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Office of the Governor

June 14, 2019

The Honorable Jason Frierson
Speaker of the Nevada State Assembly Nevada Legislature
401 South Carson Street
Carson City, Nevada 89701

RE: Assembly Bill 444 of the 80th Legislative Session

Dear Speaker Frierson:

I am forwarding to you, for filing within the time limit set forth in the Nevada Constitution and without my approval, Assembly Bill 444 (AB 444), which includes the following description:

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

AB 444 provides that the proposed Legislative Committee on Tax Expenditures and Incentives for Economic Development (Committee) review existing incentives to economic development and to consider the goals and effectiveness of these and to develop a report of Committee findings for each successive Legislature. The bill intends to provide important examination of economic development activities with the apparent goal of most effectively using Nevada's abatement and incentive structure to attract business to the State. The intentions of the bill are noble—transparent, rigorous methods must be used to ensure that any State resource provided to a private entity as an enticement for partial or total relocation to Nevada is appropriate and ultimately benefits the citizens of Nevada. This is among my highest priorities. So, too, is government efficiency and responsiveness with as few redundancies as possible. AB 444 contains numerous provisions already required by statute and creates a committee to review the already required reports.

Layering well-intentioned departments, boards, and commissions one upon another, where multiple government divisions are performing similar—and sometimes, identical—functions is a common cause of unnecessary government growth. Residents receive little value from such redundancies, which often serve to weaken already existing programs performing functions similar to those delegated with new law and slightly different language to a newly proposed division of government.

Consider section 7 of AB 444. This portion of the legislation requires the Committee to meet at least once every 2 years to review the most recent tax expenditure report submitted by the

Executive Director of the Nevada Department of Taxation. The same section also requires the Committee to review “any other reports submitted to the Legislature relating to tax expenditures and incentives for economic development.”

Section 7 is clear that the Committee is not causing the Department of Taxation to develop a new report on tax expenditures, but simply calls for Committee review of the most current version, which the Legislature presumably does already. Similarly, section 7’s demand that the Committee review “any other reports submitted to the Legislature” related to tax expenditures and incentives for economic development does precisely the same thing—it calls out in statute for members of the Committee to review reports already developed and which the Legislature has already received. For example, note that Nevada law currently requires the Governor’s Office of Economic Development (GOED) to provide both the governor and the Nevada Legislature the following reports, among others:

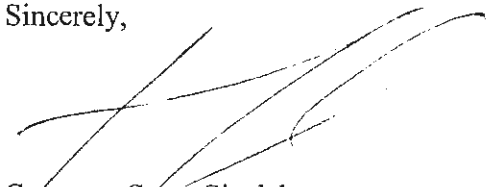
- annual reports regarding the Catalyst Account and transferable tax credits (NRS 231.0535);
- a biennial report on abatements (NRS 231.0685);
- an annual report on local emerging small business (NRS 231.14075); and
- a biennial report on workforce development (NRS 231.1513).

Finally, section 7, subsection 5 of AB 444 requires the Committee to evaluate all available information to determine whether a business receiving abatements is complying with the wage and healthcare requirements existing in law. The Department of Taxation audits wage and healthcare benefits of entities receiving abatements for compliance at the 2 and 5-year marks. Audit results, showing actual wages, are published in GOED’s biennial report, which is provided to LCB and to the public as an informational item. Noncompliance with these and many other obligations dictated by statute and in the Abatement Agreement—a contract obligating an entity to adhere to state law and to the contractual wage and healthcare benefit terms—is a basis for termination of the abatement package and enforcement of claw back provisions, by which the state can legally demand repayment of any abatements already received.

I appreciate the hard work of my Legislative colleagues and I encourage that body protect the public purse. Ensuring that we find and eliminate redundancies in government is one way we can achieve this.

For these reasons, I veto this bill and return it without my signature or approval.

Sincerely,



Governor Steve Sisolak
State of Nevada

cc: The Honorable Barbara K. Cegavske, Secretary of State
The Honorable Nicole Cannizzaro, Majority Leader of the Senate