

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

**Eightieth Session  
April 30, 2019**

The Senate Committee on Revenue and Economic Development was called to order by Chair Marilyn Dondero Loop at 1:41 p.m. on Tuesday, April 30, 2019, in Room 2134 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 and to Room 125, McMullen Hall, Great Basin College, 1500 College Parkway, Elko, 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 Marilyn Dondero Loop, Chair  
Senator Julia Ratti, Vice Chair  
Senator David R. Parks  
Senator Ben Kieckhefer  
Senator Heidi Seevers Gansert

**GUEST LEGISLATORS PRESENT:**

Assemblywoman Lesley E. Cohen, Assembly District No. 29  
Assemblyman Al Kramer, Assembly District No. 40

**STAFF MEMBERS PRESENT:**

Russell Guindon, Principal Deputy Fiscal Analyst  
Joe Reel, Deputy Fiscal Analyst  
Barbara Williams, Committee Secretary

**OTHERS PRESENT:**

Marilyn M. Mora, President/CEO, Reno-Tahoe International Airport  
Jodi Stephens, Reno-Tahoe Airport Authority  
Jim Foster, Manager, Elko Regional Airport  
Peter Guzman, President/CEO, Latin Chamber of Commerce, Nevada, Inc.  
David Dazlich, Las Vegas Metro Chamber of Commerce  
Ann Silver, CEO, Reno Sparks Chamber of Commerce

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Elisa Cafferata, Planned Parenthood Votes Nevada  
Tom Clark, Nevada Outdoor Business Coalition  
Patricia Herzog, Office of Economic Development, Office of the Governor  
Richard Stokes, Superintendent, Carson City School District  
Andrew Feuling, Director of Fiscal Services, Carson City School District  
Ray Bacon, Nevada Manufacturers Association

CHAIR DONDERO LOOP:

I will open the hearing on Assembly Bill (A.B.) 242.

**ASSEMBLY BILL 242 (2nd Reprint)**: Makes various changes relating to regional commercial air service in this State. (BDR 18-1024)

ASSEMBLYWOMAN LESLEY E. COHEN (Assembly District No. 29):

Nevada is a large state, and some Nevadans must travel long distances to access healthcare, government, education and entertainment. Fortunately, air service connects Reno and Las Vegas, the two largest population centers. Unfortunately, the State does not have the same connectivity between the large population centers and rural areas.

Assembly Bill 242 seeks to connect the economic and cultural centers of the Silver State by encouraging expansion of air service to underserved areas. Elko residents' only flight option is to Salt Lake City, Utah. The bill seeks to create the Nevada Air Service Development (NASD) Commission and the Nevada Air Service Development Fund. The Commission will be comprised of members of the Governor's Office of Economic Development (GOED), the Commission on Tourism and the Department of Tourism and Cultural Affairs. The NASD Commission would be authorized to accept monetary gifts, grants and donations from any source. The bill outlines how the NASD Fund is to be managed and authorizes the Commission to award grants of money from the Fund to air carriers that meet certain requirements.

The creation of the Fund will allow Elko to capture the air traffic now leaving the State. This includes international Las Vegas tourists who are looking for a cowboy experience. They travel to Elko to wear cowboy hats and boots, and to help herd cattle on horseback. They want to have dinner from a chuck wagon by a campfire. To access these ranches, the tourists fly from Las Vegas to Salt Lake City and then to Elko. It is our goal to provide our visitors with direct access to these authentic Nevada experiences.

In addition to adding access for tourists, a flight from Las Vegas or Reno to Elko will assist both business and nonprofit communities. Whether it is State employees, executives, healthcare providers or nonprofit representatives, opening the rural market to our urban commuters will improve how government and business operate.

MARILY M. MORA (President/CEO, Reno-Tahoe International Airport):

I am speaking in support of A.B. 242. The NASD Commission and Fund will provide better air service connections to all parts of Nevada, increasing the quality of life for the State's residents, helping spur economic development and increasing the attraction of visitors.

The Commission will be comprised of the Executive Director of GOED, or a designee, and members of the Commission on Tourism. The Commission will work with both small hub airports like Reno-Tahoe International Airport (RTIA) and nonhub airports like Elko Regional Airport to commence and continue air service in some of the smaller airports across Nevada. Assembly Bill 242 creates the mechanism for funding air service within the State.

To attract and maintain air service today, a community must offer risk mitigation to air carriers to serve routes from small hub and regional airports. Today, RTIA is in competition with 400 other commercial airports nationwide, all fighting to land the same airlines and same flights for their communities.

