight in bringing the bill forward. A question I had when we met was the budget hole this could potentially create if it works really well. We have a lot of money being deducted from our business taxes. How do we backfill those dollars?

**Assemblywoman Swank:**

I would defer back to the presentation Ms. Kuhlman gave, looking at the return on investment. Even in the construction phase, one-third of those credits the state will give, even before the state has given those costs, we have one-third of that credit recouped. In general, not all of this goes to the state. Some of it goes to local governments. We do see for every dollar that is spent in a historic tax credit, private investment ranges between \$2.77 and \$3.22 for every dollar that is spent. In Ohio, for every dollar in historic tax credit, they see \$6.20 in private investment. If we look at an aggregate cap—which is what you had asked me about—instead of a per project cap, one of the issues that comes up is uncertainty. People do not apply for it because they do not know when the money is going to run out. I think this program really gives an excellent return on investment. As we get the whole project up and running, we will see the return on investment come back to the state—back to our local jurisdictions. I cannot tell you exactly how that is going to happen right now. There will be private investment jobs that come back. Property taxes will come back. Some of the property taxes will come to our state to help fund education. There are ways in which this will come back to our communities, with a good positive return on investment.

**Assemblyman Paul Anderson:**

I understand what you are addressing, but the taxes that we are looking to rebate are direct State General Fund dollars that come to us, and this creates an immediate hole. If I give someone a \$3 million credit, that is the hole I have to fill—not the future holes that may be backfilled as those property taxes or other programs come in. Maybe those are non-General Fund dollars in sales tax and supplies that are purchased that might go to local entities versus the General Fund dollars. That is a concern I do not know if we have an answer for as we look at what we have to put on the balance sheet, in an Assembly Committee on Ways and Means hearing for example, and look at the budget. If it is going to create a hole somehow, we have to backfill it. It is just something to think about. I do not know if we have an actual answer for that right now.

**Assemblywoman Swank:**

These are decisions our state has made before, for much larger corporations. We see that with Tesla—being a good return on investment. With this bill, the same return on investment we have given to large corporations can really be brought down. We can make that same investment in our small businesses. Tax credits are not given for a long way down the road. These usually take about a year and a half or so to work through the whole process. We would be giving the tax credits after money has all come in. I am not sure if Ms. Kuhlman can speak more to the mechanics of how that works in other states, or if we could get more information to you later.

**Assemblyman Paul Anderson:**

I would appreciate that. As we do that—those abatements for the other entities—those are on the balance sheet, so we know those are dollars we are not expecting to come in when we abate those. What happens if someone has invested the monies and maybe half way through their credit program, they want to sell the property? How does that affect the sale? Does it stay with the building? Does it stay with the investor?

**Assemblywoman Swank:**

That is an excellent question. I will have to look into that and get back to you because I do not want to give you an incorrect answer. I believe it stays with the building, but I need to make sure.

**Chair Neal:**

Are there any additional questions? [There were none.] Is there anyone here speaking in support of A.B. 370?

**Susan Fisher, Treasurer, Nevada Preservation Foundation:**

I am testifying today in support of this bill. I am on the Board of Directors for the Nevada Preservation Foundation, under the leadership of Assemblywoman Swank. What this organization has done in the few short years it has been in effect is nothing short of amazing. This would certainly help us with the goal to preserve these buildings. We have had contact from the City of Wells to sort of adopt the El Rancho Building. There are some federal tax dollars that are available, but certainly these tax credits would help go a very long way. I urge your support of this measure.

**Danny L. Thompson, representing Local 872, Laborers' International Union of North America, AFL-CIO:**

In early 2000 I was called by then Las Vegas City Manager, Betsy Fretwell, and was asked to meet her at the old post office in Las Vegas. The post office was constructed in 1931. I went on a tour of the building with her. She asked me then to serve on a committee to come up with some use for this building that they were going to purchase for \$1. The building was either going to be torn down or purchased for \$1. I was put on the committee by then Mayor Oscar Goodman, and we kicked around what we could do with that building. Downtown Las Vegas was not the best place in the world at that time. They wanted to renovate it. They wanted to bring in tourists. The committee sat down and came up with a bunch of ideas. Mayor Goodman's idea won out—the Mob Museum.

We then formed a corporation, a 501(c)(3). We got the building for \$1. We applied for all sorts of grants with the federal government, with the state, with the city. We had money from all over the place. We hired Dennis Barrie, the cocreator of the International Spy Museum and the Rock and Roll Hall of Fame. Because of the Kefauver trials in the 1950s, which were trials based on the mob and trying to convict some of these mobsters, there were 14 trials held in different cities. Las Vegas was one of them.

Many people did not know the post office was not only a post office, but also the federal building. The bottom floor was the post office and the second floor was the federal courthouse. Early in those days, federal judges had to come from Reno or somewhere else when regular trials were held there until about 1945 when we got our first judge.

We went through the process of developing the Mob Museum. It created all kinds of jobs. The jobs created were interesting because construction in 1931 is a lot different than construction today, and to find those craftsmen who could go back and do that craft. Today we have sheetrock. In those days it was plaster. All of those cornices were hand-made. To find the people who could go back and do that work was a challenge, but we did. We found local people who knew how to do it. If you have not been in that building, it is a wonderful example of what can be done. The Mob Museum is officially the National Museum of Organized Crime and Law Enforcement. If you ever have a chance to go through it, you should. It is a real gem.

It has been the anchor of redevelopment in the downtown Las Vegas area because all sorts of restaurants and businesses came after that, due in a large part to Mayor Oscar Goodman. It has been a wonderful addition. It really changed the makeup of downtown Las Vegas, and it was the first thing done there that made a difference. I served on that board until the museum opened. It was a wonderful experience, and it is a wonderful addition to Las Vegas. This bill is not going to get anything done by itself, but it would certainly seed things that could happen. If something is not done with these buildings, they will get torn down, and that would be a shame. On behalf of the laborers, we wholeheartedly support this bill.

**Warren B. Hardy II, representing City of Mesquite:**

I am here today representing the City of Mesquite and myself. The City of Mesquite is in support of this bill. I am here also representing my former Senate District No. 12, which contains the Virgin Valley Water District and the Moapa Valley Water District, which have a lot of these buildings in need of this kind of historical preservation. It is a big deal for those areas. We have so many of these buildings throughout the state. I think this is the model we ought to be looking at in terms of public-private partnerships and driving these kinds of programs.

Speaking to Assemblyman Paul Anderson's point with regard to the General Fund issue, I know this is a policy committee, and that will be decided by the Assembly Committee on Ways and Means, but Mr. Thompson might be the only one old enough to remember the good old days, when at the end of every session we used to have what was called "one shot" money. We would always be anxious to see what the surplus was. We would look at the budget surplus and decide where to spend it. I can tell you a large percentage of those dollars went to these types of programs—these historical preservation programs—that came out of the General Fund. We have not done that in many years, largely because we do not have "one shot" money anymore.

I would submit that it is historically on record that we have spent General Fund money on encouraging these types of public-private partnerships, and it is the right way to go. I would also be remiss if I did not, on a personal note, express my appreciation to Assemblywoman Swank and Assemblywoman Cohen for introducing this bill and for picking up these types of projects.

Assemblywoman Swank has also been instrumental in continuing the legislative oral history program, which I introduced when I was serving in the Legislature. I thought it was important we interview legislators, like your father, Chair Neal, for future generations to be able to enjoy and understand. That institutional knowledge from the '60s and '70s was fascinating, and is actually where I got the idea we needed to have an oral history program. I do appreciate Assemblywoman Swank for picking that up and being a champion for these types of issues.

**Randy Soltero, Private Citizen, Las Vegas, Nevada:**

I was born and raised in Las Vegas. I have spent my whole life in Nevada. I have seen a lot of buildings that have come and gone. I have spent time in Carson City, in northern Nevada, and other parts of the state. I have seen a lot of buildings that I think it would be the right thing to preserve them. Those are the things I search out. I am just one person, but I think there are a lot of people who would do that. The real reason why I support this, besides those things, are the jobs they create. Every one of you have had me in your office. I talk about job creation all the time. I think it is important to do, to invest in Nevada, to invest in Nevada's economy, to make sure Nevadans go to work on those types of projects. When I talked with Assemblywoman Swank about this bill, I told her I wanted to support A.B. 370 and do whatever I could to help preserve Nevada and create jobs in Nevada.

**Chair Neal:**

Thank you for your testimony. Members, do you have any questions? [There were none.]

**Wes Henderson, Executive Director, Nevada League of Cities and Municipalities:**

We support this bill, and I want to thank Assemblywoman Swank for bringing it forward. One of the benefits of my job is I get to travel the state every year. I try to get in front of every city council and town board that are members of the Nevada League of Cities and Municipalities. I can think of buildings in every city in this state that this program would benefit. The cost of rehabilitation can be prohibitive on some of these old buildings, and we appreciate this bill providing a tool to help facilitate the restoration of historic buildings.

**Fran Almaraz, representing International Brotherhood of Teamsters:**

I grew up in a town that was founded in the early 1800s, and there were many buildings there that were preserved. I would really like to see us do that in Las Vegas, Reno, and throughout Nevada. Many of our small towns in Nevada have beautiful old buildings that are crumbling, and I think this is a wonderful way to help preserve some of those. I am in support of this bill.

**Brian McAnallen, Government Affairs Manager, Office of Administrative Services,  
City of Las Vegas:**

As I look at the slide Assemblywoman Swank has up on the screen [page 17, ([Exhibit C](#))], there are four of those buildings nestled within the City of Las Vegas. We have a number of other buildings in downtown Las Vegas that would qualify with the 50-year trigger. We appreciate the efforts of the Assemblywoman to fight hard, and we consider her a true partner in helping preserve our past. We think this bill is a great tool that would help us continue to do so. As I look at these buildings, I know she is working on some issues related to the Huntridge Theater. This would be a fantastic opportunity to preserve that piece of our past. We appreciate Assemblywoman Swank and Assemblywoman Cohen for bringing this bill forward.

**Chair Neal:**

Is there anyone else speaking in support of A.B. 370? [There was no one.] I will now take testimony from anyone who is neutral on A.B. 370. [There was no one.] I will now take testimony from anyone who is speaking in opposition to A.B. 370. [There was no one.] I will now ask the bill sponsor to come back to the table for closing remarks.

