

**MINUTES OF THE  
SENATE COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-ninth Session  
May 15, 2017**

The Senate Committee on Government Affairs was called to order by Chair David R. Parks at 1:09 p.m. on Monday, May 15, 2017, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator David R. Parks, Chair  
Senator Mark A. Manendo, Vice Chair  
Senator Julia Ratti  
Senator Joseph P. Hardy  
Senator Pete Goicoechea

**GUEST LEGISLATORS PRESENT:**

Assemblyman Skip Daly, Senatorial District No. 31  
Assemblywoman Sandra Jauregui, Senatorial District No. 41

**STAFF MEMBERS PRESENT:**

Jennifer Ruedy, Policy Analyst  
Heidi Chlarson, Counsel  
Debi Szaro, Committee Secretary

**OTHERS PRESENT:**

Rocky Finseth, Nevada Land Title Association  
Sylvia Smith, Nevada Land Title Association  
Jenny Reese, Nevada Association of Realtors  
Marcus Conklin, Nevada Mortgage Lenders Association  
Larry Burtneess, Vice President, Property Records Industry Association  
Joshua Hicks, Southern Nevada Home Builders Association  
Tyson Falk, Nevada Mineral Exploration Coalition

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Natha Anderson, Nevada State Education Association  
Ron Dreher, Washoe School Principals' Association  
Rob Benner, Building and Construction Trades Council of Northern Nevada  
Jesse Haw, Builders Association of Northern Nevada; Nevada Home Builders Association  
Lucas Ingvaldstad, Nevada Builders Alliance  
Dagny Stapleton, Nevada Association of Counties  
Justin Harrison, Las Vegas Metro Chamber of Commerce  
MacKenzie Hempe, Nevada Chapter Associated General Contractors  
Brian Reeder, Nevada Contractors Association  
Scott Gilles, City of Reno

CHAIR PARKS:

I will open the hearing on Assembly Bill (A.B.) 169.

**ASSEMBLY BILL 169 (1st Reprint)**: Revises provisions governing certain fees collected by county recorders. (BDR 20-832)

ASSEMBLYWOMAN SANDRA JAUREGUI (Assembly District No. 41):

Assembly Bill 169 will revise the *Nevada Revised Statutes* (NRS) chapters relating to recording of documents and the fees associated with them. I support the bill and have firsthand knowledge of the need for the uniformity in recorder fees. There is Proposed Amendment 4617 ([Exhibit C](#)) to correct an error in the amendment that was introduced in the Assembly. In efforts to keep uniformity within the recorder fees and exclude mining and minerals, we moved these two sections into another section. We reverted them back to their original section and added a section in the amendment to list all the mining documents in one chapter.

ROCKY FINSETH (Nevada Land Title Association):

This measure is important to the title industry as well as the real estate sector. The industry reached out to Assemblywoman Jauregui who is the leader on real estate-related issues. The idea of creating a predictable recording fee or flat recording fee in the State is not unique to Nevada. Similar measures to A.B. 169 have passed or are moving through the respective legislative processes in other respective states. Nearly 23 states have taken similar action in this arena. Arizona, California, New Mexico and Wyoming have made similar changes to their statutes or are reviewing such changes during their annual

legislative sessions. The issue is of national significance. The issue is important for county recorders, especially in the rural counties.

Section 2 sets forth that flat recording fee and eliminates the first page charge for documents and the additional page fee as well as the indexing fee. Section 2 eliminates the nonconforming document fee of \$25 which has in part driven the challenge for the real estate industry. It contains an important component for the mining industry by not altering mining document fees in the statute. Section 1 provides the county recorders with discretion to accept and record documents that do not meet formatting requirements contained in NRS.

SYLVIA SMITH (Nevada Land Title Association):

The purpose of the bill is to establish a flat recording fee for most documents excluding mining maps. This will assist title companies and lenders to accurately disclose fees to a home buyer and seller involved in all types of real estate transactions. In October 2015, under a federal regulation created by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Consumer Financial Protection Bureau was tasked with integrating requirements of the Truth in Lending Act (TILA) and the Real Estate Settlement Procedure Act (RESPA). The final rule is called TILA-RESPA Integrated Disclosures (TRID). The TRID forms help the consumer to have a clearer and better understanding when buying a home or borrowing money on a refinance.

The TILA-RESPA Rule created two new forms along with new timelines necessary in a real estate transaction. An up-front loan estimate document and a final closing disclosure have to be delivered to a borrower three days before the borrower can sign final loan documents to close a real estate transaction.