No matter how much our mining industry, medical community, bankers and families need these flights, the airlines need to make money for it to work. If we do not financially support flights for our small communities, carriers will fly somewhere else where the money is available.

The mechanics of the process are that a tourism or development organization, a chamber of commerce or an organization formed to encourage increased air service in this State would apply for funding for an air service opportunity. The air carrier that receives the funding will enter into a written agreement with the NASD Commission. The agreement will usually stipulate the air service has a minimum amount of days served. For example, it might be four days a week between Reno and Elko and three days a week between Elko and Las Vegas. The agreement could also stipulate the type of aircraft to be used, with the most likely choice for this type of service being a regional jet with 30 seats. The NASD Commission would evaluate applications with a key criteria being that the

air service route has a reasonable chance of success and would be sustainable without grant funding in the future. The funds would be to guarantee the airline on an agreed amount of revenue per flight with stated operational costs for the flight. These might be stipulated as a quarterly round-trip average.

The agreement can be specific about things such as audit rights, termination clauses and established conference calls between the airline and Nevada Air Service Development Commission for regular check-ins. The idea of the NASD Commission emerged a number of years ago when it was observed that states were helping to secure air service to underserved areas. A good example is Wyoming. In 2003, the Wyoming State Legislature created the Air Service Enhancement Program. Since the inception of this program, all of Wyoming's communities with commercial airports have participated and over \$29 million has been granted. A study completed in 2016 on the Wyoming program showed that for the \$21 million invested for 60 grants over a 12-year period, there was an average return of \$24 of economic benefit for every \$1 invested.

According to an economic impact study by the University of Nevada, Reno, for A.B. 242, the State's investment will generate a return of 128.8 percent. The total economic impact of four flights per week between Reno and Elko and three flights per week between Las Vegas and Elko would be \$6.4 million annually. It would also add the equivalent of 41.8 full-time jobs to Nevada.

In conclusion, A.B. 242 is an important solution to the problem of connecting the population centers throughout our vast State. It offers a cost-effective approach which will bring a return on investment. The bill will connect our State by air in new ways while enhancing the quality of life in rural Nevada.

SENATOR KIECKHEFER:

My understanding of air service development is that assistance is provided to mitigate risk for the carrier while it develops a new route. This seems somewhat different.

Ms. MORA:

You have the right concept. We are talking about opening up the market in rural Nevada. To get a carrier to consider a route between Elko and Las Vegas or Reno, we would have to mitigate its risk until the route became successful.

SENATOR KIECKHEFER:

How long does support have to underlie a route before a decision is made about its success?

MS. MORA:

A year is typical.

JODI STEPHENS (Reno-Tahoe Airport Authority):

The original legislation contained an appropriation request of \$2 million. That has been amended out of the bill. We want to get the Commission in place with the hope of future funding. The original bill stipulated additional funding would be returned to the State and the mitigation would be short-term. The mitigation could not be used to lower rates, it specifically had to be mitigation for the empty seats.

JIM FOSTER (Manager, Elko Regional Airport):

Please forgive my physical absence at this meeting. Due to the short notice of the meeting, I was unable to make it to Carson City. The round trip takes approximately 10 hours driving time. I bring this up for a reason; if we had additional air service from Elko to Reno, I could have made the trip on short notice. By air, my only option from Elko is to first fly to Salt Lake City and then to Reno. The air travel time would be 5 hours at a cost of \$988. From Elko, the drive time to Reno is four hours and to Las Vegas is eight hours.

I would like to mention the community of Elko is in support of A.B. 242. We submitted more than 90 letters of support ([Exhibit C](#)) to the Assembly when it was heard in the Assembly Committee on Taxation.

The City of Elko and the Elko Regional Airport support A.B. 242 to create this Commission. Although there is no funding in place, we are still in support of the creation of the Commission to monitor future funding opportunities. The Commission will ensure commercial air service to our State for years to come. By passing this legislation, you are building the foundation for future air service development for our State and ensuring economic and tourism growth for all our communities, not just Elko.

Historical data has shown Elko can support additional air service to Reno and Las Vegas. The airport continues to experience growth through our enplanement numbers, which are increasing yearly. Not only will expanded air service

increase options for business travelers, it will provide additional tourism revenue to our rural communities. When Elko had air service to the Reno market, we had over 33,000 enplanements per year.