**Assemblywoman Swank:**

I want to remind the Committee that while I love an old building and I consider myself a true "building hugger," this is really about a good return on investment for the state of Nevada and creating jobs. I want to remind you of a few of the statistics Ms. Kuhlman presented. For every dollar spent in historic tax credits, we get between \$2 and \$3 in return on that investment. That is a very good return on investment. That is something we need in this state.

I also just want to remind the Committee that we just came out of the Great Recession. It left us with many vacant and underutilized buildings. In the state of Wisconsin, if you look at the buildings that went through their process to get the tax credit, 60 percent of them were vacant or underutilized before that. Those were property taxes that were not coming into the local jurisdictions—not coming into the state. In the state of Ohio, 80 percent of the buildings that went through their historic tax credit process were vacant or underutilized. This is not only about a love of old buildings and a love of history, it is about creating jobs, getting a good return on investment, and reducing the number of vacant and underutilized buildings we were left with after the Great Recession. I want to thank the Committee for your attention. I am happy to answer any questions offline that you might have.

**Chair Neal:**

Assemblywoman Swank, I know you are working on your amendment; just make sure you get that in writing to us.

**Assemblywoman Swank:**

I will have it in tomorrow.



**Chair Neal:**

I will close the hearing on A.B. 370 and open the hearing on Assembly Bill 402.

**Assembly Bill 402: Proposes to exempt sales of feminine hygiene products and diapers from sales and use taxes and analogous taxes. (BDR 32-830)**

**Chair Neal:**

Before you get started, Assemblywoman Jauregui, I know you have some supporters here. We have two other bills we need to hear, so what I want to do, even for your folks in support, is try to limit them to two minutes when they come up.

**Assemblywoman Sandra Jauregui, Assembly District No. 41:**

I have a company that I flew in that wants to testify on how they spearheaded this on their own, and how it affected their business. They are part of my testimony. Today I am here to talk about an inequity that exists for women and working families. Assembly Bill 402 will attempt to address this inequity by removing the sales tax on diapers and feminine hygiene products.

Assembly Bill 402 would amend the *Nevada Constitution* to remove the sales tax from these two items that are currently taxed as luxury items, when we know very well they are not a luxury, they are a necessity. First, I want to explain to the Committee, to those here, and to those listening online that if A.B. 402 passes out of the Legislature and is signed by the Governor, it does not automatically become law. Because it is an amendment to the *Nevada Constitution*, it would be placed on the 2018 ballot, making it a choice of the voters of Nevada. I will break my presentation into two sections: first, the removal of tax on diapers; second, the removal of tax on feminine hygiene products. I will now walk the Committee through a brief presentation.

The information on the first couple of pages is from the *2017 Children's Advocacy Alliance Legislative Briefing Book* [pages 2 and 3, ([Exhibit D](#))]. I highlighted a few things I thought were of importance. The cost of diapers places a huge financial burden on Nevada's most at-risk families. Infants use, on average, 240 diapers a month, costing a family a big portion of their monthly income. Diapers are not covered by any of the social service programs, like the Supplemental Nutrition Assistance Program (SNAP) or the Special Supplemental Nutrition Program for Women, Infants & Children (WIC), and 30 percent of mothers reported that they were unable to afford to change their child's diapers as often as they would like, and those are Nevada mothers. Cloth diapers are not an option for many families, as they are not allowed to be washed in Laundromats, and child-care facilities do not allow them.

On the next slide [page 3, ([Exhibit D](#))], again a few things I wanted to highlight: Low-income families pay more for these items because they cannot buy in bulk and because they cannot buy them online. Currently, 12 U.S. states do not tax diapers.

At the end of 2016 there were 105,721 infants and children under the age of three. Twenty-four percent of Nevada children under the age of three are living below the poverty level, and another 27 percent are living above the poverty level, but at an income which is considered "low income." That is a total of 51 percent of Nevada infants and toddlers living in poor or low-income families [page 4, ([Exhibit D](#))].

Here is a chart of the total number of diapers used by families [page 5, ([Exhibit D](#))]. Remember, for 27 percent of these families, as we saw on the previous page, they are living below the federal poverty line. A substantial amount of their income is spent on diapers.

Slide 6 ([Exhibit D](#)) shows Nevada statistics on families with babies. These are the families who are at greatest risk of diaper needs because many families cannot afford them. It is broken up into the numbers of families using social services.

Slide 7 ([Exhibit D](#)) gives you an example of how income is spent on children for single parents. In some cases almost 40 percent of their income is spent on just childcare. According to the 2010 census, 7 percent of all Nevada households were single-mother households. This is over 70,000 households in Nevada.

This segues into the next section. Single-mother households not only pay diaper tax for their infants and young children, but for 40 years of their lives they also pay another unjust tax on feminine hygiene products [page 9, ([Exhibit D](#))]. Buying menstrual products is not a choice and it is definitely not a luxury. It is a necessity that women need for 40 years of their lives as part of a health product for hygiene. Assembly Bill 402 is the first step in making these necessities affordable for women. There is no equivalent health product that is used by only one gender on a monthly basis for roughly 40 years of their life.

This bill is trying to address one small part of the many gender inequities women face: First, there is a pay gap. Women earn 83 cents to every dollar, and for women of color it is even less. Second, we are taxed for being women. Many studies have shown that gender pricing leads women to pay \$2,161 more per year for the exact same goods and services purchased by men. This short news clip ([Exhibit E](#)) from FOX5 KVVU-TV that was shown live just two months ago explains this well.

We do not pay a sales tax on food because it is considered a necessity. We also do not pay a sales tax on soda pop or candy, but we pay a sales tax on feminine hygiene products which are a necessity [holding up a box of tampons] ([Exhibit F](#)). We have a unique opportunity right now because our Legislature is 40 percent women. It is our opportunity right now to stand up for women because we know when women do better, families do better. We need to stop punishing our working families and, for once, start giving them a tax break.

I will leave you with the last few slides [pages 10 and 11, ([Exhibit D](#))] showing a table of the six states that do not tax diapers, the six states that do not tax feminine hygiene products, the two states that do not tax either, and the five states that do not have a sales tax.

I would like to have Max Dworin and Nitasha Mehta from Boxed.com come up and provide their testimony. They have, on their own dime, brought themselves here from New York to talk about what they have done as a company to address gender pricing, the removal of sales tax on feminine hygiene products, and how it has in fact not hurt their business. I also want to note that they are big supporters of Nevada, having one of their warehouses in North Las Vegas. When we start our testimony in support, I would like to start with Planned Parenthood and the Children's Advocacy of Nevada.

**Nitasha Mehta, Associate Director of Reengagement Marketing, Boxed.com:**

If you have not heard of Boxed.com yet, we are an online and mobile version of a wholesale shopping club, but with free shipping and no membership fees. We help our customers save time and money, and will even deliver bulk-sized essentials to Nevada in less than two days. Thank you so much for introducing this important bill and inviting Boxed.com to testify here today. Equality is something that is very important to us, and that is the reason we decided to take a stand and help Boxed.com launch our #RethinkPink initiative late last year.

We took a hard look at some of the products offered on Boxed.com, and we realized that many female products cost significantly more than their male equivalents on a per-ounce or per-unit basis. We also discovered that in over 35 states, women are still charged sales tax, or a luxury tax, on tampons and pads. These are everyday essentials that every woman depends on, and there is absolutely nothing luxurious about menstruation. Canada repealed a tampon tax nationally in 2015, and unfortunately, the U.S. is far behind.

When I brought up this issue to our Chief Executive Officer (CEO), Chieh Huang, he was just as shocked as I was to learn about these pricing discrepancies. He has a young daughter and did not understand why she would have to pay more on essential items throughout her lifetime than her male friends would.

With the entire company's support, Boxed.com decided to take a stand and lower our prices on women's products that had a significant cost variance versus their male equivalents, as well as reduce our prices on tampons and pads in an effort to offset the sales tax, even if this meant taking a hit on margin. Boxed.com customers still pay sales tax in states that tax feminine hygiene products, but we have lowered the list price on these items so the final price is equal to what women would have paid if this unfair tax did not exist in the first place.

Since we launched, we have had over 400,000 unique page views to our #RethinkPink landing page, and have passed hundreds of thousands of dollars worth of savings back to our customers. States like New York, Connecticut, and Illinois have already taken the initiative to repeal a tampon tax, and hopefully it is just a matter of time before the entire nation follows suit. We hope Nevada will be next.

**Max Dworin, Chief of Staff, Boxed.com:**

Thank you, Ms. Mehta, and thank you, Assemblyman Jauregui, for introducing such an important bill and inviting us here today to testify. We are so happy that Nevada has chosen to take up this issue. I wanted to add a few things to Ms. Mehta's remarks. When Ms. Mehta came to our CEO with this idea, there was not the standard hemming and hawing that you might find in many corporations. There was very little talk about what lowering the price of feminine hygiene products and other products might mean to our bottom line. There was simply one calculation. What is the right thing to do? For us, it was very clear. It was to lower the prices of tampons and pads in the states where they are taxed. We felt strongly, as a company, that a tax on these products is unconscionable, indefensible, and discriminatory.

As an aside, imagine if, before heading out to the store, you were to ask your girlfriend or wife if she wanted you to pick anything up for her, she asked you to pick up some tampons. If you were to tell her she did not need that because it was a luxury, I do not think that would go over too well. That is sort of a litmus test on this one. As you heard Ms. Mehta say, at Boxed.com, doing good has meant doing good business. We have seen interest in these products soar and the buzz around our company increase. Should the Legislature end up passing this bill and it ultimately gets signed into law, I am confident the state of Nevada will see similar benefits—happier residents, increased goodwill, and enhanced public perception, not to mention it is undoubtedly the right thing to do.

**Assemblywoman Jauregui:**

I am available to answer questions from the Committee.

**Assemblyman Paul Anderson:**

In the argument you presented you talked a lot about helping the poor and the folks who see this as a necessity, not a luxury, which is a valid point, but does it not help the rich just as much as it helps the poor? Is there this ground-swelling across the nation? Most states charge a sales tax on the feminine products. I am curious about what the ground-swelling is and why the sentiment changed all of a sudden.

**Assemblywoman Jauregui:**

You are right. This tax is not to benefit one economic section of the state. It is a tax that should not be charged to any women in the state, or to any family. It is going to benefit every single person in the state because it is a tax we should not be paying. It is a necessity. The Food and Drug Administration, U.S. Department of Health and Human Services, actually categorizes feminine hygiene products as medical "devices," and medical "devices" are not supposed to be taxed.

