

ASSEMBLY BILL NO. 444—COMMITTEE ON TAXATION

MARCH 25, 2019

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Referred to Committee on Legislative Operations and Elections

SUMMARY—Creates the Legislative Committee on Tax Expenditures and Incentives for Economic Development. (BDR 17-767)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

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AN ACT relating to legislative affairs; creating the Legislative Committee on Tax Expenditures and Incentives for Economic Development; setting forth the composition and administration of the Committee; prescribing the powers and duties of the Committee; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

**Section 5** of this bill creates the Legislative Committee on Tax Expenditures and Incentives for Economic Development and prescribes the appointment of its membership. **Section 6** of this bill sets forth requirements for meetings of the Committee and provides that members serve without per diem allowances, travel expenses or any other compensation.

Existing law requires the Board of Economic Development to review and evaluate all programs of economic development in Nevada and to make recommendations to the Legislature for legislation to improve the effectiveness of those programs in implementing the State Plan for Economic Development. (NRS 231.037) **Section 7** of this bill requires the Legislative Committee on Tax Expenditures and Incentives for Economic Development to: (1) identify and evaluate all incentives for economic development in this State; (2) determine whether the businesses receiving abatements are complying with the statutes specifying requirements for wages and health care; and (3) provide the Legislature with a report concerning its activities. **Section 8** of this bill authorizes the Committee to evaluate, review and comment on tax expenditures and to make recommendations for the addition, modification or elimination of a tax expenditure or incentive for economic development.



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** Chapter 218E of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 8, inclusive, of this act.

**Sec. 2.** *As used in sections 2 to 8, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 and 4 of this act have the meanings ascribed to them in those sections.*

**Sec. 3.** *“Committee” means the Legislative Committee on Tax Expenditures and Incentives for Economic Development.*

**Sec. 4.** *“Tax expenditure” has the meaning ascribed to it in NRS 360.137.*

**Sec. 5. 1.** *The Legislative Committee on Tax Expenditures and Incentives for Economic Development, consisting of six legislative members, is hereby created. The membership of the Committee consists of:*

*(a) Two members of the Senate appointed by the Majority Leader of the Senate;*

*(b) One member of the Senate appointed by the Minority Leader of the Senate;*

*(c) Two members of the Assembly appointed by the Speaker of the Assembly; and*

*(d) One member of the Assembly appointed by the Minority Leader of the Assembly.*

*➤ In making appointments pursuant to this subsection, first preference must be given to members of the standing committees of the Legislature with primary jurisdiction over matters relating to taxation and second preference to members of the standing committees of the Legislature with primary jurisdiction over matters relating to budgets and finances.*

**2.** *The Majority Leader of the Senate and the Speaker of the Assembly shall jointly select the Chair and Vice Chair of the Committee from among the members of the Committee, with first preference given to members who are members of the standing committees of the Legislature with primary jurisdiction over matters relating to taxation, if any, and second preference to members who are members of the standing committees of the Legislature with primary jurisdiction over matters relating to budgets and finances, if any. After the initial selection, each Chair and Vice Chair holds office for a term of 2 years commencing on July 1 of each odd-numbered year. The office of Chair of the Committee must alternate each biennium between the Houses. If a vacancy occurs in the office of Chair or Vice Chair, the vacancy*



1 *must be filled in the same manner as the original selection for the*  
2 *remainder of the unexpired term.*

3 *3. The Legislative Commission shall review and approve the*  
4 *budget and work program for the Committee and any changes to*  
5 *the budget or work program.*

6 *4. Any member of the Committee who is not a candidate for*  
7 *reelection or who is defeated for reelection continues to serve after*  
8 *the general election until the next regular or special session*  
9 *convenes.*

10 *5. A vacancy on the Committee must be filled in the same*  
11 *manner as the original appointment for the remainder of the*  
12 *unexpired term.*

13 *Sec. 6. 1. Except as otherwise ordered by the Legislative*  
14 *Commission, the members of the Committee shall meet not earlier*  
15 *than November 1 of each odd-numbered year and not later than*  
16 *August 31 of the following even-numbered year at the times and*  
17 *places specified by a call of the Chair or a majority of the*  
18 *Committee.*

19 *2. The Director or his or her designee shall act as the*  
20 *nonvoting recording Secretary of the Committee.*

21 *3. Four members of the Committee constitute a quorum, and*  
22 *a quorum may exercise all the power and authority conferred*  
23 *upon the Committee.*

24 *4. Members of the Committee serve without per diem*  
25 *allowances, travel expenses or any other compensation.*

26 *Sec. 7. The Committee shall:*

27 *1. Meet at least once each biennium to review the most recent*  
28 *tax expenditure report submitted by the Executive Director of the*  
29 *Department of Taxation pursuant to NRS 360.137.*

30 *2. Review any other reports submitted to the Legislature*  
31 *relating to tax expenditures and incentives for economic*  
32 *development.*

33 *3. Identify all incentives for economic development provided*  
34 *for by law in this State, including, without limitation, tax*  
35 *incentives, grants, loans and initiatives for workforce*  
36 *development.*

37 *4. Evaluate and review each incentive for economic*  
38 *development identified pursuant to subsection 3 at least once every*  
39 *6 years. The Committee shall examine, review and comment on,*  
40 *without limitation:*

41 *(a) The purpose, intent or goal of the incentive for economic*  
42 *development.*

43 *(b) Whether the incentive for economic development is*  
44 *accomplishing its purpose, intent or goal.*



(c) Whether there is a more effective method to achieve the goal of the incentive for economic development.