It is always the goal to expand commercial air service at our airports. We want to provide that to our communities. Small airports such as Elko cannot entice airlines to serve our community without some sort of guarantee. There are a few options in place, such as Essential Air Service (EAS) grants and the Small Community Air Service Development Program (SCASDP), both administered through the U.S. Department of Transportation. Elko does not qualify for the EAS program due to having current commercial service. The SCASDP awards only 16 grants per year. Our options are limited. Passage of A.B. 242 would give us another opportunity to attract additional air service. I emphasize we are not looking to replace our current air service provider. We are looking to provide more options within our State.

Elko hosts some amazing events through the year, including the National Basque Festival, National Cowboy Poetry Gathering, Elko Mining Expo and the Silver State Stampede, the oldest rodeo in Nevada. These events attract visitors from all over. Additional air service would increase attendance to these events by giving the traveling public the option to fly into Elko.

CHAIR DONDERO LOOP:

Is there an appropriation request within the bill?

MS. STEPHENS:

No, the appropriation request was removed by amendment. We retained the ability for the Fund to accept grants.

SENATOR SEEVERS GANSERT:

Is this similar to what was done for the RTIA? It seems that effort has been successful in bringing in some additional carriers.

MS. MORA:

The airport itself cannot do risk mitigation due to Federal Aviation Administration regulations. The Regional Air Service Corporation's mission is to expand service options to RTIA specifically, and they have done so. Their mission would not extend to Elko, and that is why this bill is so vital to connecting rural Nevada. It is important to get the mechanism in place should

there be funds available in the future. Trends in the industry show states are helping with air service expansion.

SENATOR SEEVERS GANSERT:

I was using RTIA as an example of business partners and organizations buying in to expand service until it is established and enough seats filled that the carrier can continue without risk mitigation.

PETER GUZMAN (President/CEO, Latin Chamber of Commerce, Nevada, Inc.):

We support A.B. 242. We view it as an economic development tool and an opportunity to bring communities together.

DAVID DAZLICH (Las Vegas Metro Chamber of Commerce):

We are here in support of this bill. This important economic development tool will help foster tourism and connect Nevada's rural communities with the workforces in Reno and Las Vegas.

ANN SILVER (CEO, Reno Sparks Chamber of Commerce):

The Chamber is the largest business organization in northern Nevada, representing 1,700 businesses that employ over 75,000 residents. I urge you to support A.B. 242 which will enable the NASD Fund to restore round-trip flights from Elko to Reno and Las Vegas. Among our members are many that procure or sell products in Elko whose owners and operators visit Elko or pass through Elko on their way east. The road trip is a long one, and radio service is spotty. We are a small State that is growing rapidly, so we need efficient travel options to maintain our vital business and tourism economy. Jobs will be created with business and tourism expenditures. Trips to Reno and Las Vegas will no longer be a rarity for students, national and international visitors, conference attendees and cowboy poets. I know I speak for the Elko Chamber of Commerce in encouraging this Committee to approve funding for air service which will connect our communities. These flights, which will make Elko a one-day, round-trip destination, will make intrastate business and tourism a profitable commercial reality.

ELISA CAFFERATA (Planned Parenthood Votes Nevada):

I want to share a personal healthcare story. My nephew was born in Fallon with spina bifida and had to use Care Flight with his mother to seek medical attention. The rest of the family had to follow by automobile. That is not too bad from Fallon, but if the same situation happened in Elko, these flights would

be crucial. Better air service in the rural areas will have an impact from a healthcare perspective, so we support A.B. 242.

TOM CLARK (Nevada Outdoor Business Coalition):

We like when people drive and see the vast beauty of our State, but, sometimes, you have to fly. We support A.B. 242.

PATRICIA HERZOG (Office of Economic Development, Office of the Governor):

I am testifying in neutral for A.B. 242. We see this as a key tool for economic development throughout the rural areas.

ASSEMBLYWOMAN COHEN:

I have a real passion for outdoor recreation in Nevada, and outdoor recreation was my first thought when this bill was brought to me. But there are also thousands of Chinese tourists who come to Elko every year. I do not want them going to Salt Lake City, I want them to stay in Nevada and spend their money here.

It is not just recreation and tourism, it is also industry and health care. I talked to a dentist who travels from Reno to Elko every week to see patients. I also heard about individuals who go to Salt Lake City for health care. There are so many ways in which Nevada benefits if we connect Elko to the rest of the State.

CHAIR DONDERO LOOP:

I will close the hearing on A.B. 242 and open the hearing on A.B. 244.