In 2016 we saw one of the propositions to remove sales tax on medical durable equipment because doctors deemed them necessities of life for people who need them—like an oxygen tank. This is also something that is a necessity for life. Women have to buy these items

every single month ([Exhibit E](#)), whether they want to or not. They do not have a choice. It is needed for hygiene. People are less afraid to speak out about this; I think that is why we have seen more of a wave.

**Assemblyman Paul Anderson:**

Between my wife and my four children, I have bought a lot of diapers and other products that go along with that. Certainly there are times where that was all very taxing, no pun intended, to buy these items, but I never thought of it as a luxury item versus a nonluxury item. In our tax policy I do not think we define any products, whether we are taxing them or not, in the format of luxury or not. Other states tax food. It is still a necessity, but they tax food. Utah, for example, taxes most foods. Food is obviously a necessity to sustain life, but they still tax it in a different way, and they still feel the transactional basis there are taxes that need to be collected. I am sort of agnostic on the bill in general. I recognize the argument. I am not sure why this is such an important issue. I understand the private sector side and their using this as a way to do good corporate will across their client spectrum, but as far as state policy, I am not sure why this has become such an important issue.

**Assemblywoman Jauregui:**

You mentioned Utah. Utah has decided to tax things like food, but Nevada decided not to. Nevada has decided not to tax many things that they consider necessities, again like food, soda, candy, and durable medical equipment. This is something that is also a necessity. Nevada defines feminine hygiene products and diapers as a luxury item, because in place you can use cloth versions of them, so it is a luxury to be able to buy the disposable types.

**Assemblyman Pickard:**

I have a couple of questions. We have to draw a line somewhere, and I am a little concerned about the mission creep. There are a lot of things we all deem to be necessary but they are not true necessities. Whether this falls into that category, I am not trying to make that point. What I am trying to wrap my mind around is this: Is there a limit to what products are included here? Ultimately, what products are we talking about here? The language is pretty vague. We have two things, and then similar products. What are we talking about here?

**Assemblywoman Jauregui:**

For feminine hygiene products, we are talking about sanitary napkins, pads, tampons, and also diapers for adults and infants.

**Assemblyman Pickard:**

Do you know why public assistance does not pay for these? What their rationale is for not covering them, if it is a true necessity?

**Assemblywoman Jauregui:**

I do not. That would be a question for SNAP, WIC, or Temporary Assistance for Needy Families (TANF).

**Assemblywoman Cohen:**

Do you know of any other companies in the state of Nevada that are doing what Boxed.com has done or something similar to help out their customers?

**Assemblywoman Jauregui:**

I personally do not, but I will defer to my friends from Boxed.com to see if they are aware of any other companies.

**Nitasha Mehta:**

We are not aware of any other companies. I believe we were the first to pass an initiative like this one. We are willing to take the hit on margin for it, which we are, whereas a lot of other companies are not willing to do so.

**Assemblywoman Spiegel:**

I want to thank you for bringing forth this bill. It is important, not just because of the pay gap and because of differences in pricing and women's economic viability, but when you look at the impact on families and layer in the adult diaper component of this, women typically outlive men. They also have much lower retirement dollars available to them because of the pay gap during their working years. There is hardship all around on both ends. I, for one, greatly appreciate this bill.

There are other practices that go on where women are also taxed and charged higher amounts for products and services to which they avail themselves. For example, dry cleaners charge a woman more for a blouse than they charge a man for a shirt. They charge more for a woman to have a blazer dry cleaned than they charge for a man to have a blazer dry cleaned. Women face these inequities at every turn. I am delighted to see this bill and to see the possibility of this practice coming to a stop in Nevada. I also want to thank Boxed.com for your efforts and leadership in this field.

**Assemblyman Flores:**

I want to say thank you to Boxed.com for being here. I learned earlier today that your warehouse is in my district. It is such a strong message you are sending, saying I do not need the law to tell me what to do—I already know what is right. That is powerful. I wanted to recognize you for that and to thank you for being in my district and sending that message. I promise you I am going to echo it as I walk the streets.

Thank you for bringing this bill forward, Assemblywoman Jauregui. It is much overdue. Can you help me understand, the language that we have here, is that borrowed from another state? If it is or it is not, I wanted to know where we are as a state, with the language being proposed, in how wide the net we are throwing out there is. In other words, I know Assemblyman Pickard brought the question that the language might be a little broad. I wanted to know if there are other states which have similar language, that the net is actually much wider and captures more, or if other states are right around the same area.

**Assemblywoman Jauregui:**

Thank you, Assemblywoman Spiegel, for your comments and Assemblyman Flores for your questions. I did not borrow the language from any other state. It was language I suggested to the Legislative Counsel Bureau—what my intent was—and this is the language they crafted. I was very happy with it. I do want to let the Committee know I have a conceptual amendment and you will see it as a mock-up if it goes to work session. We are going to be removing the sunset clause. I never intended for this to sunset in 2028, so that will be removed.

I know, in addition to the 8 states that do not tax feminine hygiene products and the 12 states that do not have the sales tax, there are 17 states considering legislation to remove the sales tax on feminine hygiene products this year. I have not taken a look at their exact language, so I do not know if their language is broader or more specific than what we are carrying here.

If the concern of the Committee is the language being too broad, I would be happy to work with you on specifically naming the two products for "feminine hygiene products," and then saying "adult and infant diapers," which it does specify in the bill for the diapers.

**Assemblyman Flores:**

I am not saying that it is too broad. I was just wondering where we are, as a state, to see if we are in a broad category, or are we considered in a narrow category. I just wanted to let you know I stand in solidarity with you.

**Assemblyman Marchant:**

Have you considered the tax abatement, how much this would cost the state of Nevada if this was to go through?

**Assemblywoman Jauregui:**

I have not considered that. They have actually reached out to me to say they needed to send it for a fiscal analysis. I have not received it back.

**Assemblyman Pickard:**

Yes, we have to burden women with tax, just as we burden men with tax. I am all for pay equity and all that. I do not want to go down that road. I am wondering if you can tell us what other states have experienced in terms of how big of a hit this was when they enacted this legislation?

**Assemblywoman Jauregui:**

I do not have that information, but it is something I can look up and share with the Committee. Again, there are five states with no sales tax, but there are eight states which have passed this same legislation.

**Assemblyman Pickard:**

I think that would be helpful for getting an idea of the scope of what we are dealing with.

**Assemblywoman Jauregui:**

What I will try to do is send it over in a sunset, where we have population for the state and what the revenue loss was, so we can relate it to Nevada. It will be dependent on the population as well.

**Assemblyman Pickard:**

The context is important. Thank you.

**Chair Neal:**

The requirement for a sunset is actually in Article 10, Section 6, of the *Nevada Constitution*. If you are going to do an exemption to a sales tax, you have to have a sunset. Do the members have any additional questions? [There were none.] Is there anyone speaking in support of A.B. 402? You will be allowed two minutes each. I am going to start down south first.

**Maria-Teresa Liebermann, Deputy Director, Battle Born Progress:**

I will make my remarks quick because Assemblywoman Jauregui pretty much touched on everything I wanted to. I work in an office of mostly women. As we were discussing this bill today, all the women, and the one man in our office, were in agreement that this is a good bill. This issue is not just affecting women. As Assemblywoman Jauregui mentioned, it affects families. We do not want to have to buy tampons for ourselves, daughters, sisters, girlfriends, wives, et cetera. We do not want to have to buy diapers. We need these products. It is time to level the playing field and make sure families are not being hurt by having to pay taxes for products we need, to be able to support our women in our families ([Exhibit G](#)).

**Erika Washington, Nevada State Director, Make It Work Campaign:**

The Make it Work Campaign is a nonpartisan campaign advocating for affordable child care, equal pay, and paid family leave. We have been in Nevada for almost two years, advocating for both African American and Latino women. We have been using the term "pink tax" in a tongue-in-cheek manner, which gives the notion this issue is cute or frivolous. The fact of the matter is this tax is onerous and just another hurdle in the journey toward financial security for struggling working families and those families who are trying to get toward the poverty level. Tampons and feminine hygiene products are not impulse buys. They are not something you buy on a whim. It is something most females need. It is medically necessary. It is a basic necessity, not a luxury item, and removing this tax will allow a small bit of relief for families struggling to make ends meet. It will also open the door to folks who are on SNAP to be able to use SNAP benefits for these products. I suggest we really take the time to look through A.B. 402. This is something that needs to be brought to the voters—something that could be helpful long term in the state of Nevada.

**Kim Amato, Founder and Board President, Baby's Bounty:**

I operate the nonprofit Baby's Bounty, which is located in Clark County, Nevada. We are a member of the National Diaper Bank Network. Every day I see the difference it makes to families struggling to obtain the necessities of diapers needed for their children's health and



well-being. Last year we distributed thousands of diapers, but not nearly enough to end diaper need for the nearly 54,000 infants and toddlers living in poor or low-income families in Nevada.

Diaper need is a silent crisis for many families. On average, children require at least 50 diaper changes a week, but diapers are so expensive and struggling families often try to extend their limited diaper funds by delaying changes, subjecting their children to increased risk of diaper rash and infection, and increased stress to the parent. Eliminating sales tax on diapers would help limited diaper budgets stretch further. Those savings, if they do not go into diapers, will likely go toward other basic needs like food, clothing, and transportation.

Diapers are the most sought-after item from family resource centers, food pantries, and diaper banks in Clark County. Researchers at Yale found a direct correlation between not having enough diapers and maternal stress and depression. Mothers may have feelings of embarrassment, guilt, or frustration. Women with diaper need also reported more difficulty with stress management, depression, and coping with trauma—which can negatively affect a child's health and development. Diaper need is more distressing to mothers than not having enough food for their family. Families in Nevada should be allowed to decide whether these items—not luxuries, but basic needs for the health and well-being of those who use them—are taxed ([Exhibit H](#)).

**Chair Neal:**

Thank you for your testimony. Members, do you have any questions? [There were none.] We will now hear from those in Carson City.

**Jared Busker, Policy Analyst, Children's Advocacy Alliance:**

In the consideration of time, I would like to refer everyone to our Policy Brief ([Exhibit I](#)) regarding our views on diapers. I believe as a state, if we pass this exemption for sales tax on diapers, we will be sending the message to the U.S. Congress that we do not believe these are luxury items, and we believe they should be covered by the social benefit programs such as TANF, SNAP, and WIC.

