

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

**Eightieth Session
May 9, 2019**

The Committee on Taxation was called to order by Chair Dina Neal at 4:09 p.m. on Thursday, May 9, 2019, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 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/80th2019.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Dina Neal, Chair
Assemblywoman Ellen B. Spiegel, Vice Chair
Assemblywoman Shea Backus
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Lesley E. Cohen
Assemblyman Chris Edwards
Assemblyman Gregory T. Hafen II
Assemblyman Al Kramer
Assemblywoman Susie Martinez

COMMITTEE MEMBERS ABSENT:

Assemblyman Edgar Flores (excused)
Assemblywoman Heidi Swank (excused)

GUEST LEGISLATORS PRESENT:

Senator David Parks, Senate District No. 7

STAFF MEMBERS PRESENT:

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



OTHERS PRESENT:

None

Chair Neal:

[Roll was taken and Committee rules and protocol were reviewed.] We are going to hear Senate Bill 465 (1st Reprint), then do the work session. I will ask Senator Parks to the table.

**Senate Bill 465 (1st Reprint): Revises provisions relating to redevelopment areas.
(BDR 22-1159)**

Senator David Parks, Senate District No. 7:

Today I am being channeled by former Senator—now County Commissioner—Tick Segerblom. Senate Bill 465 (1st Reprint) is a bill Mr. Segerblom asked me to introduce and request. Unfortunately, Mr. Segerblom is unable to testify today.

Senate Bill 465 (1st Reprint) revises provisions relating to redevelopment authorities. This bill authorizes a redevelopment agency to adopt a resolution requiring that property taxes attributable to certain tax rates, levied for public schools in a county, be allocated to the county school district, such that the redevelopment agency would not receive any portion of the property taxes that would be attributable to such a tax rate.

The Community Redevelopment Law of Nevada [*Nevada Revised Statutes* (NRS) Chapter 279] authorizes the legislative body of a city or county to declare the need for a redevelopment agency to function in the community. The Community Redevelopment Law grants a redevelopment agency certain powers and duties with regard to the elimination of blight in a redevelopment area in the community.

Under existing law, the property taxes levied on taxable property located in a redevelopment area that exceed a certain calculated amount are required to be allocated specifically for the redevelopment agency to pay certain costs related to redevelopment within the redevelopment area. This bill authorizes a redevelopment agency to adopt a resolution requiring that property taxes attributable to certain tax rates levied for the public schools in the county be allocated to the county school district such that the redevelopment agency would not receive any portion of the property taxes attributable to such tax rates. That concludes my prepared comments. I would be happy to answer any questions or discuss redevelopment authorities if it is the pleasure of the Committee.

Assemblyman Kramer:

I see where it says any excess would be given to the school district, but I do not think it says whether it is the school district's operating funds or facilities capital fund. Is there a specification on that?

Senator Parks:

There is nothing stated in this bill; however, it is my understanding it would be apportioned to the various taxing accounts within. As we all know, there are operating funds, and in most counties there is also capital improvement allocation. It would simply follow what is already established within a specific county.

Assemblyman Edwards:

What would happen if the funding formula gets changed and we are not allowed to earmark funds in this manner?

Senator Parks:

These numbers would likely change on an annual basis. We understand when you create a redevelopment district, in effect you freeze the taxes that are generated for property tax purposes, and anything that is generated above that level goes toward the redevelopment authority. Commissioner Segerblom wanted to promote redevelopment areas within Clark County—which at this point does not have any—and ensure school districts are kept whole. These rates would fluctuate with the established rates that would be approved on an annual basis. It is on a year-by-year basis. The amount of the revenue would fluctuate.

Assemblywoman Benitez-Thompson:

I really like the intent of this bill. In section 1, subsection 8 [page 5], when we are talking about the excess amount, I want to ensure I understand this correctly. We have the assessed value in the redevelopment area, and the excess amount would be what comes in above the value that was initially assessed. Is that correct?

Senator Parks:

It does say that the agency may adopt a resolution, and I emphasis "may," providing that the portion of the taxes in excess of the amount set forth in section 1, subsection 1, paragraph (a), that is attributable to any tax rate levied by a taxing agency—then it gives other citations—if that rate was approved by a majority of the registered voters within the area of the taxing agency voting upon the question, must be allocated to, and when collected paid into, the appropriate fund of that taxing agency.

As I read this, it is pretty much general boilerplate. I know there are other individuals sitting on the dais who could probably confirm that.

Russell Guindon, Principal Deputy Fiscal Analyst:

Senator Parks is correct. When I read this, the taxing agency would be the school district. The rates in NRS Chapter 387 that are being cited are school district rates, which is the intent of the bill. Section 1, subsection 8, paragraph (a) are debt rates for capital projects. Section 1, subsection 8, paragraph (b), NRS 387.195; from memory that is the 75-cent rate that is the operating rate, and that is part of the K-12 school funding. Those would be the two rates.