**ASSEMBLY BILL 244 (1st Reprint)**: Allows the imposition of rate increases for certain taxes in a county to fund capital projects of the school district based on the recommendations of an advisory committee and voter approval. (BDR S-1008)

ASSEMBLYMAN AL KRAMER (Assembly District No. 40):

I will walk you through the bill. Section 1, subsection 1 provides that the board of trustees of a school district may establish an advisory committee to recommend the increase of the rate of certain taxes. The bill excludes counties authorized to impose the tax on residential construction. This leaves only Clark County, Washoe County and Carson City. The bill further excludes a school district which established a Public Schools Overcrowding and Repair



Needs Committee, thereby excluding Washoe County. Lastly, it excludes counties in which there is imposed for the benefit of the school district a tax on the gross receipts from the rental of transient lodging or a tax on transfers of real property, thereby excluding Clark County. Essentially, A.B. 244 applies only to Carson City.

The advisory committee provided for in section 1 represents a variety of interests within the community, including seniors, veterans, low-income persons, businesses and realtors. Members of the committee must be residents of the county. If there is a vacancy, it must be filled within 30 days. Section 1, subsection 4 provides that the first meeting of the committee will be held upon the call of the superintendent of schools and that a chair will be elected at that first meeting. A majority of the committee constitutes a quorum, and the superintendent of schools shall provide administrative support.

Section 2, subsection 1 provides for the activity of the committee: to prepare recommendations and submit the recommendations to the board of trustees of the school district. The board may submit the recommendations of the advisory committee to the board of county commissioners of the county. Subsection 2 provides that the board of county commissioners may, at the next election, submit a question to the voters asking whether any of the recommended tax rate increases should be imposed. There is a series of "mays" in this bill; there are no required "shalls."

The question, if posed to the voters, must specify the proposed tax rates and the periods for which each of the recommended tax rate increases will be imposed. There must be an end date. If the recommended tax rate increase is for property tax, it must specify that it is exempt from the partial abatement. Subsection 3 provides that, if the voters approve the question, the county commissioners shall impose the rate increase.

Section 4 requires the proceeds of an approved tax rate increase be deposited in the school district's fund for capital projects. Such proceeds can be used for payment of principal and interest on a bond but may not be used for labor disputes or to adjust salaries or benefits. It is for capital needs only. Section 5 provides the act becomes effective upon passage and approval, and expires by limitation on April 2, 2022.

In the early 1990s, Carson City School District (CCSD) had \$.75 of every assessed \$100.00 valuation. Through prudent management some bonds were paid off, and the 75 cents was gradually decreased to 43 cents. The way our property tax abatements work, at some point, raising the tax does not yield much. Carson City has raised the rate to within 9 cents of the cap. Raising the tax to the cap would yield a mere \$150,000 per year. In a sense, Carson City School District is being punished for being fiscally responsible. The last school built in Carson City was in 1995. The city has seen significant growth, and we are facing some significant overcrowding in the near future.

The bill requires a lot of convincing. The advisory committee has to convince the school board, the board has to convince the county commissioners and the commissioners have to convince the voters. This is an enabling bill which gives the school district the chance to put its argument in front of the voters.

SENATOR KIECKHEFER:

This was modeled after what was ultimately a successful effort to generate capital for school construction in Washoe County, but there are some differences. Section 2, subsection 1, seems to describe which tax rate increases can be recommended. It seems limited to the Local School Support Tax (LSST) and the property tax. Washoe County included other options such as transient lodging tax and Real Property Transfer Tax (RPTT). Is there a reason you carved those taxes out?

ASSEMBLYMAN KRAMER:

Carson City is not as big as Washoe County. The number of transactions with RPTT is minimal. There are not many facilities in Carson City collecting transient lodging tax. A significant raise in either of those taxes would not yield adequate revenue. We chose to go after the two taxes which affect the most people and have the chance to raise the amount of money it takes to build a school.

SENATOR KIECKHEFER:

When Washoe County created the process to raise capital funds, the time frame was limited. The bill was passed in 2015, and the process had to be completed by April 2016 to get on the ballot. You have built an extra two years into the process. I would expect an extra two years of a community fighting with itself over a tax ballot question. Why do you need four years to get it done?

RICHARD STOKES (Superintendent, Carson City School District):

Even though we have not built a school in many years, we do have a rolling school bond fund, monitored by our Bond Oversight Committee, which has benefitted us. Every 5 years, we have access to approximately \$20 million. Our fiscal facilities are in great shape. They are modern and efficient. As Carson City grows, our schools are being taxed. We are running out of room. We are close to needing a new school, and the cost of land and construction means \$20 million will not go far.