**Elisa Cafferata, Director of Government Relations, Nevada Advocates for Planned Parenthood Affiliates, Inc.:**

I will deviate a little bit from my planned testimony to provide some context. I know we have been talking about the idea of necessity versus luxury. I do not believe we actually have the term "luxury" in our tax code, but this is very much a policy question from when we did the "tax shift" in Nevada and decided to take the tax off of food and change the way we tax things in the state to sort of balance out our tax burden. This is a very appropriate policy question for you to be deciding. We do not tax food because it is a necessity, and we wanted to make that accommodation to Nevada families. Things that got swept into that were things like candy and soda that do not get taxed, while tampons and diapers end up taxed in our sales tax system. It is very appropriate for you to be looking at this.

We support this bill for reasons of parity, equity, as well as good health care. Even in terms of access to educational opportunities and job opportunities, we know low-income women and young women are most sensitive to prices. We know that young women sometimes do not go to school if they do not have access to these supplies. That is why we support the bill.

As you see the tampons and diapers accumulating on the desk ([Exhibit F](#)), I just wanted to let you know we are collecting these and donating them to homeless shelters and food pantries. On the receipts ([Exhibit J](#)) you can see the tax circled on them. That is why we are supporting this and trying to make a difference in our community.

**Chair Neal:**

Thank you for your testimony. We are trying to work out the exhibits because technically they are exhibits of the legislative record and you would have to leave them here. To avoid that, we will capture a picture of those boxes.

**Elisa Cafferata:**

We took pictures in our last hearing, and asked that those be put on the record. We will do whatever you recommend.

**Bella Sloane, Private Citizen, Reno, Nevada:**

I am here in support of A.B. 402. I volunteer regularly and have a lot of experience specifically with homeless women. I am the leader of a local branch of Period. We are a group of high school students who provide free feminine hygiene products to a few local organizations, namely Northern Nevada HOPES. Our services are actually in huge demand, and that is because feminine hygiene is so expensive. The first time I made a drop-off to the change point facility at HOPES, I did not understand why I had countless people thanking me—like I had given them something worth much more than just a bunch of tampons. Since then I have heard too many stories from homeless women, telling me about scrounging together cash to buy pads, trading food and clothing for tampons, or just being incredibly grateful when a resource like HOPES can provide them with supplies.

Can you imagine trying to deal with your period while being homeless? I have heard it is not very fun. Can you imagine having to sacrifice money for food so you can purchase tampons and supplies, or even not buying tampons and pads so that you can feed yourself for the week? This is the reality homeless people deal with every day, and people who are not homeless do not have to consider this because they are blessed not to have to live on the streets.

This is not an issue that can be solved with donations. Homeless people should be able to afford their own feminine hygiene, or at least not have to consider it a luxury. Razors and shampoos are luxuries for them. Pads and tampons are basic hygiene and health care, not a luxury, especially for the homeless population. They should not be taxed like they are. That is why I urge you to vote for A.B. 402.

**Elizabeth Castillo, Intern, NARAL Pro-Choice Nevada:**

I am here to testify in support of A.B. 402, to repeal taxes on feminine hygiene products. Thank you, Chairwoman Neal, and members of the Assembly Committee on Taxation for allowing us to testify today. NARAL Pro-Choice Nevada is a nonprofit advocacy organization dedicated to advancing reproductive freedom for all through legislative, political, and community organizing. Since we began organizing in Nevada last summer, we have recruited more than 10,000 new NARAL members, and we are growing every day. We represent a broad cross section of Nevadans. Of our new membership, 60 percent are Democrats and 40 percent are Republicans; 52 percent are women and 48 percent are men; and new members are from ages 18 to 92. These NARAL members are fighting to preserve and expand true reproduction freedom for women and families across Nevada, something we know is directly tied to their economic freedom.

Assembly Bill 402 recognizes the systemic inequalities women face by removing taxes on feminine hygiene products, a necessary item for many women. For many Nevadans, these small amounts here and there add up to big charges and impact their quality of life. Even a seemingly minor change, like removing these taxes, could add up to big savings for families in Nevada.

It is important to remember that A.B. 402 is bigger than just cost savings. Assembly Bill 402 acknowledges the routine unfairness that seeps into women's everyday lives by charging taxes on essential feminine hygiene products. Feminine hygiene is not a choice or a luxury, but a matter of biology. We are hopeful you will join us in supporting this important measure.

**Chair Neal:**

Thank you for your testimony. Members, do you have any questions? [There were none.] Is there anyone else speaking in support?

**Marlene Lockard, representing Nevada Women's Lobby:**

Me too.

**Wendy Stolyarov, Legislative Director, Libertarian Party of Nevada:**

One week ago, the Libertarian Party of Nevada testified in support of Senate Bill 415, and today we testify with equal enthusiasm in support of A.B. 402. We reject taxes generally, and we will support most legislation rendering products tax-exempt. However, we particularly love A.B. 402 for exempting feminine hygiene products and diapers. Feminine hygiene products are a necessity, and taxing them is fundamentally gender-biased. The increased cost of these products makes them especially difficult to access for the most disadvantaged and vulnerable in our society, meaning that this is an economic justice issue as well as a social justice issue. And while every infant needs diapers, the act of purchasing them still falls disproportionately on women, which means the taxes do too. When the Sales and Use Tax Act of 1955 was approved by referendum, the world was a very different place.

Women's rights have come a long way since then, and we believe this tax is a relic of a bygone era. Taxation of these products is theft from the pocket of every woman who buys them, and we are extremely grateful to Assemblywoman Jauregui for bringing it forward. We support A.B. 402 in the strongest possible terms ([Exhibit K](#)).

**Darla Bryant-Rose, Private Citizen, Reno, Nevada:**

I am representing women of childbearing age, young families, and my daughter, who is 25. I am supporting this bill. This bill supports women and girls to be abstinent by not taxing them for having periods. When women are pregnant, they do not have periods and will not use feminine hygiene products. Taking the tax away supports them to not be pregnant.

Women with menometrorrhagia, which is heavy frequent periods, already pay more in health care dollars to get treatment for that. Obviously they are heavy users of feminine hygiene products due to heavy, frequent periods, and they should not be penalized more for a medical problem.

Exempting diapers supports young families, older adults, and disabled persons when they need help the most. These products are not just for women of childbearing age.

**Stacey Shinn, Policy Director, Progressive Leadership Alliance of Nevada:**

I will just say "me too." I would like to be on the record holding my tampons ([Exhibit F](#)).

**Chair Neal:**

Thank you for your testimony. Is there anyone else speaking in support? [There was no one.] I will now take testimony from those who are neutral on A.B. 402.

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

I am not here to speak to the products but to speak to the policy of exemption. We have a fairly narrow sales tax base. As we narrow it, it inevitably means in order to have sales taxes produce what you all think it should produce and how you allocate it, we have to raise rates. We are opposed to exemptions unless you can find a really clear nexus for them.

**Chair Neal:**

Is that neutral?

**Cheryl Blomstrom:**

Yes, because it is neutral to the policy. It is just speaking to the policy of exemption itself, not to the particular products.

**Bryan Wachter, Senior Vice President, Retail Association of Nevada:**

We, too, are in neutral and do not have specific problems with the products that are going to be exempted. We will note the Nevada Taxpayers Association's discussion regarding the narrow tax base and the fact that there is no such thing as a good tax, but the best taxes are very broad and have the lowest rate possible. I think this question in front of you begs the

difference on at what point do you draw the line between something that is a necessity and something that is a luxury. We keep using this term "luxury tax," but we just apply the sales tax to virtually everything. We do not apply sales tax to medicine or food to try to be able to address the progressivity of sales tax. I think it is a noble goal.

We would ask for clarification in sections 10 and 11, when you talk about the definitions of both "diaper" and "feminine hygiene product." We want to make sure it is understood that the Department of Taxation would have the regulatory authority to define exactly what we are talking about so that there is a commonality. We would also ask, as we take a look at this, that we maintain our compliance with the Streamlined Sales and Use Tax Agreement, and if there are certain definitions applied to in that area, we also mirror those in Nevada statute.

On a broader issue, I think you have in front of you more than five bills that seek to amend the Sales and Use Tax Act of 1955 law. The Retail Association of Nevada thinks it might be easier to ask the public to just remove the Sales and Use Tax Act of 1955 law from the *Nevada Constitution*, return it back to statute, and then allow the Legislature its constitutional authority to make those changes without having to go to the ballot every single time. We had durable medical equipment last time. We have this one. You are going to have an overload. Maybe the policy discussion ought to be how we best make changes or represent the Sales and Use Tax Act of 1955.

**Chair Neal:**

Has your organization captured what sales tax revenue would be exempted from feminine hygiene products? I know Assemblywoman Jauregui said she would streamline it. I suppose section 11 would be streamlined because it has ". . . or similar item used for feminine hygiene," but have you calculated the amount that may be exempted?

**Bryan Wachter:**

This was my attempt to figure out what the sales tax effect would be. There is no real way to determine exactly what it is going to take. The state does not track these individual products, and not having a specific definition of what those products are makes it difficult. According to the Centers for Disease Control and Prevention (CDC), if you use tampons as an example, over a seven-day cycle, changing every two hours, you would end up with 84 tampons over that cycle. Amazon.com sells them for 14 cents per tampon on average, so you are spending about \$12 per month. If you follow the math, all the way through a 40-year life span, it is about \$462.87 [ $\$12 \times 12 \times 40 = \$5,760$ ] per person. You divide \$462.87 [ $\$5,760$ ] by 480, which is the number of months in a 40-year period, and it is roughly \$1 [ $\$12$ ]. If you take a look at the United States Census Bureau's demographics, there are 565,851 Nevadan women between the ages of 15 and 54. You multiply that out, over the biennium, with those numbers, roughly, and I do not want to be official there, I think it is about \$13,037,207 in taxes over the biennium, and total sales tax for all taxable items you are looking at \$1.8 billion. That is just a very rough estimate, based on your request earlier in the day, Madam Chair.

**Chair Neal:**

I know that is all circumstantial. If the bill moves forward, then we will have to deal with it. There are other implications to the sales tax because it touches the Local School Support Tax (LSST) and some other things.

**Bryan Wachter:**

Because this will affect the LSST, the state will have to make up those dollars. They are required to make up any discrepancy in those funds. Not only will that end up impacting those individual categories, but the state will get hit twice.

**Chair Neal:**

Thank you for that information.