One of the changes is a recording fee which falls into a bucket under the federal regulation where the fee cannot change by more than 10 percent from the initial loan estimate to that final closing disclosure. Recording fees can change if there is an initial estimated page count that was incorrect or the noncompliant fee that is under NRS 247.305. The changes are not always known until provided to the title company at the very end. When the fees change, it causes a lot of confusion and a significant explanation to the borrower during an already stressful and overwhelming time.

Passing A.B. 169 will allow our industry to provide accurate recording fees since it will be a flat fee per document and removes the noncompliant fee. This

will also create consistency for us from county to county. We record in eight different counties. Some counties apply that noncompliant fee differently than other counties, so sometimes we may not know. What happens at the end of the document processing is a difference in the recording fee. Sometimes a title company has to pay the difference, which creates a potential position of being in violation under RESPA and NRS 686A.130. If the fees are overcollected from the borrower, we then obtain permission from the lender to find out whether we can refund the money to the borrower or if the refund needs to be part of the principle reduction because it can have an effect on the minimum down payment that is required by the lender.

When a fee is required to be refunded, it generally is a \$1 to \$5 check that often goes uncashed. This creates a huge administrative cost for the lender, as well as our industry. Ultimately, the funds get turned over to the State as unclaimed property. I have provided a lot of information, acronyms and forms, so I will provide a real life scenario about what happened in a closing to give the Committee a better understanding.

One of our offices had a recent closing that involved a first-time military homebuyer, who obtained a Veterans Administration (VA) loan. The fees on a VA loan are tricky. By federal regulation, a borrower can only pay certain fees. As the loan process was near the final disclosure which is provided by the lender, the recording fees had been estimated and provided to the buyer. The VA loan documents arrived for the closing, which is usually one hour within the actual closing. We signed the buyer and put the documents up for recording. When the VA deed of trust came in, there were three additional riders on the deed of trust that were not initially disclosed, and they did not meet margin requirements. The changes changed the recording fees by \$28, exceeding the 10 percent tolerance. We had to contact the lender to let the lender know about the change. Because it was a VA loan, the seller had to pay part of the recording fees because the VA buyer could not be allowed to pay them.

To make it worse, the seller was in on a concurrent closing, and part of the Consumer Financial Protection Bureau and TRID regulations required us to issue a seller's closing disclosure, which was given to the seller. The disclosure was changed because the seller on the first deal had to pay more fees, so we had to get the document to the seller's lender on the seller's purchase creating havoc for the seller at the end. The long and short of this literally happened while they were all in the lobby and trying to move.

Having a flat recording fee would have stopped this. The seller had to go back to the bank and get a cashier's check because the seller needed to bring us additional funds. It created a lot of havoc. It may seem trivial at \$28, but hopefully it helps the Committee to understand that this one small thing created a lot of additional stress for all those parties. Assembly Bill 169 would alleviate this type of last-minute confusion.

JENNY REESE (Nevada Association of Realtors):

The Realtors are in full support of A.B. 169 since it will streamline the closing process for buyers.

MARCUS CONKLIN (Nevada Mortgage Lenders Association):

We support A.B. 169. If you are a homebuyer paying closing costs on a government-backed loan with a minimum down payment and the closing costs were estimated too high, there is a possibility that your loan could be rejected. If the estimate is higher than the amount you have come to close with and that amount is less than the minimum required to qualify for the loan, you can be required to bring more money for closing, which will upset the apple cart. If you do not bring enough money to close, you are considered out of compliance with the minimum down payment allowed to achieve a government-sponsored loan. We are in support of this bill. It adds clarity, takes away some of the confusion and makes sure the closing happens without hitches.

LARRY BURTNESS (Vice President, Property Records Industry Association):

We support A.B. 169. The Property Records Industry Association (PRIA) brings together lenders, the American Land Title Association, agencies such as Freddie Mac and Fannie Mae and many others, plus the government sector, made up primarily of county recorders and registrars of deeds, from around the county to the table to collaborate on national issues related to property records.

The PRIA mission is to develop and promote national standards and best practices for the property records industry. We frequently make presentations and testify in hearings to State and federal agencies for property records-related issues. The Property Records Industry Association has been at the table the last few years discussing predictable recording fees across the United States. The states that have adopted this practice continue to increase. Having predictable recording fees can bring benefits to all parties in a real estate transaction.

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JOSHUA HICKS (Southern Nevada Home Builders Association):  
The Southern Nevada Home Builders Association and the Builders Association of Northern Nevada support A.B. 169. We support real estate transactions closing quickly, efficiently and without problems. The home builders are interested in the predictability and certainty of recording fees in this bill.