We needed another mechanism to raise the funds. Our goal is to use our citizens to drive the decision-making process. We watched with interest the process unfold in Washoe County. The one rejection of a school bond in Carson City was in 1990, when the question was whether we should build a second high school. We are in a different time with different residents. We anticipate A.B. 244 will give us the tool we need to raise the necessary funds.

SENATOR KIECKHEFER:

Why do you not want to get it on the ballot in 2020 rather than 2022? Why would you want a community debate for three years?

MR. STOKES:

I view this extra time as a way to get the word out. We can generate a large measure of support, not only from our parents and families who are in our buildings regularly and see the need but also from our community partners. I do not see the extra time as a negative. I see it as a way to educate and discuss.

ASSEMBLYMAN KRAMER:

The way A.B. 244 is written allows us to take 18 months to get on the next ballot, but we could push it and be on the next ballot. We have the option of putting it on the ballot in 2020 or 2022. Carson City has approved a 300-unit apartment complex near Casino Fandango, and there are others coming on line as well. These sorts of things show the community how important it is to add classrooms. A snapshot of today may not illustrate how great the need is, but the development in the next two years will show that.

SENATOR KIECKHEFER:

What happens if the school board recommends a rate increase, but the board of supervisors declines to put it on the ballot? Would that be the end of it, or could

the process be restarted later? Would you have to restart the process or try to get different people elected to the board of supervisors?

ASSEMBLYMAN KRAMER:

You ask once; if you are turned down, it is over. We would have to come back to the Legislature for authorization to do it again, or ask for an LSST or property tax rate increase above the cap. If the school board cannot convince five individuals on the board of supervisors, who are in tune with what is going on in this community, that a new school is necessary, there is no way they would be able to convince the voters.

CHAIR DONDERO LOOP:

The one-time turndown worries me. Another concern is that schools are not built in a day. If you do not get voter approval until 2022, a new school may not be opened for another several years. Can Carson City wait that long?

MR. STOKES:

For many years, enrollment was relatively flat. Recently, we have started to see increased enrollment. As Assemblyman Kramer pointed out, developments are being constructed and more are planned for the future. If you choose to limit the time frame in the bill, we would simply have to take action quicker.

CHAIR DONDERO LOOP:

Many people outside Carson City do not realize how big it is. Is the CCSD enrollment near 8,000?

MR. STOKES:

Yes, it is.

SENATOR RATTI:

What capacity are your schools at now?

ANDREW FEULING (Director of Fiscal Services, Carson City School District):

At the secondary level, we are at full capacity. Carson High School and Carson Middle School are of particular concern. At the elementary level, it is a little better: 4 of the 6 elementary schools are at 95 percent capacity, 1 is over 100 percent, and 1 is below 90 percent.

SENATOR RATTI:

Are you using modular units yet?

MR. FEULING:

The primary goal of the Bond Oversight Committee for the last three bonds we have issued has been to get rid of modular buildings. We had 14 in the CCSD 8 years ago, and all were rated in poor condition. We have slowly chipped away at them, and all should be gone in the near future. However, with the community growth we anticipate, modular units would be our only option to absorb capacity.

SENATOR RATTI:

Have you done the analysis on year-round schools or split schedules? I know those are not popular topics.

MR. STOKES:

We have avoided the topic due to its unpopularity. We would have to look at those options eventually if we are unable to build new capacity.

CHAIR DONDERO LOOP:

Was Fremont Elementary School on a creative schedule?

MR. STOKES:

One school in the CCSD, just prior to the Great Recession, was on a 45-15 schedule. In an effort to economize and be more efficient, the schedule was changed to a nine-month schedule to agree with the rest of our schools.

CHAIR DONDERO LOOP:

At what capacity is Carson High School right now?

MR. FEULING:

Carson High School started the year with just over 2,300 students. The capacity is approximately 2,250.

RAY BACON (Nevada Manufacturers Association):

No one has pointed out that the Carson City Board of Supervisors and the CCSD School Board meet jointly at least once per year and often every six months. That connection between the government panel and the school board does not happen in most counties in Nevada. The provisions of A.B. 244

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will be aided by the regular communication between the two boards. Carson City Mayor Bob Crowell was previously the President of the CCSD School Board.

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CHAIR DONDERO LOOP:

Having no further business, this meeting is adjourned at 2:33 p.m.

RESPECTFULLY SUBMITTED:

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Barbara Williams,  
Committee Secretary

APPROVED BY:

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Senator Marilyn Dondero Loop, Chair

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

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	3		Attendance Roster
A.B. 242	C	96	Jim Foster / Elko Regional Airport	Letters of Support