**Assemblyman Pickard:**

I want to make sure I heard you correctly. The abatement we are looking at is \$13 million—your rough calculation is \$13 million to the state in lost sales tax, if this is passed, in the biennium?

**Bryan Wachter:**

I cannot stress enough that this is unofficial. It is \$13 million over the biennium. You are looking at about \$6.5 million per fiscal year, out of a total of \$1.8 billion that the state receives in sales tax revenue.

**Assemblyman Pickard:**

I just wanted to make sure I heard it right.

**Bryan Wachter:**

The rate I used was .082 percent, taken off of what Clark County would charge. It is going to change in different counties, but that is the total revenue projection. You could break that out into the 2 percent state LSST.

**Chair Neal:**

This is good information and I appreciate it. It is a rough estimate. We will figure out what the fiscal impact is as we go along, and since it has one, it will end up in another committee. I do appreciate the calculations. Are there any additional questions? [There were none.] I will now take testimony from anyone who is speaking in opposition to A.B. 402. [There was no one.] I will ask the bill sponsor back to the table for closing remarks.

**Assemblywoman Jauregui:**

Thank you for allowing me to present A.B. 402. I just wanted to touch on a couple of points. We all know when people get tax breaks they reinvest that money back into the economy. That is one way to look at this. We can also think of our cities along the California border. It might be an incentive for people to cross the border into Nevada and buy these items in bulk because they are going to be less expensive here.

I also want to take a moment to thank the Nevada State Legislature because they have acknowledged that tampons and pads are a necessity, and in this building they provide them to every woman for free. While you are in this building, you receive these items for free.

I would welcome any suggestions. My door is always open to you.

[([Exhibit L](#)) and ([Exhibit M](#)) were presented but not discussed and are included as exhibits for the meeting.]

**Chair Neal:**

Thank you. I will close the hearing on A.B. 402 and open the hearing on Assembly Bill 436.

**Assembly Bill 436: Revises provisions governing small business loans. (BDR 18-1079)**

**Assemblywoman Daniele Monroe-Moreno, Assembly District No. 1:**

Joining me at the table today is Brandon Salyers, an intern with the Assembly Leadership Office. He will be assisting me with the PowerPoint presentation ([Exhibit N](#)). I had a nice long presentation, but in the interest of time, we are going to make this really short.

Assembly Bill 436 came out of talking to small business owners in my district, and even some small business owners here in the Legislature, who expressed to me they found it difficult to get financing and funding for their business as well as a way to grow their business. In researching that information, I found there are a number of resources available through the state of Nevada, and the word is just not getting out to some of these small business owners—and business owners who wanted to grow their businesses and compete for state contracts. In several committee hearings, I heard that we as a state did not have one area where we captured some of those disadvantaged business owners—women-owned business, minority-owned business, and veteran-owned business. When listening in those hearings, if we captured that information, there may be ways we, as a state, could go after other funds for our state—either federally, through grants, foundations, et cetera. That is where the idea for A.B. 436 came from.

What the bill will do is require the Office of the Secretary of State to update the way they send information to people who apply for a business license. When you initially apply for your state business license, what the Secretary of State's Office would have to do is send you a list of the resources that are available for all businesses, and then annually, when you renew your business license, send you the updated list because things might change over the course of that year [page 5, ([Exhibit N](#))].

What it also does is require the Secretary of State's Office to update the state business registration forms on their website—SilverFlume—to add three boxes a person could check off—if you were a woman-owned business, a minority-owned business, or a veteran-owned business [page 6, ([Exhibit N](#))]. You could hover over those areas on the website and get information about the resources available just to those businesses. Some people might be all three.

This came from conversations with the Secretary of State's Office. You get a work folder that is created, and that list would be in that work folder. About 20 percent of the applicants still do their application by paper. There would not be the huge expense to send things out in the mail. Most of it would be online, and everyone would get the information of all the resources available, no matter what type of business they are. This is just a way for us to gather information and use it to further bring resources into our state.

It also requires the Office of Economic Development, Office of the Governor (GOED) to send out information [page 2, ([Exhibit N](#))]. That is something they are currently doing. They have said they would be willing to do this more often if need be, to generate that list and work with our chambers of commerce to get that information out to our small business owners.

That is it in a nutshell. The important thing is, this is not mandatory. If there is a business that wants to open in our state, and they chose not to disclose if they are a woman-owned, veteran-owned, or minority-owned business, they are not forced to do that. This is completely voluntary. It is just a way to ensure that every business that starts in our state starts on a fair playing field—that they have the information of all the public resources available to them to help their business grow [page 10, ([Exhibit N](#))].

In the original bill you will see that I had "public" and "private." In my conversations with the Secretary of State's Office, they had some concerns with "private," because it would require them to vet every private company coming in. If the state of Nevada says this company is someone we should do business with and later we find out they were a fraudulent business or they scammed us, that puts us in a liability position. That was never the intent of this bill. The Office of Economic Development does deal with some private lenders, and those lenders have been vetted. That is why an amendment will be coming out. In the PowerPoint presentation ([Exhibit N](#)), the items that are highlighted in red are the changes. The Office of Economic Development does deal with some of the private programs, but the state had a concern. I understood that concern, so we removed it from the bill.

**Chair Neal:**

You struck out anything that was related to "private programs" unless they had existing vetting?

**Assemblywoman Monroe-Moreno:**

Correct.

**Chair Neal:**

Members, do you have any questions?

**Assemblyman Paul Anderson:**

I am curious, do we need a bill to do this? You have obviously talked with the Secretary of State's Office. Are they not willing to do this without legislative direction, or is there another obstacle we are trying to overcome here?



**Assemblywoman Monroe-Moreno:**

They said they are willing to do it and there are a number of vehicles out there, but it is just not getting to the small business owners. I felt if we had it in legislation, we could ensure and follow through that the job is getting done.

**Assemblyman Paul Anderson:**

I appreciate that. I like the bill. I like the concept for sure. My concern is that we put something in statute. It takes a long time, and it is a long, arduous process to change. Certainly what we might want to collect and not collect over time also changes quickly. Would not a letter from the agency, or something to that effect, allow us to accomplish the same thing without putting it in statute, where it becomes a cumbersome process to change? Just a thought.

**Assemblywoman Monroe-Moreno:**

Thank you.

**Assemblywoman Cohen:**

Has there been any talk about possibly expanding the program in the future and getting these businesses more information that can help them—not just with getting small business loans but also getting important data for businesses, and those type of things, that could help a small business grow?

**Assemblywoman Monroe-Moreno:**

Yes. If you look at the list of information that has to go out [page 4, ([Exhibit N](#))], a number of those are not for the start-up business but it is information they would get on how to get to that point, helping them grow, and giving them all the information from the beginning.

**Chair Neal:**

Are there any other questions? [There were none.] Is there anyone speaking in support of A.B. 436? We will start down south in Las Vegas, and then come back to Carson City.

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

First and foremost, I want to say thank you very much to Assemblywoman Monroe-Moreno. We had a conversation about this several months ago and what I really appreciated, and wanted to say publicly on the record, was the fact that she did listen to us as business owners—especially as small business owners—in terms of trying to create a mechanism and a structure that will help, whether you are a start-up business or whether you are an existing business that is trying to grow. We definitely appreciate the fact that this will be a mechanism and structure that will provide information to all businesses that get licenses or license renewals from year to year.

Again, the idea that they will put information out there about small-business lending, other lending programs, or state-based resources that normally you might not find out about, this is a great example of government working for the benefit of small businesses. We appreciate that. Therefore, I come here before you today to support this bill.

**Chair Neal:**

Thank you for your testimony. Are there any questions for Mr. Evans? [There were none.] We will now hear testimony from those in support in Carson City.

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

I am also representing The Chamber, Reno-Sparks-Northern Nevada today, as Mr. Abney is detained in Reno. We are in support of this bill and would like to thank the bill sponsor for bringing this bill forward. We have had some great conversations with Assemblywoman Monroe-Moreno about the development of this bill, and we appreciate her efforts in reaching out to the business community. As you know, the Las Vegas Metro Chamber of Commerce is the state's largest business association, but 85 percent of our business members are small business owners. I think the type of intent here would be very beneficial to our members, especially having a part of the state's process through SilverFlume.

**Assemblyman Pickard:**

I know Henderson has their small business incubator. Does not the Chamber also have a program that informs members of these programs? Is this not somewhat duplicative of what you already do?

**Paul Moradkhan:**

The Chamber has a small business resource. It is on its website. We do offer information about business licensing—how to apply for a business license in the state, local governments, a small business loan. We work with Service Corps of Retired Executives, but we feel a central database, when they do their annual registration, could be another beneficial step for them.

**Susan Fisher, representing Branded Screen Printing, Reno, Nevada:**

Branded Screen Printing is a small veteran- and female-owned business. In full disclosure, my son is the veteran and my daughter-in-law is the female—they own the business 50-50. They started the business in the garage of their home with a microloan from my daughter. He had recently come back from Afghanistan, did not have a lot of money in the bank, and could not get a loan from anywhere to start the business.

He found equipment on Craigslist and with a loan from his sister, another small loan from me for a truck, which he paid both back very quickly, he was bursting at the seams. They tried accessing funds. They tried researching things. When you are operating a business, it is hard to go out and research all this information. Having a clearinghouse, where all this information is in one place, would be very helpful for small businesses. I also think having some place that encourages more microloans for businesses like this is very important.

He has now built the business. They have moved out of their garage and have a large facility in Reno with 24 employees, and they are looking to expand more if he could get a small business loan. Sometimes it is easier to borrow \$250,000 than it is to borrow \$25,000.

To do embroidery and printing, when something goes down you need access to money quickly to get it fixed. Having this sort of a resource would be very important, and we appreciate the sponsors.

**Randi Thompson, Nevada State Director, National Federation of Independent Business:**

I also want to thank Assemblywoman Monroe-Moreno for reaching out to us with this bill. Ms. Fisher said it best—the access to capital is the biggest challenge for small businesses. On a personal note, I am actually a disadvantaged business enterprise (DBE) with the Department of Transportation (NDOT), so I have gone through the whole vetting process to be a DBE. It is amazing the information I get from NDOT on what kind of contracts are out there. I was excited to see this bill was more on a statewide level. There are a lot of folks out there like myself who want to contract with the state, who do smaller projects, but do not know what the resources are. I hope the list she has grows even more. I was disappointed to lose the "private program," although I can understand having the public resources. There are a lot of things the state can do to help small businesses grow. Access to capital is a challenge for all of them. I think there are a lot of resources that will help businesses grow in this state, and I support this bill.