As Senator Parks has pointed out, any of the excess over the base that is established when a redevelopment agency is created would not go to the redevelopment agency. It would go to the school district, go back to the debt rate, and go back to the operating rate.

Assemblywoman Benitez-Thompson:

I am tying a couple of things together to ensure I have this right. For example, when this body authorized the extension of the City of Las Vegas's redevelopment area, we were provided a table that showed us a 30-year extension, and another table that showed us what those projected amounts would look like over the 30 years. If there is an overprojection of that—to buy down the debt service—is that the excess that flows over to the schools?

Chair Neal:

Right. If the excess has already been dedicated or committed, because they either did a bonding that maybe has a 20- or 30-year stretch, now you have a provision that could take that excess out. To me there would be a recalculation of what your debt is as well as your bonding capacity. I know section 2 says if the provisions constitute an impairment that this act cannot apply, which supposedly should be the gate or the backstop. So let us say if in 2015 they entered into a project and have already calculated that in their bond payments, they were going to have an excess of \$3 million in 2017, \$5 million in 2019, et cetera. How then does this provision, if activated, trigger that excess that is now pretty much allocated to something else come into play? It may not even be available for us, because it is being allocated to something else already—a project or a series of projects.

Senator Parks:

I think I read it the same way you do. I know typically there are guarantees built in to protect against if you commit redevelopment funds to a particular project. You are pretty well assured you will generate those funds, at least that many funds, in order to cover the debt on that redevelopment. With that, it is pretty well reading that the excess funds would not stay with the redevelopment authority as they are generated, but would be directed to school district funding.

Assemblywoman Benitez-Thompson:

Why I like this is because when we were contemplating the life of these redevelopment agencies, that realization that you are taking all these resources for local government off the table for an additional 20 to 30 years, as redevelopment agencies were kind of re-upping again. I remember it was hard having the conversation about the lost revenue to schools, and trying to balance that with what local governments wanted to do around redevelopment agencies, but being mindful of the fact that we were taking those dollars offline. I, of course, am so much of a proponent of getting those dollars back to schools for what they were purposed for.

I want to say that when we talked about the Las Vegas redevelopment and its extension, did we not contemplate a piece about the school districts? We talked so much about the school districts and I thought we said some of the capital funds could indeed not be abated.

Chair Neal:

Yes, we did. If you look at section 1, subsection 6, this is existing law. Last session we allowed the 18 percent set-aside for revenue for schools. The big debate was that they could not use it for capital. I was adamant that they could not use it for capital because there are already capital dollars out there set aside for school districts, and there is already bonding set aside for school districts. It was a heavy thing to even allow the 18 percent to be set aside, but they said because the schools within a couple miles of the redevelopment area were suffering, that it was a good role for the city to intervene in early child care and some intervention programs to use some of those dollars because it helped serve the constituents.

In this bill you are allowing them to move into capital, which in another bill last session we did not want because it is like mixing apples and oranges in regard to the school district money and the school district in their capital funds. In Clark County they have a sizable amount, or bonding, already set aside. I did not want the city to get into the business of building schools. That is not their role; that is not their job; and that is not their educational duty. So this looks like it could allow that kind of activity. I do not know if it could or not. If you are getting into their rates, and section 1, subsection 8, paragraphs (a) and (b) refer to debt and the capital operation rate, I see a crossover into the authority that we are giving them by NRS 387.3285 and NRS 387.195. Do you see that, Senator Parks?

Senator Parks:

I have to admit as you were speaking, you refreshed my memory, as did Assemblywoman Benitez-Thompson, of some of the stuff from a few years ago. I am not reading it as you are. My understanding of section 1, subsection 8, paragraphs (a) and (b), is that we are preserving what is currently—or might in the future—be put in place relative to the funding of school districts. What this bill seeks to do is not to interfere with what a school district may be doing; it is trying to preserve exactly where the school district's funding is without going into making a specific allocation. It is trying to address the future.

Chair Neal:

I understand the intent, but I guess I am still kind of nervous.

Assemblywoman Benitez-Thompson:

I need to hold a dollar figure in my head. When we are talking about excess, are we talking thousands, tens of thousands, millions?

Chair Neal:

Were there calculations, Senator Parks?

Senator Parks:

I do not believe there were any calculations made. In this particular case, the recommendation was brought forward by Clark County, which at this time is not involved in redevelopment areas, unlike the City of Las Vegas. What Commissioner Segerblom was looking to do, since there are areas of unincorporated Clark County that could easily be put into a redevelopment authority, was keep the school districts whole and any future growth, as

a result of the redevelopment area, would also generate funds that would fund school districts.

