

**MINUTES OF THE**  
**SENATE COMMITTEE ON REVENUE AND ECONOMIC DEVELOPMENT**

**Seventy-ninth Session**  
**April 13, 2017**

The Senate Committee on Revenue and Economic Development was called to order by Chair Julia Ratti at 3:45 p.m. on Thursday, April 13, 2017, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E 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 Julia Ratti, Chair  
Senator Aaron D. Ford, Vice Chair  
Senator David R. Parks  
Senator Ben Kieckhefer  
Senator Michael Roberson  
Senator Heidi S. Gansert  
Senator Patricia Farley

**GUEST LEGISLATORS PRESENT:**

Senator Mark A. Manendo, Senatorial District No. 21

**STAFF MEMBERS PRESENT:**

Russell Guindon, Principal Deputy Fiscal Analyst  
Joe Reel, Deputy Fiscal Analyst  
Colleen Lennox, Committee Secretary  
Tina Nguyen, Committee Manager  
Lex Thompson, Committee Secretary

**OTHERS PRESENT:**

Garrett Gordon, Community Associations Institute; Southern Highlands  
Community Association; Olympia Group, LLC

Steven D. Hill, Director, Office of Economic Development, Office of the Governor

CHAIR RATTI:

We have all work sessions today. We will go in the order of the agenda. I will turn it over to Joe Reel starting with Senate Bill (S.B.) 281.

**SENATE BILL 281**: Revises provisions relating to the reconveyance or sale of real property by a county treasurer for delinquent taxes. (BDR 32-99)

JOE REEL (Deputy Fiscal Analyst):

We will begin with S.B. 281. This bill was sponsored by Senator Mark A. Manendo and heard in this Committee on March 23. I will read the work session document (Exhibit C). The second amendment was not discussed by the Committee during the hearing. Staff recommends Clark County and the proposers of the amendment discuss the details of the amendment for the Committee.

GARRETT GORDON (Community Associations Institute; Southern Highlands Community Association; Olympia Group, LLC):

Following the hearing, the parties got together. Specifically, in the work session document there are two parties who testified in opposition, Jennifer Gaynor from the Nevada Credit Union League and Sam McMullen representing the Nevada Bankers Association. Both were part of this working group, and both consent to the two amendments.

The first amendment was initially brought by Clark County, which removes any changes to reconveyance. There was concern about homeowners' associations (HOA) eventually owning homes. That was not the intent. There is no change to reconveyance. The only change would be excess proceeds. If there are excess proceeds following a sale of a home due to delinquent taxes by a county, given an association has a lien, the association is eligible for those excess proceeds.

I promised the Clark County lobbyist I would make a distinction and Clark County did rescind its amendment. This is not a Clark County amendment. However, the parties like their language so much, we are going to propose to use Clark County's language in our amendment, which they are not opposed to. Therefore, no reconveyance—we are only adding associations as a listed entity to receive excess proceeds.

The second amendment came about when the parties got together. We realized an HOA can decide to step up to the plate and pay the delinquent taxes if a homeowner fails to pay the taxes and the property is about to go to a sale. The HOA brings the home current so all the other liens come back, the association's lien, bank lien, lien for a painter that did not get paid and such. There needs to be a mechanism for an association to recoup those delinquent property taxes. We are adding delinquent property taxes into a definition of common expenses.

Senator Ford is going to ask me, does this impact S.B. No. 306 of the 78th Session? In my email to Chair Ratti and the Legislative Counsel Bureau that both Mr. McMullen and Ms. Gaynor saw, there was no intent whatsoever to impact superpriority. That is specifically why the delinquent taxes that would be paid are put under common expenses. You first have superpriority, bank lien, and then you have common expenses. The bank gets paid before we do on that issue. Senator Ford can attest these parties do not get along often. We did and are happy with the compromise. Hopefully, I was eloquent enough to explain it.

CHAIR RATTI:

The motion to amend and do pass includes the two amendments.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED S.B. 281.

SENATOR FORD SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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SENATOR MARK A. MANENDO (Senatorial District No. 21):

I want to thank the Committee very much and appreciate giving us the opportunity to work together and bring everybody to the table.

MR. REEL:

The next work session is on S.B. 343.

**SENATE BILL 343**: Requires the Office of Economic Development to collect and report information related to gender equality in the workplace. (BDR 18-990)

This work session was carried over from the Tuesday, April 11, agenda. This bill is sponsored by Senator Farley and was heard on March 28. I will read the work session document ([Exhibit D](#)).