**Cory Hunt, Deputy Director, Office of Economic Development, Office of the Governor:**

We thank the bill sponsor for bringing this bill forward. We wholeheartedly support it and look forward to working with all the state agencies and other entities we work with to provide this list to small businesses in the state.

**Chair Neal:**

Thank you for your testimony. Members, do you have any questions? [There were none.] Is there anyone else speaking in support of A.B. 436? [There was no one.] I will now take testimony from those who are neutral on A.B. 436.

**Scott W. Anderson, Chief Deputy, Office of the Secretary of State:**

I appreciate our discussions with Assemblywoman Monroe-Moreno in regard to this bill. We are not necessarily opposed to the concept of providing this information. We are opposed to the mechanism in doing so. I appreciate Assemblyman Paul Anderson's comments in regard to whether there is a way we can do this without legislation. I believe we can.

Through our website, our notices, and the correspondence we create when corporations and entities are created, we can guide these people to the different groups and different resources. What we are suggesting is we provide a detailed listing with primarily the public resources we can guide these groups to.

Indeed, we were hesitant to include the private groups because our office does not have the resources to vet these groups, whereas the GOED, Nevada Small Business Development Center, and the U.S. Small Business Administration have these resources. We can put those links on our website and make them readily available—through SilverFlume or any of our online or paper services—and keep those resources updated so they are always available.

[Assemblywoman Bustamante Adams assumed the Chair.]

They would be available 24/7. Any time someone wanted to look, we could guide them—when they went on to the "start a business" page, we would have rollovers that would explain what it means to be a woman-owned, minority-owned, or a veteran-owned business with resources for them to get the certifications as well. The Secretary of State does not certify that these businesses are woman-owned, veteran-owned, or minority-owned. There are groups—the Small Business Administration and others—that do that, and actually give certifications so businesses can receive other benefits.

That is our position on this. We do have a fiscal note on this because, as written, we would be required to make significant changes to our aging systems. We would have to make changes to the system we are now developing to replace our current eSOS [electronic Secretary of State] processing system, as well as have an additional staff member to monitor the new pieces of information and the dissemination of that information that we currently do not do. We do not collect this type of information for other businesses for this purpose but we do think we could provide this information online, without having this in legislation. It would also allow us to expand on the resources that are available as they change so we could be responsive to that. Again, we appreciate the Committee's time. We appreciate Assemblywoman Monroe-Moreno's time. I would be happy to work with her, and any of the others, as we move forward with this. I would be happy to answer any questions at this time.

**Assemblyman Paul Anderson:**

You brought up the points I was discussing. It sounds like your office could accomplish the task without statute. Does that mean you would be able to bear the cost internally of collecting this information, or would you still have a fiscal cost similar to what you proposed on the bill? If it is self-reporting, and your office does not certify these folks, what is the quality of the information if we are using this to provide people with information to get to other resources?

[Assemblywoman Neal reassumed the Chair.]

**Scott Anderson:**

If we are just providing this information to everyone, as Assemblywoman Monroe-Moreno stated, we want to ensure this is available to anyone. If they are a woman-owned, minority-owned, or veteran-owned business, they need to be aware that it is available. If we were to put this in our annual notices that go out to 300,000-plus entities and businesses, it would give access to that resource immediately. All they have to do is go online and get that information.

As far as collecting information, there are already other divisions collecting information regarding women-owned, veteran-owned, and minority-owned businesses. Online, earlier this week, looking at the Small Business Administration, the Department of Business and Industry has information for these groups as well. If we have to collect the information there will be a cost to modify our systems. Could you restate your second question?

**Assemblyman Paul Anderson:**

You basically covered it. You do not certify these folks. You mentioned other entities certify whether they qualify as a small business enterprise or a DBE. I guess it is the collection of information and the quality of information we would be reporting on. It sounds like we would not necessarily be utilizing that information to report on anything, or for anything that would be actionable, simply just to make sure they have the information accessible to them that is most relevant to what they are trying to accomplish.

**Scott Anderson:**

That is correct. This would be a self-reporting check box type of report. It could be that someone who is not considered woman-owned because they do not own 50 percent of more—the same with a minority-owned or veteran-owned—would be stating they were, thus skewing the results and skewing the statistics. From discussions with Assemblywoman Monroe-Moreno, it sounds like what we are trying to do here is get the information out there and available to all the businesses.

**Assemblyman Paul Anderson:**

So I would self-report, then if I needed that information and it was relevant to me, my qualifications would be in a totally separate entity.

**Scott Anderson:**

Yes. If you came onto our site to create a business, as part of your correspondence we would send you back a statement that for information relating to veteran-owned businesses, minority-owned businesses, or women-owned businesses, you can go to the areas that have the resources. The information we would provide would be very limited. As things change we would be pushing them to these divisions' websites and their programs. Having us maintain their information separately would be difficult at best.

**Assemblywoman Spiegel:**

I am a woman-owned business, and I have had a hard time finding a lot of the information myself. I have spent hours searching all the disparate sources. Would your primary objection be removed with the amendment to remove "private"? If the bill passed through with the rest of it intact, would the opposition still be there?

**Scott Anderson:**

For the most part it would be. It is related to the collection and providing of the information. This is collecting information that is traditionally information not collected during the creation and the annual list filings. This has been left to the economic development agencies, the Small Business Administration, and those other agencies that have the resources to really monitor and support this. I do understand the concern that the resources are hard to find. I think that is something we could work through the website, putting in links and making those available at the different times we notify. I think it would provide that information on a more regular basis than what is getting out there right now. Again, if we were to collect this information and have to push it out with every filing, with every notice, in its entirety, there would be additional postage cost and additional costs to modify our systems.

Again, we are not opposed to getting this information out. We think that is a good idea in addition to other business information in trying to help Nevada businesses succeed, and we feel this would be a good way to get that information out and available.

**Assemblywoman Spiegel:**

If another part of the government, such as GOED, were to say they would be happy to compile the information to be sent out—and your website were structured so there were links someone who said they are a woman-owned business, minority-owned business, or veteran-owned business to access directing you to GOED—where you could have access to the information, and if you merely just have to have the links on your website that would come up when somebody triggered it and there was no reporting, would something like that be objectionable?

**Scott Anderson:**

I would have to look and see what it would take for us to do that programmatically. The one thing we do have to remember is that what we have in our office is public record. Certain information that is provided relating to this may not be public. We would have to make sure what we would be providing would be public information. I think we are trying to get to the same result. It is just looking at the most efficient way to do that. The website itself would be an internal development cost, which we would bear and would not incur a fiscal effect.

**Chair Neal:**

Why can you not customize the product to add in what Assemblywoman Monroe-Moreno wants, and then amend your requirements document, making the collection of the data more simple, and then produce a report annually?

**Scott Anderson:**

That is a possibility. We would have to go back to our vendor and see what the actual cost for those modifications to the new system would be. The amounts that are in the fiscal note are related to our current systems and developing our current systems. Granted, if we were to have to develop our current systems, we would definitely be looking to going forward with updating our new system. We can do that, but we would have to find out what the fiscal effect would be to the contract change.

**Chair Neal:**

Maybe that is something worth looking into as you are getting ready to update and shift anyway. Members, do you have any additional questions? [There were none.] We appreciate your answering our questions today. I will now take testimony from anyone speaking in opposition to A.B. 436. [There was no one.] I will ask the bill sponsor to return to the table for closing remarks. We also have a question for you from Assemblyman Kramer.

**Assemblyman Kramer:**

Very often in the private sector when you advertise, you try to keep track of the responses on that so you know if your money was well spent. Obviously, even though it is the Secretary of State's money, who cares about that? We are spending money on this, and I am wondering if there is going to be any way to track it, to see if there are any successes from this. Would this be something worth reporting back to us, the Governor, or GOED?

**Assemblywoman Monroe-Moreno:**

That is a great idea. I would like to talk to you more about that, to add that into this bill. In closing, I went online and tried to find as much information as I could if I were a person starting a business. The reason I chose the Secretary of State's website was because I thought that would be the best avenue. During the first step of the online business registration process on SilverFlume, the header for that step is "Type of Business." I felt it would be very simple to add those three boxes to that first step.

When looking at other resources, where a person could look for help for their business, the Regional Business Development Advisory Council for Clark County has a newsletter that is on their website; however, the newsletter has not been updated since 2015. The Minority Business Development Agency, U.S. Department of Commerce, collects data on woman- and minority-owned businesses, but their last report was from 2002. The SBA does an amazing job, but they are not required to provide the information they gather to the state.

When I was looking at resources to find information—after people in my community, people with the Urban Chamber of Commerce, and other small business owners said they had difficulty finding the information—I, too, found it could be difficult. I thought this would be the simplest way to get the information out to our constituents, who are business owners whom we represent. When small business does well in our communities, our communities do well. We have a responsibility to represent them, just as anyone else in our community.

Thank you for the opportunity to present this bill. Thank you for moving me up so I could get my person in Las Vegas on. I hope I get your support.

**Chair Neal:**

I will close the hearing on A.B. 436 and open the hearing on Assembly Bill 281.

**Assembly Bill 281: Revises provisions governing the filing of a commerce tax return. (BDR 32-922)**

**Assemblyman Al Kramer, Assembly District No. 40:**

Assembly Bill 281 has to do with the commerce tax. It is a fact of life in Nevada. There is a commerce tax. It has some implications for all businesses, including those that have revenues of under \$4 million per year. What this bill attempts to do is reduce some of that

burden on businesses that have revenues less than \$4 million per year. I would like to introduce a couple of people. Matt Taylor will go first. He will go into why this is coming about. Then Scott Scherer will take us through the bill, one step at a time.

**Matthew Taylor, President, Nevada Registered Agent Association:**

The registered agent industry represents approximately 200,000-plus businesses here in the state of Nevada, with the majority of those businesses being small businesses that definitely earn less than the \$4 million threshold for the commerce tax. One of the reasons this has become a difficulty is when the commerce tax was introduced [[Senate Bill 483 of the 78th Session](#)], it put a due date of August 15, which is 45 days after the end of the state's fiscal year. That due date not only applies for the taxes and the tax reporting due, but also for the exemptions for those businesses below that threshold that have to notify the Department of Taxation every year they are under that threshold. August 15 is a date based on the state's fiscal year, not on the previous relationships these customers have had with the state through the Office of the Secretary of State and through the renewal of their state business license and list of officers and members.

