

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

**Eightieth Session
May 2, 2019**

The Senate Committee on Revenue and Economic Development was called to order by Chair Marilyn Dondero Loop at 1:59 p.m. on Thursday, May 2, 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. [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:

Assemblyman Jason Frierson, Assembly District No. 8
Assemblywoman Dina Neal, Assembly District No. 7

STAFF MEMBERS PRESENT:

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

OTHERS PRESENT:

Chris Daly, Nevada State Education Association
Michaela Tonking, Educate Nevada Now
Annette Magnus-Marquart, Battle Born Progress
Daniel Honchariw, Nevada Policy Research Institute
Lesley Pittman, American Federation for Children
Brian Reeder, AAA Scholarship Foundation
Mike Bisceglia

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Yadira Ballo Ruiz
Rudye Lucero
Lisa Friend
John Sande, EdChoice
Keysha Newell
Steve Brown
Jaden Hairr
Landon Hairr
Aimee Hairr
Charlie Melvin, Power2Parent
Flor Morency
Mendel Levine, Executive Director, Yeshiva Day School of Las Vegas
Carissa Bisceglia
Erin Phillips, Power2Parent
Chuck Callaway, Las Vegas Metropolitan Police Department
Rich Hoggan, Chief Financial Officer, Las Vegas Metropolitan Police Department
Dawn Christensen, Nevada Resort Association
Thedrick Andres, Deputy Chief, Uniform Services Bureau, Police Department,
City of Henderson
Corey Solferino, Washoe County Sheriff's Office
Michael Ramirez, Las Vegas Police Protective Association; Law Enforcement
Coalition
Pamela Ojeda, Chief of Police, City of North Las Vegas
Rick McCann, Nevada Association of Public Safety Officers
David Dazlich, Las Vegas Metro Chamber of Commerce; Nevada Retail
Association
Eric Spratley, Nevada Sheriffs' and Chiefs' Association
Lisa Foster, City of Boulder City
Shani Coleman, City of Las Vegas
Alex Ortiz, Clark County

CHAIR DONDERO LOOP:

I will open the hearing on Assembly Bill (A.B.) 458.

ASSEMBLY BILL 458: Revises provisions relating to certain tax credits for the Nevada Educational Choice Scholarship Program. (BDR 32-794)

ASSEMBLYMAN JASON FRIERSON (Assembly District No. 8):

The Nevada Education Choice Scholarship Program, also known as Opportunity Scholarship, was approved in the Seventy-eighth Session. It is a tax credit scholarship program that authorizes corporations to claim 100 percent of the Modified Business Tax when they contribute to approved scholarship-granting organizations (SGO). The SGOs provide private school scholarships to families who meet certain income requirements.

Nevada is 1 of 19 states with a tax credit scholarship program. To be eligible, family income cannot exceed 300 percent of the federal poverty level, which amounts to \$75,300 for a family of 4 in fiscal year (FY) 2018-2019.

In FY 2018-2019, 90 schools participated in the program, and the maximum scholarship was \$8,132. The amount of the scholarship increases by the Consumer Price Index each year. The number of scholarships has also increased each year. In FY 2015-2016, 371 scholarships were awarded; in FY 2018-2019, 2,306 scholarships were awarded.

For FY 2019-2020, there are 7 registered SGOs serving Nevada. To become a registered SGO, the Nevada Department of Education (NDE) is authorized to approve applications which meet certain criteria until the maximum amount of the tax credits authorized for a fiscal year is met. The amount of credits authorized is equal to 110 percent of the amount authorized for the preceding fiscal year. For example, in FY 2017-2018, the amount of authorized credits was \$6,050,000. This amount automatically grows to \$6,655,000 for FY 2018-2019.

Before this Session started, I pledged I would not get rid of Opportunity Scholarships. Assembly Bill 458 eliminates the built-in, 10 percent growth factor. Every fiscal year, the credits awarded under the Program go up by 10 percent without limitation. I am unaware of any aspect of our budget process that is awarded 10 percent growth indefinitely. Every year, that 10 percent would otherwise be in the General Fund.

My intent is to protect the existing Program and make sure it is sustainable for the long term. There is no doubt families have benefitted. Under A.B. 458, the Program's growth can be controlled by the Legislature each session, the way most programs are funded. The 10 percent growth factor is unsustainable, and

the bill will create stability and certainty for the future. With the challenges our budget is facing, we have to take a measured approach and budget responsibly.

Proposed Amendment 5837 ([Exhibit C](#)) seeks to reverse a duplication unveiled during the Economic Forum.

SENATOR SEEVERS GANSERT:

I understand wanting to remove the 10 percent growth factor because that is high. Many of our budgets have rollups because maintenance or utility costs go up. Have you given any consideration to allowing this to grow at the basic support rate?

ASSEMBLYMAN FRIERSON:

I have been approached with that concept, but it is not consistent with my intent in A.B. 458. Although rollups are frequently in the Governor's recommended Executive Budget, the Legislature makes the final decisions each biennium. We can consider increases when times are good and when it is warranted. We have to locate revenue to pay for rollups and raises, but every dollar we add to Opportunity Scholarships is a dollar we deplete from the General Fund.