(d) The cost of the incentive for economic development to the State, including, without limitation, administrative costs and lost revenue.

(e) The impact of the incentive for economic development on the revenues of and services provided by local governments.

(f) The economic and fiscal impact of the incentive for economic development, including, without limitation:

(1) The extent to which the incentive changes business behavior;

(2) The results of the incentive for the state and local economies, including, without limitation, both positive direct and indirect impacts and any negative impacts on businesses in this State; and

(3) A comparison to the results of other incentives or programs for economic development with similar goals.

(g) Any other matters that, in the determination of the Committee, concern incentives for economic development in this State.

5. Evaluate all available information to determine whether the businesses receiving abatements are complying with the wage and health-care requirements provided by law.

6. On or before January 15 of each odd-numbered year, submit to the Director for transmittal to the Legislature a report concerning the activities of the Committee during the applicable legislative interim. The Committee shall present its findings to the standing committees of the Legislature with primary jurisdiction over matters relating to taxation during the next regular session of the Legislature.

**Sec. 8. The Committee may:**

1. Evaluate, review and comment upon any tax expenditure within the State, including, without limitation:

(a) The purpose, intent or goal of the tax expenditure.

(b) The intended beneficiaries of the tax expenditure.

(c) Whether the tax expenditure is accomplishing its purpose, intent or goal.

(d) The manner in which the tax expenditure compares to similar tax expenditures in other states.

(e) Whether there are other tax expenditures in this State that have the same or a similar purpose, intent or goal as the tax expenditure being reviewed and the manner in which the two tax expenditures are coordinated, including, without limitation, whether the coordination between the two tax expenditures could



1 *be improved or if there are any redundancies that could be*  
2 *eliminated.*

3 *(f) Whether the evaluation of the tax expenditure is hindered*  
4 *by the unavailability of certain data.*

5 *(g) The cost and benefit of the tax expenditure, including,*  
6 *without limitation, administrative costs and lost revenue of the*  
7 *State and local governments, and an evaluation of the extent to*  
8 *which the tax expenditure is a cost-effective use of resources*  
9 *compared to other methods of accomplishing the same purpose or*  
10 *goal.*

11 *(h) Opportunities to improve the effectiveness of the tax*  
12 *expenditure.*

13 *2. Contract with private consultants or academic institutions*  
14 *to complete the reviews provided for by this section and section 7*  
15 *of this act.*

16 *3. Request that the Legislative Counsel Bureau assist in the*  
17 *research, investigations, hearings and reviews of the Committee.*

18 *4. Request that a representative of the Office of Economic*  
19 *Development within the Office of the Governor or a representative*  
20 *of the Office of Energy within the Office of the Governor appear*  
21 *before the Committee and provide information on programs for*  
22 *economic development, including, without limitation:*

23 *(a) The number of entities applying or approved for a*  
24 *particular program for economic development;*

25 *(b) The number of entities approved for a particular incentive*  
26 *for economic development;*

27 *(c) The number of entities who have used a particular*  
28 *incentive for economic development; and*

29 *(d) The projected and actual benefits of the programs for*  
30 *economic development in this State.*

31 *5. Request books, papers, records and other information from*  
32 *state or local governmental agencies, including, without*  
33 *limitation, the Nevada System of Higher Education.*

34 *6. Apply for any available grants and accept any gifts, grants*  
35 *or donations to assist the Committee in carrying out its duties.*

36 *7. Make recommendations to the Legislature concerning the*  
37 *addition, elimination or modification of tax expenditures and*  
38 *incentives for economic development.*

39 **Sec. 9.** NRS 218A.655 is hereby amended to read as follows:  
40 218A.655 1. Except as otherwise provided in NRS 218A.645  
41 **and section 6 of this act**, each Legislator is entitled to receive an  
42 allowance for travel in the transaction of legislative business  
43 authorized by specific statute or the Legislative Commission,  
44 whether within or outside of the municipality or other area in which  
45 the Legislator's principal office is located. Transportation must be



1 by the most economical means, considering total cost, time spent in  
2 transit and the availability of state-owned automobiles. The  
3 allowance is:

4 (a) If the travel is by private conveyance, the standard mileage  
5 reimbursement rate for which a deduction is allowed for the  
6 purposes of federal income tax.

7 (b) If the travel is not by private conveyance, the actual amount  
8 expended.

9 2. Claims for expenses made pursuant to this section must be  
10 paid from the Legislative Fund unless otherwise provided by  
11 specific statute. A claim for travel expenses must not be paid unless  
12 the Legislator submits a signed statement affirming:

13 (a) The date of travel; and

14 (b) The places of departure and arrival and, if the travel is by  
15 private conveyance, the actual miles traveled. If the travel is not by  
16 private conveyance, the claim must include a receipt or other  
17 evidence of the expenditure.

18 **Sec. 10.** The provisions of subsection 1 of NRS 218D.380 do  
19 not apply to any provision of this act which adds or revises a  
20 requirement to submit a report to the Legislature.

21 **Sec. 11.** This act becomes effective upon passage and  
22 approval.