TYSON FALK (Nevada Mineral Exploration Coalition):  
The Nevada Mineral Exploration Coalition supports A.B. 169. The difference between mining claims and other documents collected by county recorders is that most of the explorers are one-person shops and small businesses that file not just one document but hundreds within a year. We are supportive of the amendment and the provisions will work for us.

SENATOR GOICOECHEA:  
When I first looked at the bill, I thought you went from a \$2 to a \$10 fee on mining claims, and I thought that will tip him over.

CHAIR PARKS:  
Proposed Amendment 4617 that is in front of us, is that the action you would like us to take on this bill?

ASSEMBLYWOMAN JAUREGUI:  
Yes, amend and do pass.

CHAIR PARKS:  
This bill requires a two-thirds vote by each House. Is there a major change in the revenue that would be generated by implementing this legislation?

ASSEMBLYWOMAN JAUREGUI:  
The county recorders averaged the past two years of documents recorded and the amount of fees collected to arrive at the flat recording fee.

CHAIR PARKS:

SENATOR HARDY MOVED TO AMEND AND DO PASS A.B. 169.

SENATOR MANENDO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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We will open the hearing on A.B. 120.

**ASSEMBLY BILL 120 (1st Reprint)**: Revises provisions relating to school construction. (BDR 34-779)

ASSEMBLYMAN SKIP DALY (Assembly District No. 31):

There was a ballot question in Washoe County regarding school construction. During the campaign, I was questioned repeatedly if I was in support of Ballot Question WC-1 to raise the sales tax, which did pass. I replied, yes, we need to keep the schools going in the same direction as the economy. I was asked why the developers do not pay more of their fair share for their impacts on the schools. My answer was there are prohibitions against it in Washoe and Clark Counties and no mechanism for any of those impacts to be collected even if they are known to exist.

I brought A.B. 120 forward, and the only policy question is should residential developers pay for the impacts they have on the schools in the areas affected. The answer to the question is yes, there are 14 of 17 counties who already implement this practice. This bill amends existing statute that allows that to happen in counties with a population of under 55,000, which is every county except Clark, Washoe and Carson City.

Section 1 allows or requests that the planning commission notify the school district within ten days after the initial filing for any proposed construction or developments in a school district. The population cap was removed in that section. Section 1, subsection 3 says the board of trustees may, which is existing language, request in writing that the board of county commissioners impose the Residential School Construction Tax. The tax is capped at \$1,600 and is unchanged. The money can be used to modernize, remodel or construct a school.

The Assembly side had amendments that state when a request is made, the school district also has to submit a map of the area of the county that is going to be served and the money can only be used to service the area that will be impacted. The tax will be paid by the developer creating the impact and can

only be used to mitigate the impact. The money cannot be shuffled, moved around or used in areas of the county for other purposes or other places within the school district. This section also says that the county commission has authority to approve the request unless there is a finding that the request is not justified by the school district. The reason the word "shall" is in the language is to keep both sides honest. The school district cannot request something it cannot justify, and the county commission cannot just reject something because it does not have a reason.

There were changes made on the Assembly side that were requested by the planning commission representatives. The language states that while the county is going through the process whether it is going to ask for the residential construction tax or not, all of the planning and development will continue so development will not be slowed down at all. A similar question in the second part of the bill refers to whether a section of land is required to build the school. While it is being figured out if the property is the right one, the rest of the development can go forward and not be slowed down.

Section 1, subsection 5 says that the money, if the tax is imposed and the county commissioners approve it, needs to be collected at the time the commissioners put in the ordinance to collect it. The collection it cannot be later than when the certificate of occupancy is issued. The money collected pursuant to subsection 5 must be submitted to the county treasurer and transferred to the school district where it can be used for the requested list of schools for the areas included in the map.

Subsection 7 of section 1 says nothing in this section shall be construed to prevent the planning commission of the city or county from issuing permits or other authorizations so that the planning is not slowed down. Subsection 8 of section 1 eliminates low-income housing which is exempt and not subjected to the residential construction tax.

Section 2 states if a piece of property or land is determined to be required by the school district, then the planning commission will be notified that the land is needed. The land that the developer sets aside under those provisions needs to be constructible, meet certain requirements and be compatible with adjoining neighborhoods. The planning commission will have its say in what piece of land it is. Oftentimes, a piece of property will be set aside or offered that is not conducive to the construction, or the area where the school is needed costs



more money to be built on. This allows a negotiation to ensure the property is suitable to both the school district and the planning commission. There is a provision in the statute that says if the developer is going to put in a water line and the city, county or school district says to build it oversized due to the anticipation of other development, the city can pay for the extra cost to put in the bigger line. The bill says, adversely, if the school district is going to put in infrastructure or various things that will benefit the development in the future, that there will be cost-sharing in that project.