I support families having choices. There are a lot of choices out there. But we have a fundamental obligation to be responsible in how we budget. We should address this Program every session the way we do other budgetary matters.

SENATOR SEEVERS GANSERT:

I support families having choices, and I appreciate you bringing the bill with the intent to preserve the Program since there are so many families using it.

CHAIR DONDERO LOOP:

You referenced 90 schools participated in the Program in FY 2018-2019. Did that grow over time? Can you give us some background?

ASSEMBLYMAN FRIERSON:

There is an application process, so it has grown over time. Conceivably, it could grow even more. I have been asked why, if the Program is so popular and being used, we want to limit it. If we allow 20 percent growth, families would use it. But we still have an obligation to fund our budget responsibly.

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CHAIR DONDERO LOOP:

Was the \$8,132 you referenced the maximum scholarship or the average?

ASSEMBLYMAN FRIERSON:

That was the maximum scholarship.

CHRIS DALY (Nevada State Education Association):

The Nevada State Education Association (NSEA) has been a consistent advocate for adequate public education funding and for keeping public funds in public schools. We support A.B. 458 to eliminate the automatic 10 percent annual increase to the total amount of tax credits allowed for Opportunity Scholarships.

The NSEA letter of support ([Exhibit D](#)) is submitted.

MICHAELA TONKING (Educate Nevada Now):

Educate Nevada Now values strong and adequately resourced public schools. Our letter of support ([Exhibit E](#)) is submitted.

ANNETTE MAGNUS-MARQUART (Battle Born Progress):

Today, I am here as a native Nevadan, a proud graduate of the Clark County School District and a representative of the more than 20,000 subscribers to our Battle Born Progress network Statewide.

We have a long history of opposing vouchers in any form in Nevada, and the Opportunity Scholarship program is nothing but a voucher scheme promoted by the Koch brothers. When taxpayer money is spent, it should be spent on our public schools.

Vouchers in any form are the wrong choice for Nevada and the needed public school reform. We must focus on strengthening neighborhood public schools, improving classroom teaching, enhancing student achievement, reducing class size and so much more. This bill is a great step in the right direction. We support A.B. 458, and we encourage all of you to support it as well.

DANIEL HONCHARIW (Nevada Policy Research Institute):

During a time when Nevada should be prioritizing alternative educational options for our State's struggling students, A.B. 458 proposes to do the opposite. Our letter of opposition ([Exhibit F](#)) is submitted.

LESLEY PITTMAN (American Federation for Children):

I am here to testify in opposition to A.B. 458 and its removal of the 10 percent annual growth provision for the Opportunity Scholarships. Due to the current limited funding levels, 1,300 families have been denied an Opportunity Scholarship. These families remain on waiting lists and are eager to take advantage of the program. By eliminating the 10 percent annual growth provision for the program, it is unlikely any of these families will ever have the opportunity to participate in the program.

Further, thanks to the Legislature's support of additional funding for the program last Session, there are 2,300 families receiving scholarships. Our analysis shows the cap of \$6.6 million will only support 1,300 students. Without the growth provision or additional funding allocated to the program, nearly 1,000 children will potentially lose their scholarships.

Based on parent and child feedback, along with preliminary data from NDE, the Program has been successful in accomplishing what it was intended to do: allow financially struggling families the opportunity to use the Program to secure a better educational fit for their individual child.

While we appreciate the Speaker's willingness and desire to preserve the Program, I must ask you to vote no on this bill.

SENATOR SEEVERS GANSERT:

What is the average income for families participating in the Program?

Ms. PITTMAN:

I do not have that information. Eighty-five percent of the families participating in the Program qualify for the reduced-price lunch program, which requires household income below 185 percent of the federal poverty level.

BRIAN REEDER (AAA Scholarship Foundation):

We oppose A.B. 458. The Program empowers Nevada's hard-working families. It serves less than 0.5 percent of all K through 12 students, and the average scholarship size is about \$5,000, according to NDE.

Close to 80 percent of the participating households earn less than 185 percent of the federal poverty level. These are some of the most economically disadvantaged students in the State. In the current biennium, more than

320 businesses have been approved and used the tax credits under the Program. These are large and small businesses from the gaming, healthcare, manufacturing, retail and distribution sectors. They support the Program because they are able to expand their corporate support for economically struggling families and education.

This Program is good for Nevada's families and makes the difference between a brighter future and one with more limited options. We oppose A.B. 458.

SENATOR SEEVERS GANSERT:

So I calculate 185 percent of poverty level is roughly \$45,000 annually. Is that right?

MR. REEDER:

For a family of 4, it is \$47,637.

SENATOR SEEVERS GANSERT:

Do you know the demographics of the students using the Program?

MR. REEDER:

The majority of the students using the Program are minorities. I will make sure the Committee gets the data.

CHAIR DONDERO LOOP:

Would those numbers be just for the AAA Scholarship Program?

MR. REEDER:

Yes, they would. We have about 1,000 students.