Assemblywoman Benitez-Thompson:

What I am hearing is that should redevelopment areas be expanded or come on line in the county, it would be a preservation of those dollars. Before they start abating away the farm, we will say we are going to stake our claim and hold onto these dollars.

Senator Parks:

The general rule is that whatever the valuation is for the property within the redevelopment area, if it in effect freezes with the existing property values and the growth in the property values goes toward the redevelopment authority, what Commissioner Segerblom is seeking to do is let that growth in assessed valuation that would otherwise be attributable to school districts continue flowing to the school districts, and the school districts would spend those dollars as has been approved by their tax rate.

There was an amendment placed on the bill and the intent there was to clarify the provisions of this bill would not apply to the extent that provisions might also constitute the impairment on the right of debt holders. This is just kind of one of those safety valves that if for some reason something popped up it would address those and protect the existing rights and avoid any impairment of existing debt commitments.

Chair Neal:

Was that amendment uploaded or was this an amendment that happened on the Senate side? I do not have anything on our side.

Senator Parks:

It did happen on the Senate side. The proposed amendment was submitted by the Senate Committee on Government Affairs. Unfortunately, I do not see who submitted it and brought it forward to the Committee.

Chair Neal:

So it is part of the 1st Reprint?

Senator Parks:

Yes.

Chair Neal:

I will open the hearing for those in support. Is there anyone who wishes to testify in support of S.B. 465 (R1), here or in Las Vegas? [There was no one.] Is there anyone who wishes to testify in opposition to S.B. 465 (R1)? [There was no one.] Is there anyone who wishes to testify neutral on S.B. 465 (R1)? [There was no one.] Senator Parks has no closing remarks. I will close the hearing on S.B. 465 (R1) and open the work session for Senate Bill 62.

Senate Bill 62: Revises provisions relating to manufacturers and wholesale dealers of tobacco products. (BDR 32-424)

Michael Nakamoto, Deputy Fiscal Analyst:

The first bill on today's work session is Senate Bill 62, which was heard in this Committee on April 18, 2019, and was sponsored by the Senate Committee on Revenue and Economic Development on behalf of the Office of the Attorney General ([Exhibit C](#)).

Senate Bill 62 makes various changes to *Nevada Revised Statutes* (NRS) Chapter 370, which governs tobacco, by revising provisions of current law related to brand families of cigarettes to also include "styles of cigarettes" for the purposes of enforcement of the Tobacco Master Settlement Agreement (MSA). These changes include:

- Revising the definition of contraband tobacco products to include any style of cigarette that is not listed in the Nevada Tobacco Directory.
- Requiring a manufacturer of tobacco products to indicate its styles of cigarettes in the certification submitted to the Department of Taxation and the Attorney General under current law.
- Requiring the Department of Taxation to include styles of cigarettes in the Nevada Tobacco Directory required to be maintained under current law.
- Specifying that the authority of the Attorney General to seek a civil penalty for certain violations under current law, also applies to any violations of the regulations adopted pursuant thereto.
- Specifying that certain unlawful acts related to a brand family also apply to a style of cigarettes.
- Specifying that both participating manufacturers and nonparticipating manufacturers in the MSA are subject to civil penalties for the failure to comply with the provisions of NRS Chapters 370 or 370A.

There are no amendments to the bill. I would be happy to answer any questions.

Chair Neal:

Members, are there any questions on the work session document? [There were none.] I will entertain a motion to do pass S.B. 62.

ASSEMBLYWOMAN MARTINEZ MOVED TO DO PASS
SENATE BILL 62.

ASSEMBLYWOMAN SPIEGEL SECONDED THE MOTION.

Is there any discussion on the motion?

Assemblyman Kramer:

I am opposed to this. I do not see a reason why we need to combine both of these—other tobacco products and cigarettes into the same chapter of NRS. I think some of the rules are wrong and should not happen, specifically other tobacco products requiring someone to hold an inventory of something that could be expired. Therefore, I am a no on this.

Chair Neal:

Assemblyman Kramer, you are talking about Senate Bill 81; we are voting on S.B. 62. This one is for styles. Do you rescind your no?

Assemblyman Kramer:

Yes.

Chair Neal:

Is there any other discussion on the motion? [There was none.]

THE MOTION PASSED. (ASSEMBLYMEN FLORES AND SWANK
WERE ABSENT FOR THE VOTE.)

I will assign the floor statement to Assemblyman Edwards. Senate Bill 410 will be heard next week.

**Senate Bill 410: Revises provisions relating to incentives for economic development.
(BDR 32-881)**

I will open the hearing for public comment. [There was none.] We are adjourned [at 4:38 p.m.].

RESPECTFULLY SUBMITTED:

Gina Hall
Committee Secretary

APPROVED BY:

Assemblywoman Dina Neal, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is the Work Session Document for Senate Bill 62, dated May 9, 2019, presented by Michael Nakamoto, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.