The time frame on how long a school district will have before it has to purchase the land will change from 10 years to 15 years. Washoe County changed from 5 to 8 years to purchase the land. The final map of the school construction site which has not begun construction will require the land to be purchased by the school district. Pursuant to section 2, subsection 7, the land is to be offered to the subdivider or the successor in interest of the subdivider at the end of 15 years at a sale price equal to the fair market value of the land at the time of the offers as determined by an independent appraisal paid for the board of trustees.

SENATOR GOICOECHEA:

As I read section 1, subsection 2, the trigger is implemented when you have 5 or more units, whether they are mobile homes, mobile home lots or apartments. The language says, in subsection 3, that the board of trustees will notify in writing the board of county commissioners in which the school district is located and it can impose a tax districtwide. Is that correct? The five units would trigger it, but then, from there on any unit in the county, whether five or less, a single construction of a development would have to pay this fee. Am I reading it right?

ASSEMBLYMAN DALY:

It would be per development. In section 1, when someone puts in an application is when the planning commission would notify the school district. The school district would then look at it and only have to notify the board of county commissioners if it is five or more units, which is existing language. The planning commission only has to notify the school district and then the school district would make an assessment if there is impact and how much it would be, and then the district may notify the county commission. It would be per development per application. It would not be countywide. Even if there were just one, it would be per development.

SENATOR GOICOECHEA:

It might be existing statute but it reads the board of trustees may request in writing the board of county commissioners of a county in which a school district is located can impose a tax on residential construction in the school district to construct. It does not limit it to those five parcels. It sounds like once you hit the five-unit trigger, than everyone who builds something is going to pay.

ASSEMBLYMAN DALY:

That is incorrect. If you continue to read, it says for any appurtenance such a request must specify the area or areas of the county to be served by the buildings to be erected, remodeled, modernized or enlarged.

SENATOR GOICOECHEA:

That is on the school district. That one subsection is a little unclear to me and I would like to see it clear-cut.

HEIDI CHLARSON (Counsel):

This may address Senator Goicoechea's question. In the beginning of section 1, existing language of NRS 387.331 says the tax on residential construction authorized by this section is a specified amount. The amount must be the same for each: lot for a mobile home; residential dwelling unit; suite in an apartment house imposed on the privilege of constructing apartment houses and residential dwelling units and developing lots for mobile homes. The tax is on the new construction, not on everything in the school district.

SENATOR GOICOECHEA:

My concern is it would be triggered with five units and then apply countywide to all new construction.

Ms. CHLARSON:

No. I believe the tax imposed is for the subdivision, not for any new construction within the school district.

SENATOR GOICOECHEA:

That was my concern. It only pertains to those five units and once there are five units, it does not trigger to new units or one new unit anywhere in the county.

SENATOR HARDY:

How big a tax is required to tax six units in order to build or modernize a school? Realistically, how does it work?

ASSEMBLYMAN DALY:

The \$1,600 is the existing amount. It moved several times over the years in the rural counties. I did not propose to change that. I have not done the math, but if 1,000 houses were added and the impact was the full \$1,600, that comes out to \$1.6 million. Nevertheless, a new elementary school is about \$20 million, so the tax is not going to cover all of the costs.

I am not trying to say this is the mechanism to cover all the costs of schools. There are other things in place for that. This is just one process or step to help mitigate those costs. If a new school is not needed, just modernization or upgrades, this would be something that maybe would only have to come in with \$800 per unit to cover the costs. The school district would have to make that request and justify the request, so when the county commission performs its due diligence, that cost is justified.

SENATOR HARDY:

I understand where you are going: the bigger the development, the more money you are going to get, but a development that is 5 units, why 5 units instead of 520 or a number that would produce a higher amount?

ASSEMBLYMAN DALY:

The existing number in law is five units. I did not change it. I do not know if that was the number because it was in rural counties. We took the population cap out so I left all of the numbers the same. I left the 5 in so you could service the bigger and smaller counties and left the \$1,600, and I was not trying to create or kick that hornet's nest.

SENATOR HARDY:

I appreciate it, thank you.

NATHA ANDERSON (Nevada State Education Association):

We realize our working conditions are our students' learning conditions. We would like to have the best places for our students to be able to learn. We believe that A.B. 120 would allow for one more tool in the toolbox to allow funding for this. There are numerous reasons why the capital funds and capital

needs are always changing and growing, and with the future subdivisions that we have coming, our schools are in desperate need of this help.