MIKE BISCEGLIA:

My research shows it costs about \$10,615 annually to send a child to public school here in Nevada. Please consider what we are talking about. What everyone wants is reducing class size. Many children, including my own, would have to return to public school, thereby increasing the cost to the State. A scholarship would save the school district money in the long run. Passing this bill would increase class size and worsen the overcrowding the public schools are experiencing.

I have one child in public school who qualifies for the free and reduced price lunch program. I have another child in private school. We are on the waiting list for the Opportunity Scholarship, but if it does not come through they will be back in public school and cost more money.

CHAIR DONDERO LOOP:

To clarify, each student is allotted approximately \$6,000.

YADIRA BALLO RUIZ:

I am here providing for my child's education and opportunities. My daughter is a recipient of an Opportunity Scholarship. There are many on the waiting list, and I am here to be their voice. My other child will be entering kindergarten this coming school year, and he will be on the waiting list for this Program.

My daughter has been attending since 2015 when this Program was established. She was in Clark County School District (CCSD) for her pre-K schooling at Rose Warren Elementary School. She did not have a good experience. Her teacher was charged with selling drugs. No child should have to be subjected to this. As a parent, I have to fight for my child's education. Please vote no on A.B. 458.

It is not like we are getting free money to send our kids to private school. It is also work for us. I am a server in a local restaurant and I work hard every day. The scholarship does not cover everything, and I still have to pay out-of-pocket for some things. This bill seeks to limit the funds for a program that benefits our next generation. The CCSD was not working for us, and it is not working for any other kids. My daughter is getting better grades than she did in public school.

RUDYE LUCERO:

My wife is seriously disabled, and we have high medical expenses. We are raising my grandson. I had four children go through the CCSD. My grandson went through kindergarten and first grade in CCSD. Toward the end of first grade, he was stabbed in the wrist with a pencil. Some kids that had been bullying him knocked him down and stuck a red ant in his mouth. The final straw was his report card—all Ds and Fs. He had not learned anything but was still promoted to the second grade. When we put him in CCSD, he was a happy-go-lucky child who made friends easily. Now he is entering second grade without the most basic education.

We enrolled him in private school with no scholarship. It cost \$670 per month. We knew it was going to be hard. We cut our medications in half and when that was not enough, we started eating just once per day. My wife got down to 85 pounds. Our grandson is now in his third year of private school and we have access to a scholarship. I do not know what sacrifices have been made by others in this room, but we have made many sacrifices.

I keep hearing private schools are taking money from public education. I pay taxes. Where is my tax money going? I am funding public schools with no say in them. That is taxation without representation, and that is wrong.

LISA FRIEND:

I am here today in opposition of A.B. 458 which would eliminate the annual increase in funds for the Nevada Opportunity Scholarship Program. The implementation of this bill would be disastrous to many Nevada families as only current students would be able to receive scholarships. My three children have significantly benefitted from the Program. It has helped fund the educational needs unique to each of my children.

I am here today to advocate for the many families who are currently on waitlists, the families who do not know they may need this scholarship in the future due to medical costs or raising grandchildren, the families whose children may also have special learning needs.

The positive impact of this program has extended beyond expectation with 366 percent growth in participation. The beneficiaries of the legislation are not only the economically disadvantaged but also the underrepresented and students with disabilities whose needs extend beyond public school capacity.

I truly believe in this program and the benefits it provides for all Nevadans who are current recipients and those who may, for unforeseen reasons, need this program in the future. The Opportunity Scholarship has been a blessing in my life.

Please remember none of the monies associated with this scholarship program comes from any State revenue. All funding comes from private businesses who wish to give a financial avenue to the underresourced. The funding is managed by a select number of registered scholarship organizations.

JOHN SANDE (EdChoice):

Don Soifer of Nevada Action for School Options submitted testimony ([Exhibit G](#)) in opposition to A.B. 458, which we agree with. He notes the Opportunity Scholarship Program represents a bargain to taxpayers. The average scholarship size is approximately \$5,000 to \$6,000. The per-pupil amount is larger than that, and the difference is typically made up from scholarships from the school or parental contributions.

We support public schools and private schools. They work well together and you have heard today from families who feel public schools are not the best fit for their child.

KEYSHA NEWELL:

I am grateful the bill does not propose eliminating the Opportunity Scholarship Program. I am opposed to taking away the annual increase.

I grew up in public housing and attended public schools. Class sizes were large and, as an adult, it took me a while to catch on to things and get a job. I now have a child with a learning disability and receive Supplemental Security Income for her. She attended pre-K in public school as a benefit of the Early Intervention Services. In kindergarten she was placed in a regular class and I saw her academic skills and social behavior decline. I am grateful I could put her in a school that focused on her needs. As a result, she has excelled academically and socially.

I want to keep her in her private school. If the costs go up and the funding stays level, I will not be able to keep her in the setting she has excelled in. My fear is she will not get the help she needs to become a productive citizen. I want to break the cycle—I do not want her to grow up in public housing. The community we live in right now does not have public schools that can focus on her needs.