CHAIR RATTI:

To add a little information, the Secretary of State's Office (SOS) will be bringing forward a fiscal note. Given the short turnaround time, we have not had the opportunity to do that. I would like a motion to amend and re-refer to the Senate Committee on Finance, giving additional time for the SOS to consider the fiscal implications.

SENATOR FORD MOVED TO AMEND AND RE-REFER S.B. 343 TO THE SENATE COMMITTEE ON FINANCE.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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MR. REEL:

The next work session is on S.B. 352. This bill was brought forward by Senator Kieckhefer on March 28. I will read the work session document ([Exhibit E](#)).

**SENATE BILL 352**: Revises provisions governing the taxation of property rebuilt after a natural disaster. (BDR 32-929)

Senator Kieckhefer has some additional clarification with regard to the amendment as it is drafted.

SENATOR KIECKHEFER:

I want to make sure there are couple of things that are clear for the record.

The first thing I would like to clarify is in Proposed Amendment 3731 ([Exhibit F](#)) on page 2, line 33. It talks about eligibility for exemption and indicates that in section 2.3, subsection 2, paragraph (c) the single-family residence has not been sold or transferred in a transaction that would have Real Property Transfer Tax applied. The assessors would interpret that to mean the parcel is both the

well and the land underlying the home. That is clearly the intent of the bill in that paragraph, so it applies to both the land and the improvements.

Second, when it comes to eliminating the exemption upon sale of the property, I want to make sure that the intent is clear. The exemption that would be applied for by a property owner and granted by the assessors would only be eligible for someone who owned the property at the time of the disaster or emergency as declared by the Governor. The exemption would go away upon sale of the property itself. Upon sale of a property that had an exemption placed upon it via this statute, the new owner would have only the depreciation and abatements that would have otherwise been applied had the property been new construction at the time it was rebuilt after the disaster.

The final point of clarification is we certainly want to make sure Assemblywoman Lisa Krasner's name is added to the legislation as a joint cosponsor. If I have to do that through a signatory slip or through the amendment as it reaches the Floor, I will make that point.

CHAIR RATTI:

The motion to amend and do pass includes the two conceptual amendments.

SENATOR GANSERT MOVED TO AMEND AND DO PASS AS AMENDED  
S.B. 352.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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CHAIR RATTI:

I would like to thank Senator Kieckhefer, assessors, Legal and Research Division staff from LCB. It is an eloquent, simple concept with a highly technical implementation. Many people put a lot of work into this bill.

MR. REEL:

Our next bill is S.B. 379. It was brought forward by Chair Ratti and heard on March 23. I will read the work session document ([Exhibit G](#)).

**SENATE BILL 379**: Revises provisions relating to alcohol and drug abuse and behavioral health programs. (BDR 40-514)

CHAIR RATTI:

I want to acknowledge that Senator Kieckhefer asked an excellent question during the presentation of this bill. On a regulatory fee-setting process, why would we have excess proceeds? I do not have a good answer for that question. I would like the Committee's indulgence to go ahead and move this forward. I anticipate multiple bills coming forward are probably going to change the regulatory fee-setting process for medical marijuana and this may become moot. If it does not, I would like to keep it alive to make sure there is a simple transfer of the fees designated to Child Protective Services for substance abuse. That need may go away, but until we are more certain of the regulatory structure, I would like to keep it alive.

SENATOR FARLEY MOVED TO DO PASS S.B. 379.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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MR. REEL:

The next bill is S.B. 414. It was brought forward by Senator Scott Hammond and heard on March 28. I will read the work session document ([Exhibit H](#)). There is one amendment.

**SENATE BILL 414**: Revises provisions governing the taxation of certain property owned by nonresidents. (BDR 32-935)

SENATOR FORD MOVED TO AMEND AND DO PASS AS AMENDED S.B. 414.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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CHAIR RATTI:  
Next is S.B. 439.

**SENATE BILL 439**: Authorizes certain local governments to increase diesel taxes under certain circumstances. (BDR 32-1002)

MR. REEL:

This was brought forward by the Senate Committee on Revenue and Economic Development and heard on April 4. I will read the work session document ([Exhibit I](#)).

Through discussions with Legal, it has been determined that the provisions in the proposed amendment, [Exhibit I](#), beginning with section 7 and continuing through section 11, are not germane to the bill and would not be included. Subsequent to the preparations of the work session document, the Nevada Taxpayers Association brought forward an additional proposed amendment ([Exhibit J](#)).