RON DREHER (Washoe School Principals' Association):

Assembly Bill 120 is a good idea. I also represent the Peace Officers Research Association of Nevada and myself as a taxpayer. This bill is long overdue and takes out the disparity or inequity of builders not having to fund it. Ultimately, it is going to whoever purchases the property. From my past law enforcement experience, we used to do these types of situations where we would put on the record what would be the cost to the school districts for supplying law enforcement and fire safety. It seems to make a lot of sense, and for that reason we support it.

ROB BENNER (Building and Construction Trades Council of Northern Nevada):

We support A.B. 120. With the growth we are seeing in northern Nevada and the need for new housing, this would help. I live in a 30-year-old neighborhood next to an elementary school that is under the threat of going to double sessions because of the building of new subdivisions and apartment complexes around us. My neighbors and I would be happy to have relief of our school overcrowding, and this could be a possible solution.

MR. HICKS:

I am in opposition to A.B. 120. I would like to provide some history on the Residential School Construction Tax to this Committee. This tax or the ability to impose this tax has been on the books in Nevada since 1979. It was put in place in 1979 for Douglas County. There was an extreme population boom at the time because of attempts to attract people to move to the State. School shortages fostered concern that if the county did not have the ability to build schools quickly, the population growth would be lost to somewhere else or another state.

The Residential School Construction Tax was put in place in Douglas County. At that time, the County did not have the ability to bond off property tax revenue to build, so this legislation was a shot in the arm to get the construction going. The bill had a population cap and to this day, the only county that imposes the tax is Lyon County. It is not a widespread or widely used tax.

The way school construction works in Nevada is by a menu of different taxes available to different counties. Clark County utilizes the property tax, the

Government Services Tax, Real Estate Transfer Tax and room tax. Washoe County uses property tax, Government Services Tax and, as of November 2016, sales tax. Carson City utilizes the property tax, Government Services Tax and Real Estate Transfer Tax. The other counties utilize the property tax, Government Services Tax, sales tax and have the option of the Residential School Construction Tax, although only Lyon County uses it.

The way we looked at this bill was on a four-part evaluation: the transparency of the bill; whether driven by district needs; the predictability of the revenue; and the bond ability of the revenue. On the transparency issue, the one concern we have is whether these revenues, even if they are allocated to the particular area of the new construction, can actually result in less construction money coming to the area as an offset and that money being plugged into somewhere else in the school district. We think that could happen as there is nothing in the bill that prohibits that, so you can effectively see these funds being indirectly used to do something in areas where the home builders and home owners did not pay for the tax. We have a transparency concern on that end of it.

The second part of the evaluation is driven by district needs. This Committee has not seen any school districts testifying in support of this bill today. The fact that there is not school support for this bill is stating something. The predictability of this revenue is something else. It will fluctuate. It will depend on how many homes, condominiums or apartments will be built. That could vary from year to year depending on the economy and supply and demand, which will make things difficult to budget if you are looking at this as a consistent revenue source for the school district. The bond ability of these funds are one-time funds paid once, not recurring. Most of the other revenues I mentioned earlier are bonded which increases the purchasing power and allows you to build a school. This is a one-time fund and does not carry that. For all those reasons, Southern Nevada Home Builders Association stands in opposition to this bill.

JESSE HAW (Builders Association of Northern Nevada; Nevada Home Builders Association):

I have volunteered for over eight years at a local high school and am proud that I was able to donate land to the school district for elementary, middle and high schools. The Builders Association supported Washoe County 1 (WC-1); however, we oppose A.B. 120. It does not solve the problem it attempts to

address. Washoe County 1 passed and according to the District, all its capital needs are met.

Our industry worked to help get the WC-1 initiative passed. The Builders Association further opposes any single-industry taxes for communitywide needs. I would like to reflect on the work that brought us to the solution of WC 1. In 1998, we had the vote for Yes for Kids campaign. The attempt with S.B. No. 154 of the 74th Session resulted in a ballot question in 2008. Assembly Bill No. 46 of the 77th Session and S.B. No. 411 of the 78th Session turned into the ballot question known as WC-1.

In WC-1, the Builders Association was active in support. The District received the funding and stated in the Assembly that it has addressed all capital needs. The public schools and overcrowding committee looked at many forms of taxation. This bipartisan committee then chose the sales tax for its ability to bond a predictable revenue stream as the most equitable form of taxation. The second part of this bill speaks to the set-aside language or how developers set land aside for school districts. I have done various set-asides and offer to do it again. When we asked the District directly what is your issue, why are we talking setasides, the only response was pointing back to 1982 when McQueen High was built and there was a problem with how the streets were put in and the funding portion.