STEVE BROWN:

You are claiming there is not enough money. You cannot afford the 10 percent increase, which is \$1 million per year. But you seem to be able to afford the administrators who belong to unions. Combined salary and benefits of some of them are: \$363,000; \$300,000; \$292,000. Together, that is almost \$1 million. If you go down the list of the next five names, there is another \$1 million.

JADEN HAIRR:

I am 13 years old, and I have had the privilege to attend the American Heritage Academy because of the Opportunity Scholarship. I have attended numerous public and charter schools in Clark County. I have struggled with each and every one. I was born with a learning disability and was a foster child until the age of three. I have struggled with reading and writing and had an Individualized Education Program (IEP). I spent years in special education classrooms being pulled out of class, and I still could never keep up with my grade level. Every school until sixth grade separated the "struggling kids" from the "smart kids." I could not focus with the amount of kids in my classroom and I felt embarrassed being singled out. I never felt I belonged and even came close to failing every year. My self-confidence was low. My mother homeschooled me so I could catch up with reading and spelling, but I did not like being homeschooled.

Now, for the first time in my life, I made the A/B honor roll. This year is the only year I have not been in a special education class and am able to do the 20-word spelling test like my classmates. I can now go to school and not be embarrassed about being singled out. Every teacher takes time to listen to my questions and answer them. I have the ability to stay after school for questions and problems I do not understand.

Please vote no on A.B. 458. I would still be struggling in school if I did not get the Opportunity Scholarship. It has changed my academic life forever. Please do not cut the 10 percent increase because you would be cutting kids like me.

LANDON HAIRR:

I am here to testify for keeping Opportunity Scholarships for kids like me. In public school, I was learning the same thing over and over. By the time I was in fifth grade, I could barely do division and I could not read well, write well or catch mistakes in my grammar.

When I was at a charter school two years ago, my grades started to suffer because I was bullied due to a medical issue and IEP I have for my voice. For the last two years I have been in private school and have learned much more than I would have in public school. There are many kids like me who want a chance, so I am asking you to please leave it alone. Our high school graduation rank is second lowest in the Country and less than 26 percent of Nevada adults have a bachelor's degree.

Please vote no on A.B. 458 and let the kids who are bullied or struggle with learning find a place where they can learn and feel safe.

AIMEE HAIRR:

I am a retired dental hygienist of 16 years, local business owner, full-time mom and foster parent. I am currently parenting ten children. Two of my sons here today had the privilege of receiving the Opportunity Scholarship this past year. Years ago, my son's special education teacher and facilitator told me in an IEP meeting that my expectations might be too high for him and to start accepting that he may only be a C/D student.

They were right. My expectations were too high for the public school setting, but once we placed him in a learning environment that best fit his needs, he quickly proved us all wrong.

We wanted the free public schools to work for our kids. The partial scholarship we get allows us to send our kids to a private school which fits their individual needs. It is no coincidence that four of my kids, from different backgrounds, did a complete turnaround when they were placed in a new learning environment. This is no longer a belief, it is what I see working every day. I have two children who recently joined our family with needs far greater than our public schools can accommodate.

By cutting the growth of the Program, you are slowly killing this opportunity for the most vulnerable children. The trauma these children have suffered is incomprehensible to many of us and can affect all aspects of their academic future. Our children with special needs, children from low-income families and foster children all deserve a chance. Their resilience in a new learning environment can be astounding.

There are 2,300 desperately waiting for this opportunity and \$6.6 million will not be enough. This scholarship helps the kids sitting in classrooms drowning because their brains do not process information like their peers, the kids who are bullied so badly they want to die and the kids with mental health issues not understood in our special education classrooms.

Today, you have the opportunity to change that. Please vote no on A.B. 458.

CHARLIE MELVIN (Power2Parent):

I have four children, three of whom have benefitted from the Opportunity Scholarship. If you cut the 10 percent, the Program will eventually end. Cutting money does not equal growth. Opportunity Scholarships are leveling the playing field for students in Nevada. It was earlier reported the majority of users of the Program are minorities; my children are part of that group. Please realize capping or cutting funding is sending the message that equal opportunity is not a priority to Legislators. The *Nevada Independent* reported 70 percent of Nevada families want school choice. All Legislators need to understand that is what Nevada families want, and that is what Nevada families need.

Many of you were elected on campaign promises that you would strengthen education in Nevada. All that has happened in this Session is programs being repealed that were put in place in the previous two sessions.

Many families have testified over and over on the importance of Opportunity Scholarships in their lives. I urge Legislators to vote no on A.B. 458.

FLOR MORENCY:

I am a parent from El Salvador. I am still on the waitlist for the Program, having applied three years ago. It is amazing to hear the progress some of these kids have made once they were given the opportunity to attend private school.

I wish CCSD would do better background checks on teachers. In private school, they do background checks. They know what kind of teachers they have. That is the opportunity I want for my kids. Please vote no on this bill.

MENDEL LEVINE (Executive Director, Yeshiva Day School of Las Vegas):

At my school, 40 percent of the student body is benefitting from the Opportunity Scholarship. This morning, I met with a single mother who is in school and trying to get her life together. Her husband ran away and she receives no child support. Another man I met is low-income and has children in kindergarten and second grade. This 10 percent growth factor is made for families like these. We have a large population of English language learners at our school. We are not your stereotypical fancy private school. We have no gym and no pool.