We are asking to be able to expand out that date and give more flexibility for those exemptions to be filed at the same time as their state business license, so the registered agent industry can work with the Department of Taxation to streamline that notification process, to make sure customers are getting the word that filings can be made with the state once a year rather than have multiple due dates for multiple filings. This will increase the compliance rate by making sure we can notify customers in a timely fashion. This would give a more streamlined process for providing information to the Department of Taxation of their exempt status, making sure they maintain their contact information with the Department of Taxation, which currently does not have that contact information for those clients.

**Scott Scherer, representing Nevada Registered Agent Association:**

The bill, as originally drafted, would have allowed for the filing of the exemption when a business renewed its business license through the Secretary of State's Office. There was some concern about the Secretary of State's Office being able to collect that data, the cost of that, as well as their ability to keep that data confidential. The exemption that is currently filed is very brief. It is the name of the company, their Nevada taxpayer identification number, the North American Industry Classification System (NAICS) code, and the signature stating under penalty of perjury their Nevada revenue was under \$4 million for the prior year. We have submitted a proposed amendment ([Exhibit Q](#)). It would simply change the due date for that statement. Instead of it going to the Secretary of State's Office, it would still go back to the Department of Taxation. Instead of having to file the statement by August 15, they would have the option to file it at the same time as their business license renewal due date.

As Mr. Taylor explained, this would allow them to deal with the state one time per year. Many of these businesses are out-of-state businesses which happen to file in Nevada or are very small businesses with very little activity in Nevada. The more we can streamline this, the better it would be. With the Secretary of State's Office's new system,



within a couple years, we are hopeful they will be able to electronically link people to the Department of Taxation to streamline this process. The last time I discussed this with the Department of Taxation, their compliance rate was about 58 percent. We are hopeful this will allow them to significantly increase their compliance rate.

There were two fiscal notes: one from the Department of Taxation that would actually have saved money by the original bill, and one from the Secretary of State's Office that would have had to spend additional dollars to comply. My understanding is that both of those fiscal notes will go away with this proposed amendment ([Exhibit O](#)). I would be happy to answer any questions.

**Assemblyman Pickard:**

My question has to do with the drafting of the amendment ([Exhibit O](#)). In the added section 1, subsection 3 you say, "The Department may require a business entity to file a declaration . . .," which we already do. It is a simple form for those of us who make under \$4 million. You put in your information, check the box, sign it, and mail it. It takes less than five minutes. As I read that and then go back up under section 1, subsection 2, we are actually saying the Department of Taxation shall not require that, or at least that is the way I am reading it. Am I reading it wrong, or are these two provisions inconsistent with each other?

**Scott Scherer:**

I think you are reading it contrary to what was intended in the drafting. The drafting was designed to differentiate between a return for someone who has more than \$4 million in revenue and actually has to pay the tax and this declaration of exemption. Because there are different due dates, the thought was that calling it something different would then make it simpler. A return is due August 15. A declaration of exemption can be filed when your business license is renewed. It is creating a distinction between the two.

**Assemblyman Pickard:**

I suppose I understand that. I am concerned about businesses that would file the declaration—those on the bubble—and then find themselves earning more than \$4 million. They will have just filed a declaration under penalty of perjury and then have to turn around and file the return. I am concerned about the confusion that might create. I was thinking this more in the context of filing an income tax return. Whatever the number, you end up filing a return and you meet the requirement regardless.

I am wondering if by making the distinction we are inviting confusion when instead it might make more sense to have everyone file a return. If you are exempt, you check the box and you mail it, and then all we have to do is change the date in which those returns were filed for each business to coincide with their annual return or their own business fiscal year.

**Scott Scherer:**

We certainly have no concern about calling it a "return." We thought it would be easier to call it something different. The only concern would be if we changed the due date for those who do owe the tax. We are concerned about that having some fiscal impact. We had no intention to try to change the date for those who owe the tax. If you owe the tax, you still have to file August 15.

**Assemblyman Pickard:**

I am comfortable with that.

**Assemblyman Paul Anderson:**

I am trying to understand how you would essentially shore up the numbers between the time when I am filing my business license renewal and the fact I may be perjuring myself because, in the end, I might have revenues above the \$4 million mark. I want some clarification on that. I think there was some discussion there already about that.

Whatever we can do to make this a simpler process, I would agree with it. I am wondering if an online form from the Department of Taxation, a form I fill out once online then check that box at the same time I am doing my other tax returns, would eliminate the same burden as having to file separately.

**Scott Scherer:**

With regard to the true-up, you are filing for the fiscal year that has passed, so you should know what your revenues are. If you are close to the line, you should know that when you file your declaration of exemption. Obviously, if you are very close to the line, you can still file, and that is why we wrote this in the alternative. You still have the right to file August 15 if you want to. If you are close to the line, you can use the August 15 filing date to make sure that you are not above that \$4 million threshold. We wrote it in the alternative there. I forgot your second question.

**Assemblyman Paul Anderson:**

Would an online form from the Department of Taxation for the filing itself on the commerce tax be capable of eliminating the burden? To your point first, though, when I am doing my business license fee, that anniversary comes whenever I initially did it. It does not necessarily coincide at all with when the commerce tax is due. I may be filing that well before I really know my actual commerce tax numbers and am able to recognize it is in arrears. My concern is there are a lot of numbers I have to keep track of, and if I am well below the \$4 million mark, it is very easy. You just check the box and you are on your way. I am concerned about those folks who might be in that bubble and whether we would be opening them up to any potential fines or interpretations from the Department of Taxation after the fact. As with any of these bills we pass, I am concerned with the unintended consequences of that.

**Scott Scherer:**

The true-up would be this: If I have a small corporation for my small business, and my business license date is in June, I would actually be filing for the previous fiscal year. I am way under \$4 million, so I do not owe the commerce tax, so I do not have to worry about that. I think those who are in the bubble are a small number. We are looking at 10,000 to 15,000 of 330,000 businesses that owe the commerce tax at all right now. We have over 300,000 that are clearly exempt.

In terms of electronic filing, I think that is certainly the way to go, but the issue here is the due date. For the people whom Mr. Taylor and the registered agents represent, many of them do not even know they have an obligation to file the commerce tax. That is why we think there is a compliance issue going on. If it is done when they have to renew their business license, which is how they interact with the state—they file their annual list, they renew their business license—Mr. Taylor and his members can make sure they know that their business license renewal is due, their annual list is due, and they need to file this commerce tax form. They are actually going to be able to help the Department of Taxation increase their compliance by having that due date at the same time as their business license renewal.

**Assemblyman Paul Anderson:**

What I will assume is that as part of a registered agent's business, it is your obligation to inform them of state laws and things they need to comply with anyway. Whether the due date was one time or another, whether it is annual or not, that would be part of the service you would need to provide since you are providing that registered agent service. With that, I now have information that I have to transfer from the Secretary of State's Office to the Department of Taxation to make sure those reports are filed. Am I just filling out the same exact form at the same time, or am I filling out a Secretary of State's Office form that is then acknowledging the Department of Taxation?

**Scott Scherer:**

The form would still be whatever the Department of Taxation wants to use. The amendment ([Exhibit O](#)) would actually have it still going to the Department of Taxation. It would not go to the Secretary of State's Office.

**Assemblyman Paul Anderson:**

It would eliminate the costs and the structure of anything the Secretary of State's Office might have to do separately then?

**Scott Scherer:**

That is correct. The amendment ([Exhibit O](#)) deletes section 2 of the bill, which is where the Secretary of State's Office would collect it. As for the registered agent's obligations, those are set out in law. They would have an obligation to forward on the forms that they receive from the Department of Taxation. They are not allowed to give legal advice if they are not attorneys. There is a limit to what they can do. If they could do this at the one time when

they have a specific obligation, which is on the annual list and business license renewal, that will make it much easier for them to be able to assist the Department of Taxation and their clients in getting into compliance.

**Assemblyman Paul Anderson:**

I think I recognize the benefit there. I have filed seven or eight different commerce tax returns. I had to go through each of those and fill them out. Certainly there is extra paperwork involved. It is different. If I am a resident here, doing business here, contributing here, certainly I have other taxes and forms I have to fill out. There are different burdens operating a business here versus just utilizing our state as a place to do business remotely.

**Chair Neal:**

Thank you for that. Members, do you have any additional questions? [There were none.] Is there anyone speaking in support of A.B. 281?

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

I am here in support of A.B. 281. I would like to introduce to you Nikki Dobay, who is with the Council on State Taxation.

**Nikki E. Dobay, Senior Tax Counsel, Council on State Taxation, Portland, Oregon:**

For those of you unfamiliar with the Council on State Taxation, we are very similar to the Nevada Taxpayers Association, except we do it on a national level. We are a nonprofit trade association. We have approximately 600 corporate members that do business interstate and internationally. Our mission is to promote and preserve equitable and nondiscriminatory state and local taxation of multijurisdictional businesses.

I am here today to support this bill, which gives me great pleasure. It is a change of pace for me. I usually go to states in opposition to bills, so it is great to be here in support. We believe A.B. 281 will drastically decrease the administrative burdens on taxpayers. We have been monitoring the commerce tax and the administration of the commerce tax since it was imposed. One of the issues that has been raised repeatedly by our membership is the requirement to file a return for each entity that is doing business in the state, but not ultimately subject to the commerce tax because they are under the \$4 million threshold. We do represent big business; however, this is an entity-based tax. Each entity within their corporate structure doing business in the state is required to file a separate return. We support the efforts in this bill. We see this as an ease of the administrative burden.

We would also like to take this opportunity to ask the Committee to consider a few other ideas our members have brought to us on several occasions as administrative burdens that have come about from the commerce tax.

**Chair Neal:**

Should I put you as neutral or in opposition to this bill? You are adding additional information you want us to consider, which to me sounds like an amendment. Is it an amendment?

**Nikki Dobay:**

I do not have an amendment at this time.

**Chair Neal:**

Are you getting ready to talk us through a conceptual amendment?

**Nikki Dobay:**

Correct.

**Chair Neal:**

You may continue, but we need to change your position on the record from support. It is really opposition because you do not like the bill as written. You do, but you have changes to it, so that is opposition.

**Nikki Dobay:**

We have proposed changes.

**Chair Neal:**

Proposed, if accepted. Continue.