In 2009, school site selection was brought up by then-Assemblywoman Debbie Smith who worked with the stakeholders to pass A.B. No. 220 of the 75th Session. That increased the time to purchase land to five years and the time to use it to ten years. The Builders Association continues to be active community partners. We will continue to work for the betterment of our community in all aspects. If there remains a funding issue, we are willing to talk about solutions. We have not shied away from the table when there are problems. If there are issues with school site selection, we would like to talk about that as well. I do not think the Legislature is the best place to do that.

Finally, A.B. 120 will not create a bondable revenue source. The school districts cannot count on the money, and therefore it will have little impact on how districts can budget for schools. It will have an impact on home affordability. In Spanish Springs, we have \$39,000 per home to be distributed for water and sewer impact fees; \$1,600 will compound the existing home affordability problems without helping the District. I heard people comment on the Assembly

side that they were in favor of any money going to schools, and I agree. However, studies show for every \$1,000 the house price goes up, 2,004 people are pushed out of the market. In context, 189 people in the Sparks-Spanish Springs area will not be able to buy a home by putting this fee into place. Please vote no for A.B. 120.

SENATOR RATTI:

I want to commend all the builders in northern Nevada and all the community partners who worked so hard to ensure we had the funding. There was a great collaboration with Washoe Education Association, your presence, the Chamber and many interested individuals to get it across the finish line. I agree with Assemblyman Daly, as I was surprised at how many doors I was knocking on during that campaign where this question came up. Why are the developers not contributing, why do we not have access to this revenue source. I would often say much of what you said in your testimony: it is not enough money, and it is not a stable source. You said something in your comments that intrigued me which was I would rather have this conversation at the local level and not at the Legislature. I remember in working with Senator Debbie Smith multiple times to try to get funding for the schools when we needed it, and this was because of decisions of prior Legislators where the largest counties have been left out of this source.

When we offered it to you then, you did not want it. There is a piece of me that thinks because the bill is enabling and not automatically implementing the tax, there is a process that we would have to go through to implement the tax. The Legislature making the bill enabling then does push the conversation to the local level, and it no longer becomes a legislative issue. It will become a conversation we can have at the local level.

I do not anticipate the school district asking anyone for any money for school construction any time soon, but 10 or 15 years from now nobody can say the funds we have are going to be adequate forever. We do not know what the change in economic conditions will be. We do not know what growth is going to look like. We do not know what construction costs are going to be. If we are faced with this issue again, why not have it on the table as an option locally and not have to go through everything Senator Debbie Smith went through to get us to where we are happily today.

MR. HAW:

Should we put a tax on houses for everything that is a communitywide benefit? Builders will build houses if there is a demand. The housing demand can be created by migration of new business coming to the State or people staying here to build families. I get your point, but I think it is unfair to tax certain people in our cities and communities and not everybody when we all share the benefit for that. Why should we equally tax everyone for sales tax in this case by adding tax on to people only buying a home? Why not tax everyone who owns a home or anyone who has a baby, or anything else. It seems unfair that we have a communitywide benefit, but you are only going to tax someone who is buying a home. In our case, 2,500 residents a year on average would pay that tax and no one else would. It does not seem right. If there is a communitywide problem, then we need to address it as a community as we did in the last election.

SENATOR RATTI:

I am not trying to be challenging. I am on the fence, so I am trying to get to a place to make a decision. Why does it make sense for 15 of the 17 counties and not the other 2 counties?

MR. HAW:

The other counties do not have the predictability of the bond ability. We can predict in Washoe and Clark Counties how many permits we are going to have and how much sales tax will be generated, so they were able to bond that through WC-1. Going back to 2015, when S.B. No. 411 of the 78th Session was enacted, that interested us enough to investigate what other taxes can be used for education. The Legislature decided what taxes they should look at and decided on five tax revenue sources, but they did not say put a tax on homes. I do not know why the research into S.B. 411 brought about that conclusion. The findings of the bill can be reviewed to see why it was not considered by the committee that investigated ways to find capital projects for school districts. The committee narrowed it down to a menu of five revenues, and then that committee came up with what we call WC-1.

LUCAS INGVOLDSTAD (Nevada Builders Alliance):

Our opposition is centered on the expansion of the use of proceeds in section 1. We fear the funds will not be placed to the highest and best use. Once the funds are gone, there is potential for the fee to increase that may impact affordability. We have an issue with section 2 and the extension of time



by which a school district can exercise its option to purchase, which could create issues with developers trying to complete projects.

DAGNY STAPLETON (Nevada Association of Counties):

We are opposed to A.B. 120. Our opposition is not in regard to the policies of counties enacting or having the authority to enact impact fees. We are concerned about section 1, subsection 3 that implies that the decision to impose the impact fees is given to a school board of trustees despite the fact that the tax is an officially enacted county tax.