We were the first private school in the State to provide yellow school bus service. Forty percent of our students travel over 30 miles each way to school.

This illustrates what parents want for their children. In our school, the average scholarship is \$4,600. Our parents, on average, pay \$1,200. We have to raise \$400,000 per year from donors to supplement Opportunity Scholarship recipients thereby bringing in new education dollars to Nevada. I encourage you to oppose A.B. 458.

CARISSA BISCEGLIA:

I oppose A.B. 458. My daughter has been on the waiting list for the AAA Scholarship for two years. Several years ago we had the unfortunate experience of witnessing two separate high school shootings, one at the school we are zoned for. My daughter is very afraid.

My family income is below the poverty level, due to my chronic health problems over the last several years. We have been struggling. If the 10 percent growth factor is eliminated, we will remain on the waiting list and have no options for getting her into a different school.

ERIN PHILLIPS (Power2Parent):

There are many families here in opposition to this bill because they have benefitted greatly from the Opportunity Scholarship Program. Over 74 percent of the families who use the scholarship are below the 185 percent of poverty level. The average scholarship is \$5,000, less than the per pupil funding for CCSD. It is cheaper for the State to fund this Program, and it frees up seats in our overcrowded public schools.

The fiscal impact of eliminating the 10 percent growth is \$665,500. That amounts to 0.0015 percent of Nevada's overall \$9 billion budget. Not only does this program cost less than public education, but it still amounts to far less than 1 percent of the overall budget.

School choice is a fundamental parental right. No one knows the needs of their child better than the parents. At the last hearing, Valeria Gurr said, "School choice should not be only for the wealthy and well-connected." The people you have heard from today definitely are not wealthy or well-connected. I hope you will consider these families and not cut the funding for this Program.

CHAIR DONDERO LOOP:

I will close the hearing on A.B. 458 and open the hearing on A.B. 443.

ASSEMBLY BILL 443 (1st Reprint): Revises provisions relating to the Clark County Sales and Use Tax Act of 2005. (BDR S-1128)

CHUCK CALLAWAY (Las Vegas Metropolitan Police Department):

We are here today in support of A.B. 443 and are representing the agencies in Clark County which receive the revenue this bill seeks to protect.

Law enforcement continues to deal with challenges and changes in our community. These challenges include mental health, human trafficking, homelessness and the opioid crisis. Clark County continues to see growth in population and tourism. Annually, the County hosts 44 million tourists. Special events and sporting events are increasing as well.

In 2004, the voters in Clark County approved a ballot advisory question to increase sales tax by 0.5 percent for the purpose of hiring and equipping police officers in Clark County. This resulted in the Clark County Sales and Use Tax Act of 2005, also known as the "More Cops" sales tax. The agencies that receive this revenue are the Las Vegas Metro Police Department (LVMPD), the Mesquite Police Department (MPD), the Henderson Police Department (HPD), the Boulder City Police Department (BCPD) and the North Las Vegas Police Department (NLVPD).

The ballot question approved by the voters had no mention of a sunset clause. In fact, advisory questions state both the pro and con of passing the measure. The argument against passage said "the problem with tax increases is they never go away." The fiscal note on the advisory question said "the sales and use tax will continue until no longer needed to support additional police officers." Today we need these officers more critically than ever before. If this tax were to sunset, the LVMPD will not have the revenue to fund roughly 800 officers.

RICH HOGGAN (Chief Financial Officer, Las Vegas Metropolitan Police Department):

My presentation, Effects of "More Cops" Funding ([Exhibit H](#)), gives a brief history of the "More Cops" tax increase. On Slide 2, although the advisory question allowed an increase up to 0.5 percent, the Legislature approved only a 0.25 percent increase in 2005. In 2007, the Legislature added a prohibition against supplanting and required quarterly reporting. Supplanting means the funds cannot be used to offset the expenditure to support officer positions in

the operating fund for a department. In other words, the jurisdictions need to continue to support police officers and the extra funding cannot be used to reduce those contributions. In subsequent years, because of the economic downturn, we did not request the additional 0.25 percent. In 2013, there was a short suspension of the supplanting requirements and an opportunity for the Board of County Commissioners (BCC) to levy up to an additional 0.15 percent, which the BCC elected to approve only an additional .05 percent. Thus far, in total, the "More Cops" sales tax is 0.30 percent.

Slide 3 explains why we are coming to the Legislature now. We have been successful with the "More Cops" sales tax and have hired many officers. It is important to consider lifting the sunset at this point because we have limited funding from the General Fund. Property tax caps have constrained the growth we might otherwise use to make up the difference. In our agency alone, the property tax the LVMPD receives had an estimated abatement of \$53 million in FY 2019-2020. If the sunset is not lifted, departments need to start making contingency plans now. The LVMPD faces an additional sunset in 2027 of 0.2 percent property tax. That amounts to approximately \$103 million and funds 635 positions. The combination of both these sunsets affects over half our force.