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED S.B. 439, DELETING SECTIONS 7 THROUGH 11 OF THE PROPOSED AMENDMENT, AND ADDING THE NEVADA TAXPAYERS ASSOCIATION PROPOSED AMENDMENT.

SENATOR FARLEY SECONDED THE MOTION.

SENATOR GANSERT:

I am going to support the motion but reserve my right to change my vote on the Senate Floor.

THE MOTION PASSED. (SENATOR ROBERSON VOTED NO.)

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CHAIR RATTI:

We will move on to S.B. 442.

**SENATE BILL 442**: Revises provisions relating to economic development. (BDR 32-1001)

MR. REEL:

This was brought forward by the Senate Committee on Economic Development and heard on April 4. I will read the work session document ([Exhibit K](#)).

CHAIR RATTI:

I met with Steven Hill, and he accepts all six of the amendments. We want to add a clarification in regard to the second proposed amendment. The clarification is for areas within Clark County or Washoe County defined by the U.S. Department of Agriculture (USDA) as rural to be eligible for certain programs. We would like to add that area needs to be 20 miles or more away from an area that is designated as urban. Some of the qualifications look like it may pull in some suburbs, which is not the intent. The intent is for it to be separate from an urban metropolitan area.

STEVEN D. HILL (Director, Office of Economic Development, Office of the Governor):

To make sure it is clear, the 20-mile boundary around an urban area would be an urban area in Nevada, not an urban area from a different state.

SENATOR KIECKHEFER:

For clarity, Laughlin is more than 20 miles outside of the designated urban area of Clark County. I do not know where the boundary starts and stops.

MR. HILL:

Beyond the boundary of an urban area would set those boundaries basically in a desert area around both major metropolitan areas. The concept behind the 20 miles would avoid the question whether a company should build on this side of the boundary or that side of the boundary.

SENATOR KIECKHEFER:

Is Boulder City designated rural by the USDA?

MR. HILL:

Boulder City would be considered rural by USDA standards. However, the City would be excluded by that boundary of 20 miles.

SENATOR KIECKHEFER:

Because Boulder City is within 20 miles of that boundary.



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MR. HILL:  
Yes, it is.

CHAIR RATTI:  
To follow up, is Storey County, where the Tahoe Regional Industrial Center is located, the same thing because it is within 20 miles and would not be considered rural?

MR. HILL:  
This amendment would not apply to Storey County as it is considered a rural county.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED S.B. 442.

SENATOR FORD SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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CHAIR RATTI:  
Our last work session is S.B. 508.

**SENATE BILL 508**: Imposes an excise tax on sales of marijuana and related products by a retail marijuana store. (BDR 32-976)

MR. REEL:  
This was brought forward by the Senate Committee on Revenue and Economic Development on behalf of the Office of Finance in the Office of the Governor and heard on April 6. I will read the work session document ([Exhibit L](#)).

CHAIR RATTI:  
This is the Governor's bill that enables his budget. I would like to re-refer with no recommendation. You will recall in the presentation we are working on a streamlined structure. This bill does not accomplish the streamlined structure but does accomplish the 10 percent excise tax for the Distributive School Account. We would like to keep it alive and move it over to the Senate Finance Committee while we work on the rest of the structure.

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SENATOR FORD MOVED TO RE-REFER S.B. 508 TO THE SENATE  
COMMITTEE ON FINANCE.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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CHAIR RATTI:

Seeing no public comment, the meeting is adjourned at 4:40 p.m.

RESPECTFULLY SUBMITTED:

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Lex Thompson,  
Committee Secretary

APPROVED BY:

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Senator Julia Ratti, 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	3		Attendance Roster
S.B. 281	C	6	Joe Reel	Work Session Document
S.B. 343	D	6	Joe Reel	Work Session Document
S.B. 352	E	2	Joe Reel	Work Session Document
S.B. 352	F	10	Joe Reel	Proposed Amendment 3731
S.B. 379	G	1	Joe Reel	Work Session Document
S.B. 414	H	5	Joe Reel	Work Session Document
S.B. 439	I	11	Joe Reel	Work Session Document
S.B. 439	J	1	Joe Reel	Proposed Amendment
S.B. 442	K	15	Joe Reel	Work Session Document
S.B. 508	L	1	Joe Reel	Work Session Document