Counties are given the responsibility of providing for public safety infrastructure and other vital services including impacts from development. It is the responsibility of the county to weigh those needs collectively in terms of community priorities and other impact fees already in place, as well as to consider the impact to taxpayers. We are concerned with the precedent that this bill will set in deferring the responsibility to make that decision to a different body. There are counties that have enacted this tax and have done so by the request, not the requirement, of the school board.

JUSTIN HARRISON (Las Vegas Metro Chamber of Commerce):

We are in opposition to A.B. 120 because the tax is industry-specific. This is a tax on new home purchases. We do not see a public policy reason for this legislation. The Metro Chamber supported the bond rollover in the 2015 Session, which has allowed southern Nevada to put out to bid many schools that are needed. In addition, our colleagues from the Reno-Sparks Chamber supported the WC-1 ballot question to increase the sales tax in Washoe County in order to build schools. We see these as better public policy initiatives taken up by the Legislature as well as by the voters to pay for school construction.

MACKENZIE HEMPE (Nevada Chapter Associated General Contractors):

Our members were involved in the passage of WC-1, which we feel addressed the Washoe County capital improvement of the schools, and we feel that A.B. 120 is not necessary and oppose its passage.

BRIAN REEDER (Nevada Contractors Association):

We represent more than 600 general contractors and subcontractors throughout the southern Nevada construction industry. We oppose the bill. Most of our concerns have been stated. I do want to mention that Clark County has several

revenue sources that help school projects and seem to be working. Our concern is that we do not want to slow down development with a new tax as development is just beginning to pick up.

ASSEMBLYMAN DALY:

When it comes to transparency, district needs, predictability and bonding, this bill is not intended to be able to pay for a school. The intent is for localized development and for the people creating the impact to mitigate their impact by having this fee imposed and only have it used for that specific deal. This is the same as any other planning: someone wants to build a grocery store and we follow the process by performing traffic studies, mitigate all the impacts, get a time line of when they can deliver, the neighbors' opinions, all those types of requirements. This is not any different than that. We are identifying what the impact is and creating a mechanism for that impact to be offset to some measure, not 100 percent. The bill is not intended to be predictable or bondable. It is one-shot money and not used communitywide. Education is a communitywide issue. The impact of the bill is specific to the area that is creating the impact. The equitability of the issue is mentioned with the history of A.B. No. 43 of the 77th Session. The home builders have been very good about not having to pay any fees to mitigate their impacts. The entire county pays sales tax to mitigate all the school construction that might come up. This bill is intended to be implemented when development has an impact to a specific school in a specific area and there is some offset to that impact.

I will address Ms. Stapleton's issue. The school board makes a recommendation and a request to the county and the county then has to approve it unless it is not justifiable. The county imposes it, not the school district. There is no shifting of responsibility. The county has to make that vote and pass an ordinance to impose it.

When you get to the affordability issue in Washoe County, you see that property values in last three years, since 2013, have gone up 98 percent. Home builders build homes upon demand. If property values go up 80 percent above that, they do not say I hit my 10 percent return on investment, they increase the market value, and that is just good business. If the home builders were worried about the affordability, they would not charge that extra 80 percent that property values went up. If you look at the amount of property tax that has been abated in Washoe County in the last three years, since 2013, \$8 million

was abated in 2013, and last year it was \$64 million. That is eight times more; it is five times more in Clark County.

Property values have gone up. The builders' profitability has gone up. They are building houses. The \$1,600 is not going to be a huge impact on affordability, and if the builders are that worried about it, they do not have to pass it on. We have many advocates. I am here to advocate on behalf of the taxpayers who are paying for the schools, taxpayers who asked me why are the developers not paying a fair share or at least a portion to offset the impacts they have on the local school where their development is going to be.

To address the discussion regarding the sites and the length of time, we just had the biggest downturn in our lifetimes, and we hope it does not happen again, but I think this extra cushion will be a hedge against that.

SENATOR MANENDO:

Do you know the median price of a home in southern Nevada or in Clark County?

ASSEMBLYMAN DALY:

No, I do not.

CHAIR PARKS:

I will close the hearing on A.B. 120 and open the hearing on our work session. I will start with A.B. 80.

**ASSEMBLY BILL 80 (1st Reprint)**: Revises provisions governing redevelopment in certain cities. (BDR 22-416)

JENNIFER RUEDY (Policy Analyst):

I will explain the provisions as contained in the work session document ([Exhibit D](#)).

CHAIR PARKS:

I was of the understanding that there was a suggested amendment from Assemblywoman Teresa Benitez-Thompson, but we do not have anything. My recommendation, in that case, is to table this bill to the end of our work session. Is there anyone here who has input? This has been a mystery to me regarding the amendment that is not available but has been spoken about.