Slide 4 illustrates the impact of "More Cops" sales tax. Across all affected jurisdictions, "More Cops" sales tax funds 979 positions or 24 percent. In the LVMPD, we have finally achieved our goal of 2 officers per 1,000 population ratio. This is not just authorized positions but filled positions.

Specific by jurisdiction, the "More Cops" sales tax funds 24 percent of LVMPD positions, 25 percent of HPD, 21 percent of NLVPD, 17 percent of BCPD and over 43 percent of MPD. Between all affected jurisdictions, the "More Cops" funding totals more than \$148.2 million.

Slide 6 demonstrates the loss of "More Cops" sales tax in terms of officers per 1,000 population. The LVMPD officer to population ratio would go from 2 to 1.51 officers per 1,000. The HPD ratio would decrease from 1.26 to 0.95. According to the most recently available FBI statistical report from 2017, the average ratio in the U.S. is 2. For cities with populations over 250,000, the ratio is 2.6.

Slide 7 illustrates the specific implications for the LVMPD if the "More Cops" sales tax is allowed to sunset. We would have hundreds of employee layoffs, which is the equivalent of four or five of our ten area commands. There would be the demotion of approximately 60 to 75 sergeants, 16 to 20 lieutenants and 4 to 5 captains. We would no longer be able to support programs like our Office of Community Engagement and Homeless Outreach Team. We would have to divert every available resource to handling patrol activities.

Slides 8 through 10 describe the specific implications to the other departments. The impact for some of these departments would be devastating, and for all departments it would mean a significant loss of services. The "More Cops" sales tax was a success and we need the funding to continue in order to provide effective policing.

SENATOR KIECKHEFER:

It appears you are spending more than you are bringing in. You built an early reserve and now you are spending it down. That is not sustainable.

MR. HOGGAN:

You are correct. When the fund was structured, we hired an outside financing service to design the fund. We built a reserve with intent. At some point, we will have to move a portion of our positions to the General Fund.

SENATOR KIECKHEFER:

You budget \$123,000 per officer, correct?

MR. HOGGAN:

We will end this fiscal year at approximately \$133,000 per officer including salary, benefits and operating expenses.

SENATOR KIECKHEFER:

So you can fund about 620 officers?

MR. HOGGAN:

Yes. At some point we are going to have to move about 150 positions.

SENATOR KIECKHEFER:

Is the sunset only on the 0.25 percent portion of the tax?

MR. CALLAWAY:

The sunset applies to the original 2005 approved sales and use tax. That includes the 0.25 percent approved in 2005 and the 0.05 percent approved in 2016.

SENATOR KIECKHEFER:

So what is the total levy?

MR. HOGGAN:

Under the "More Cops" sales tax, it is 0.30 percent. There is an additional 0.10 percent under the Crime Prevention Act that is not subject to a sunset provision.

SENATOR KIECKHEFER:

When was the 0.10 percent in the Clark County Crime Prevention Act enacted?

MR. CALLAWAY:

It was during the Thirtieth Special Session in 2016.

SENATOR KIECKHEFER:

Are you using the Crime Prevention Act funding to hire officers?

MR. HOGGAN:

Yes, we are. We anticipate supporting 290 positions in FY 2019-2020 with those funds.

SENATOR KIECKHEFER:

Are those positions included in the information you have provided today?

MR. HOGGAN:

No, they are not.

SENATOR KIECKHEFER:

You referenced a property tax sunset. Who has control over that?

MR. HOGGAN:

We would be coming back to the Legislature for consideration of that sunset at some point in the future.

SENATOR KIECKHEFER:

Did the Legislature approve that specific tax, or was it a local government decision?

MR. HOGGAN:

It was an action taken by the Legislature in 1996.

MR. CALLAWAY:

The "More Cops" sales tax was specific that 80 percent of the officers must be in a uniform and assigned to communities. The Crime Prevention Act had a formula for funding officers for the resort corridor and the Las Vegas Strip. There is a subtle distinction in how the officers are assigned.

SENATOR KIECKHEFER:

The supplanting reprieve you were granted was temporary. Those 147 officers are not on the "More Cops" sales tax but have been shifted back to the general fund, correct?

MR. HOGGAN:

Yes, that reprieve was for just one year, in order to preserve those positions.

SENATOR SEEVERS GANSERT:

Is the growth of general fund expenditures for police officers growing faster or slower than the "More Cops" sales tax?

MR. HOGGAN:

Post-downturn, we have been receiving increases in our general fund expenditures averaging between 5 percent and 6 percent. The rates of growth between the two funds are roughly equivalent, although we see a little faster growth in our general fund simply because we have civilian positions and operating expenses paid from that fund.

CHAIR DONDERO LOOP:

How many of the total positions are assigned to neighborhood patrol?

MR. HOGGAN:

Of the 795 positions planned for the next fiscal year, approximately 75 are assigned to the Resort Corridor. The rest are in neighborhoods.

CHAIR DONDERO LOOP:

Of the total LVMPD, what percentage patrols neighborhoods?