**Nikki Dobay:**

The first consideration has to do with the tax year, and I know that is a bit of a loaded question. That has been defined by statute to be the 12-month period beginning on July 1 and ending on June 30. A commerce tax taxpayer is required to file their return within 45 days from the end of that tax year. The issue is that for most taxpayers who are paying the commerce tax, their fiscal year is different from the tax year. This is challenging for taxpayers because when they are required to file their return, they are dealing with information that is most likely covering two of their own fiscal years. Therefore, in the second of those fiscal years for the taxpayer, those numbers are not finalized by the time they file that return.

I would like to provide a brief example. For the commerce tax tax year 2015 and 2016, that year ran from July 1, 2015, through June 30, 2016. For most taxpayers, they either operate on a calendar year or a fiscal year that is unaligned with that tax year. For the last half of the 2015 tax year, the taxpayer is looking to their 2015 tax information. For the first half of the 2016 commerce tax year, the taxpayer is going to have to use numbers that will appear on their 2016 federal tax return, which is not going to be filed until, most likely, September 2017. When they are required to file that 2015-2016 return in August 2016, the numbers they are using are not finalized. What taxpayers experienced last year was that even if they were to receive extensions, it was very challenging for them to get to the right number. Most taxpayers believed they will have to go back and file amended returns to true up their commerce tax. Again, they were doing the best to estimate what those numbers will be, but they change based on when they close their books.

We have come up with a solution that we think is good for Nevada and good for taxpayers. We are not asking you to change your tax year. We are not asking you to change your filing deadline. We are asking you to call your tax year a "privilege year," and we are asking that you allow taxpayers to make an irrevocable election to base the privilege tax on their fiscal year.

In the comments I submitted [page 4, ([Exhibit P](#))] there is an example that shows the difference between the privilege year—which would be what you currently have as your tax year that runs from July 1 to June 30—and then the measurement period on which the tax for that privilege year is based would be based on a taxpayer's fiscal year—the year that they use for federal tax purposes [page 5, ([Exhibit P](#))]. For a calendar year taxpayer, instead of basing the gross receipts on what they sold in Nevada from July 1, 2017, to July 30, 2018, they would base that tax on their receipts from January 1, 2017, to December 31, 2017, but they would file at the same exact time and pay the tax at the same exact time. Once they made this irrevocable election, they would have to continue to use that tax period. We believe this would be helpful for the Department of Taxation for auditing purposes. It would lead to better returns and greater compliance. This is complicated. I would love to answer questions.

**Chair Neal:**

The reason why the dates were set up that way is because the first year allowed the state to get the money to be credited into fiscal year 2016. The reason why the due date is August 15 is because it allows that money to get credited before the fiscal year closes. There were reasons why that trigger happened. There was a need for money in the budget.

What I cannot process right now is you said it was complicated. Nobody wants anything that is complicated. Folks want things to be simple. They want it to be easy, and they want it to be easily understood when they are supposed to do something. What you just said causes more concern because I do not know how it fits into what was the regulatory scheme for why that particular provision was placed into the law.

I think people have flashbacks, either good ones or nightmares, from the fact that we went through a lot of changes around that particular bill [[Senate Bill 483 of the 78th Session](#)], and we tried to make sure there was consensus and that it worked. Although people might have been hemming and hawing about the commerce tax, there was a reason why we needed that revenue, and there was a reason for when we needed it to be triggered to drop into the bucket. Talk to me about how your change would actually allow that to continue, because it is still a fairly new tax that we are watching to make sure the revenues come in as projected.

**Nikki Dobay:**

The return due date will not move. When the dollars come to Nevada will be the exact same time. We put a great deal of thought into this. This is the number one concern from our members about the commerce tax. I also reached out to the Director of the Department of Taxation to talk about this issue with her, and she also voiced your concerns.

When we went into the process of thinking through a solution to this problem, that was a number one goal—to make sure the filing date did not move and the time that Nevada received the money did not move. This is why all that would have to happen is the term in the statute that says "tax year" would just say "privilege year," and it would still be the 12-month period starting on July 1 and ending on June 30. That is going to always be the time for which this tax applies.

**Chair Neal:**

I think what you are talking about is going to involve more conversation. The Department of Taxation is not present today. We knew they were not going to be here. I do not want to complicate what appeared to be a very simple bill capturing folks who were under the \$4 million.

I also want to know who your clients are. I think at this point, a conversation probably needs to be had in a private meeting with the Department of Taxation, if Assemblyman Kramer is open to it. At this point, I am not even open to it. Depending on how that private conversation would go, and even if he said he liked it, I do not. It is not going to happen.

I am not discrediting anything you have to say, but I think it involves further conversation that allows some parties to be present who are not here to give us feedback on the conversation you had in private. We will figure out a meeting with you and the Department of Taxation to further discuss your conceptual idea. Is there anyone else speaking in support of A.B. 281?

**Randi Thompson, Nevada State Director, National Federation of Independent Business:**

I represent primarily brick-and-mortar businesses—the folks who are actually located here, working here every day. Similar to what Ms. Dobay has stated, our concerns are with another piece of paper to fill out. There are just a lot of pieces of paper in a small business. That is why I love this bill and I want to be in support of it.

**Jonathan P. Leleu, representing Southern Nevada Chapter, NAIOP, Commercial Real Estate Development Association:**

Although this bill does not affect our members directly, it certainly does affect my members' tenants. To the extent that we could make it easier to do business in this state, NAIOP is in full support of the bill as written.

With that being said, I want to bring up something that was brought up during my client's legislative day here—the application of the commerce tax to common area maintenance (CAM) charges. Common area maintenance charges, as we all know, are charges used for maintenance of rental properties. The commerce tax is currently being applied to those CAM charges as revenue and we would ask leadership, fiscal, and anyone else listening to this to take a good hard look at this. We could talk about it offline. As far as this particular bill, we support it as written. We think it is a great piece of legislation, and will certainly move Nevada forward.

**Chair Neal:**

We will change you to neutral. I think it is great that you guys are thinking this through, and I knew this would happen. Is there anyone else speaking in support—in clear support, with no suggestions? [There was no one.] I will now take testimony from those who are neutral on A.B. 281, other than those I classified as neutral.

**Jonathan Leleu:**

I did want to make clear, we do support this bill as written. I just wanted to bring a different idea to the table. I do not think this idea may be germane to the bill.

**Chair Neal:**

Thank you for that explanation.

**Scott W. Anderson, Chief Deputy, Office of the Secretary of State:**

We come neutral to this bill, as amended. We appreciate the Registered Agent Association, the discussions we have had relating to this, and look forward to working with them to further the ease of filing all these business documents. I just wanted to put that on the record. As Mr. Scherer stated, with the amendment the fiscal note goes away.

**Chair Neal:**

I appreciate the comments. Do the members have any questions? [There were none.] I will now take testimony from anyone speaking in opposition to A.B. 281. [There was no one.]. Do you have any closing comments, Assemblyman Kramer?

**Assemblyman Kramer:**

I have one very short one. One of the beauties of this bill is that by catching these people when they do their annual paperwork, the number in compliance with the Department of Taxation should increase. Currently, if someone does not file because they do not think they owe any money, eventually that information gets to the Secretary of State's Office and the person is put out of compliance and that creates more work for the Secretary of State's Office. When they file a letter stating they do not owe any taxes, they go back in compliance. There is a lot of work back and forth on that, which would go away if this compliance number went up to begin with.



**Chair Neal:**

We appreciate your comments. I will close the hearing on A.B. 281. I will now open the meeting for public comment. [There was none.] I will close public comment. There being no further business, we are adjourned [at 7:12 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 a copy of a PowerPoint presentation titled "'State' of State Historic Tax Credits," dated April 6, 2017, presented by Renee Kuhlman, Director of Policy Outreach, Government Relations & Policy, National Trust for Historic Preservation.

[Exhibit D](#) is a copy of a PowerPoint presentation titled "Assembly Bill 402," presented by Assemblywoman Sandra Jauregui, Assembly District No. 41.

[Exhibit E](#) is a copy of a video titled "Fox 5 Pink Tax," presented by Assemblywoman Sandra Jauregui, Assembly District No. 41.

[Exhibit F](#) is a photograph of feminine hygiene products and diapers, submitted by Elisa Cafferata, Director of Government Relations, Nevada Advocates for Planned Parenthood Affiliates, Inc.

[Exhibit G](#) is written testimony in support of Assembly Bill 402, submitted by Maria-Teresa Liebermann, Deputy Director, Battle Born Progress.

[Exhibit H](#) is written testimony in support of Assembly Bill 402, dated April 6, 2017, submitted by Kim Amato, Founder and Board President, Baby's Bounty.

[Exhibit I](#) is a document titled "Policy Brief: Safety—Diaper Assistance for Families, 2017," submitted by Jared Busker, Policy Analyst, Children's Advocacy Alliance.

[Exhibit J](#) is a copy of receipts for feminine hygiene products and diapers, submitted by Elisa Cafferata, Director of Government Relations, Nevada Advocates for Planned Parenthood Affiliates, Inc.

[Exhibit K](#) is written testimony in support of Assembly Bill 402, dated April 6, 2017, authored and submitted by Wendy Stolyarov, Legislative Director, Libertarian Party of Nevada.

[Exhibit L](#) is a letter dated April 13, 2017 in support of Assembly Bill 402 to Chairwoman Neal and Members of the Assembly Committee on Taxation, authored and submitted by Alison M. Weir, Chief, Policy, Research, and Analysis, National Diaper Bank Network, New Haven, Connecticut.

[Exhibit M](#) is written testimony in support of Assembly Bill 402, dated April 6, 2017, submitted by Caroline Mello Roberson, State Director, NARAL Pro-Choice Nevada.

[Exhibit N](#) is a copy of a PowerPoint presentation titled "AB 436," dated April 6, 2017, presented by Assemblywoman Daniele Monroe-Moreno, Assembly District No. 1.

[Exhibit O](#) is a proposed amendment to [Assembly Bill 281](#), dated April 5, 2017, submitted by Matthew Taylor, representing Nevada Registered Agent Association, and Scott Scherer, President, Nevada Registered Agent Association.

[Exhibit P](#) is a letter dated April 5, 2017, in support of [Assembly Bill 281](#) to Chair Neal and members of the Assembly Committee on Taxation, authored and submitted by Nikki E. Dobay, Senior Tax Counsel, Council on State Taxation, Portland, Oregon.