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SCOTT GILLES (City of Reno):

I have not seen the amendment language. I am of the understanding that it is being worked on. The amendment is black and white, adding a section that was in the original language of the bill. The other piece is more obscure and I am not entirely sure of that language, so I do not have further information on that.

CHAIR PARKS:

Since the amendment is being worked on, we will reschedule A.B. 80 for another work session. We will open the hearing on A.B. 154.

**ASSEMBLY BILL 154**: Revises provisions relating to prevailing wages. (BDR 28-747)

Ms. RUEDY:

Assembly Bill 154 decreases the minimum estimated cost threshold for the applicability of prevailing wage requirements on public works projects from \$250,000 to \$100,000 and removes the 90 percent prevailing wage rate exception for public works constructed by school districts and the Nevada System of Higher Education. I will further explain the provisions as contained in the work session document ([Exhibit E](#)).

SENATOR GOICOECHEA:

I will not support this bill.

CHAIR PARKS:

I will accept a motion.

SENATOR RATTI MOVED TO AMEND AND DO PASS AS AMENDED  
A.B. 154.

SENATOR MANENDO SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS GOICOECHEA AND HARDY VOTED NO.)

\* \* \* \* \*

CHAIR PARKS:

The next bill in the work session is A.B. 271.

**ASSEMBLY BILL 271**: Revises provisions governing collective bargaining by local government employers. (BDR 23-290)

Ms. RUEDY:

I will explain the provisions as contained in the work session document ([Exhibit F](#)).

SENATOR MANENDO MOVED TO DO PASS A.B. 271.

SENATOR RATTI SECONDED THE MOTION.

SENATOR HARDY:

There are issues which were brought up in testimony, so I will not be supporting this bill.

THE MOTION CARRIED. (SENATORS GOICOECHEA AND HARDY VOTED NO.)

\* \* \* \* \*

CHAIR PARKS:

The next bill in the work session is A.B. 393.

**ASSEMBLY BILL 393 (1st Reprint)**: Sets forth legislative findings and declarations concerning certain changes in zoning and development standards. (BDR S-1157)

Ms. RUEDY:

I will explain the provisions as contained in the work session document ([Exhibit G](#)).

CHAIR PARKS:

I will accept a motion.

SENATOR MANENDO MOVED TO DO PASS A.B. 393.

SENATOR RATTI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR PARKS:

The next bill is A.B. 415.

**ASSEMBLY BILL 415**: Provides for the acceptance of a tribal identification card in certain circumstances. (BDR 18-366)

MS. RUEDY:

I will explain the provisions as contained in the work session document ([Exhibit H](#)).

CHAIR PARKS:

This bill is identical to Senate Bill 399.

**SENATE BILL 399**: Provides for the acceptance of a tribal identification card in certain circumstances. (BDR 18-78)

SENATOR HARDY MOVED TO AMEND AND DO PASS AS AMENDED A.B. 415.

SENATOR MANENDO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR PARKS:

The next bill is A.B. 461.

**ASSEMBLY BILL 461**: Designates the third week of January as "Peace Week" in the State of Nevada. (BDR 19-1037)

MS. RUEDY:

I will explain the provisions as contained in the work session document ([Exhibit I](#)).

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CHAIR PARKS:  
I will hear a motion.

SENATOR MANENDO MOVED TO AMEND AND DO PASS AS AMENDED  
A.B. 461.

SENATOR RATTI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR PARKS:  
We will consider A.B. 80 from this work session when we receive the amendment for Assemblywoman Teresa Benitez-Thompson.

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CHAIR PARKS:

This concludes our work session agenda. The meeting is adjourned at 2:32 p.m.

RESPECTFULLY SUBMITTED:

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Debi Szaro,  
Committee Secretary

APPROVED BY:

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Senator David R. Parks, Chair

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



<b>EXHIBIT SUMMARY</b>				
<b>Bill</b>	<b>Exhibit / # of pages</b>		<b>Witness / Entity</b>	<b>Description</b>
	A	2		Agenda
	B	5		Attendance Roster
A.B. 169	C	5	Assemblywoman Sandra Jauregui	Proposed Amendment 4617
A.B. 80	D	1	Jennifer Ruedy	Work Session Document
A.B. 154	E	3	Jennifer Ruedy	Work Session Document
A.B. 271	F	1	Jennifer Ruedy	Work Session Document
A.B. 393	G	1	Jennifer Ruedy	Work Session Document
A.B. 415	H	2	Jennifer Ruedy	Work Session Document
A.B. 461	I	1	Jennifer Ruedy	Work Session Document