MR. HOGGAN:

We have approximately 3,300 positions. If you include ranked supervisors in communities, about 2,300 are in a uniform function. That includes traffic services and patrol.

MR. CALLAWAY:

The daily functions are dynamic. An officer assigned to work in the resort corridor may be dispatched to a neighborhood to handle a call. Conversely, a neighborhood beat officer may be sent to the resort corridor to handle a call.

SENATOR RATTI:

During the Great Recession, the City of Sparks reduced staffing by 30 percent. We did everything we could to preserve public safety, but at some point, you are moving every dollar you can to keep as many bodies on the street as possible. How do the mechanics of the supplanting protections work in different economic conditions? If we go into another downturn, what does that look like in terms of all the different buckets of funding?

MR. HOGGAN:

We certainly did not anticipate the extent of the Great Recession. The supplanting provision in "More Cops" sales tax provides for two tests. The first test is: if there was not an increase in contributions from the city or county in the general fund, then you look to the second test. The second test is: was there a certain percentage reduction in the combination of property and sales tax in those jurisdictions. In other words, the intent of the supplanting is to say, if you are not otherwise increasing your general fund, then there needs to be an excuse. The excuse would be a significant reduction in revenue in the general fund for the police department that justifies not increasing the operating fund. What that meant functionally for us during the downturn is we were not getting increases in our general fund, we were getting reductions totaling about \$60 million. We held positions vacant and then you use the savings from that in the following year. Altogether we accumulated \$180 million in savings from not filling those positions to offset. We tried to keep in the spirit of the supplanting law. Even though it did not require a reduction in our "More Cops" sales tax positions, we tried to make commensurate reductions in our "More Cops" positions. That countered any argument that we just shifted resources during

the downturn. With the exception of the one year we were allowed to supplant, we made commensurate reduction in "More Cops" positions.

SENATOR RATTI:

The concept of supplanting makes sense when funds are increasing—that you are not taking the extra money from "More Cops" sales tax and putting it toward parks or some other expense. It does not work as well when revenues are decreasing. I wonder if the language needs adjustment to protect the intent while still allowing for the practical things which happen in a down economy.

MR. HOGGAN:

The language is applicable and functional. You cannot reduce the operating fund unless there is a compelling reason to do so.

SENATOR PARKS:

I want to clarify the question about the property tax levy mentioned earlier. There was a voter-approved levy of \$.08 per \$100.00 of assessed valuation. It was enacted in November of 1988 and intended to pay for additional police officers. Voters subsequently approved an additional \$.20 per \$100.00 of assessed valuation in November 1996, to be used solely for the purpose of hiring additional police officers. It was approved for a 30-year term and is slated to sunset in 2027. That amounts to \$103 million and funds a significant number of positions. The Treasurer's Office projects \$124 million, which I assume includes the additional \$.08 tax. While these matters are not before us today, this shows how complicated things can get.

SENATOR KIECKHEFER:

So there was a voter-approved 30-year sunset for the property tax piece. There was no voter-approved sunset on the "More Cops" sales tax before us today. It seems the voters would have to approve eliminating the sunset provision from the property tax piece.

MR. CALLAWAY:

I have not looked at the ballot language from the property tax question. It does merit some research.

ASSEMBLYWOMAN DINA NEAL (Assembly District No. 7):

The Assembly amended the original bill, so I am reading from the first reprint of A.B. 443. Section 1 adds reporting requirements under the Clark County Sales

and Use Tax Act of 2005. It requires additional specific information regarding equipment purchased. The reports must contain specific information relating to the academies held by the police department including information related to the hiring status of persons attending the academy and the expenditures on equipment for those persons.

This provision was added when we discovered there were discrepancies in accounting for the funds. Funds were misrepresented as expended on academies which never took place. There was a significant amount we could not account for. This was not the LVMPD but another agency. The Assembly Committee on Taxation had a hearing on the original bill, and then a hearing with a discussion on where the money went. It was stated on the record that cars were purchased, but those cars did not go with the new hire. The money was supposed to have been spent on new hires and related equipment.

Section 1, subsection 5 further states a person shall not knowingly provide or cause to be provided false or misleading information in these reports, and subsection 6 provides that doing so is a Category D felony. The reports turned in from 2016 to 2019 were a reflection of money that was misrepresented or misappropriated. I wanted to make sure going forward we had clarity on responsibility for the reporting.

SENATOR RATTI:

The original bill lifted the sunset, and the amended bill added the accountability you just described. Is that correct?

ASSEMBLYWOMAN NEAL:

That is correct.

CHAIR DONDERO LOOP:

Since it was one agency that misreported, is there a way for that agency to use the accounting and reporting methods used by the LVMPD, who reported correctly?

ASSEMBLYWOMAN NEAL:

There was discussion around that topic. There were several new chiefs who may have been unaware of their responsibilities and duties under the "More Cops" sales tax. The reports that were turned in to the Legislature indicated an

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expenditure of \$224,000 on an academy that was found not to have occurred. We may have that conversation offline.

CHAIR DONDERO LOOP:
Who would be guilty of the Category D felony?

ASSEMBLYWOMAN NEAL:
The chief of the department or anyone who is responsible for the accounting or reporting. I looked at department manuals to see who is responsible for knowledge of the budget. The goal is to have all individuals in positions of responsibility to know and understand the budget, especially with regard to the "More Cops" sales tax and other specific levies.

MR. CALLAWAY:
The key lies in the language of A.B. 443 on page 3, line 19 with the word "knowingly." Any individual who knew that information was not accurate and provided that information anyway would be guilty of the felony.

CHAIR DONDERO LOOP:
I was specifically asking who we hold responsible for the misinformation.

ASSEMBLYWOMAN NEAL:
It would be the individual responsible for the financial information. In most departments, it will be the chief, the assistant chief and the chief financial officer.

DAWN CHRISTENSEN (Nevada Resort Association):
We support this legislation as we have since it was first introduced in 2005. It is a matter of public safety for the community and a matter of stability for southern Nevada's police departments. Ensuring the permanency of this funding source allows our law enforcement agencies to keep pace with Clark County's growth and maintain the necessary levels of staffing and resources needed to keep our neighborhoods and workplaces safe while also protecting our 42 million visitors.

THEDRICK ANDRES (Deputy Chief, Uniform Services Bureau, Police Department, City of Henderson):
The City of Henderson supports removing the sunset provisions of the "More Cops" sales tax. As LVMPD just stated, this funding, if allowed to sunset, will

affect the HPD with the potential loss of 98 positions or 25 percent of our sworn staff. Absorbing those positions in our General Fund would mean a 20 percent increase, a significant impact on the city budget.

COREY SOLFERINO (Washoe County Sheriff's Office):

We are here in support of A.B. 443. Even though this bill is specific to southern Nevada, one of the fundamental tenets of law enforcement is teamwork and information sharing. The collateral consequences of this legislation not going forward and the layoffs of so many officers would be devastating to our State. I have spent a majority of my 20 years in law enforcement on task forces and regional units which rely heavily on information sharing. The criminal component in Nevada knows no jurisdictional boundaries. I encourage you to vote yes.

MICHAEL RAMIREZ (Las Vegas Police Protective Association; Law Enforcement Coalition):

We support this bill wholeheartedly. Even with the number of officers it has allowed us to hire, it is still not enough. The alternative of not passing the bill would be extremely detrimental to the force. Please pass A.B. 443.

PAMELA OJEDA (Chief of Police, City of North Las Vegas):

The City of North Las Vegas supports A.B. 443. As you have heard, we would lose 70 officers if we lose that funding, which would close an entire substation. We need this tool to enable us to continue to protect our city.

RICK McCANN (Nevada Association of Public Safety Officers):

Today we had the opportunity to honor our fallen officers. Before you, you have the opportunity to honor the officers on the street. All these officers want to do is protect all of us, now and into the future. Please remove the sunset clause.

DAVID DAZLICH (Las Vegas Metro Chamber of Commerce; Retail Association of Nevada):

Both the organizations I represent are in strong support of this bill. It is vital that our law enforcement is empowered to keep up with our population and economic growth.

ERIC SPRATLEY (Nevada Sheriffs' and Chiefs' Association):

We are here in support of A.B. 443. Law enforcement in southern Nevada affects law enforcement throughout the State. We urge your support.

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LISA FOSTER (City of Boulder City):

The City of Boulder City is in support of this bill. It is vital the police department stay fully staffed.

SHANI COLEMAN (City of Las Vegas):

We are in support of this bill. We concur with everything you heard today from the LVMPD.

ALEX ORTIZ (Clark County):

We are in support of A.B. 443.

MR. HONCHARIW:

The Nevada Policy Research Institute opposes A.B. 443 because the proponents of the "More Cops" sales tax scheme keep shifting the goalposts. Our letter of opposition ([Exhibit I](#)) is submitted.

ASSEMBLYWOMAN NEAL:

Everybody understands we are focused on good tax policy and good government. We are also focused on safe communities. At the end of the day, this is about doing the right thing—lifting the sunset and focusing on how we build stronger and safer communities throughout the State.

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CHAIR DONDERO LOOP:

I will close the hearing on A.B. 443. Having no further business, this meeting is adjourned at 3:49 p.m.

RESPECTFULLY SUBMITTED:

Barbara Williams,
Committee Secretary

APPROVED BY:

Senator Marilyn Dondero Loop, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	7		Attendance Roster
A.B. 458	C	5	Assemblyman Jason Frierson	Proposed Amendment 5837
A.B. 458	D	1	Chris Daly / Nevada State Education Association	Letter of Support
A.B. 458	E	2	Michaela Tonking / Educate Nevada Now	Letter of Support
A.B. 458	F	1	Daniel Honchariw / Nevada Policy Research Institute	Letter of Opposition
A.B. 458	G	4	John Sande / EdChoice	Letter of Opposition / Don Soifer
A.B. 443	H	11	Rich Hoggan / Las Vegas Metropolitan Police Department	Effects of "More Cops" Funding
A.B. 443	I	1	Daniel Honchariw / Nevada Policy Research Institute	Letter of Opposition