

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

**Eighty-First Session  
March 30, 2021**

The Committee on Revenue was called to order by Chair Lesley E. Cohen at 4:07 p.m. on Tuesday, March 30, 2021, Online. 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/81st2021](http://www.leg.state.nv.us/App/NELIS/REL/81st2021).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Lesley E. Cohen, Chair  
Assemblywoman Teresa Benitez-Thompson, Vice Chair  
Assemblywoman Natha C. Anderson  
Assemblywoman Shannon Bilbray-Axelrod  
Assemblywoman Venicia Considine  
Assemblyman Gregory T. Hafen II  
Assemblywoman Heidi Kasama  
Assemblyman C.H. Miller  
Assemblyman P.K. O'Neill  
Assemblyman David Orentlicher  
Assemblyman Tom Roberts  
Assemblyman Steve Yeager

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

Russell Guindon, Principal Deputy Fiscal Analyst  
Michael Nakamoto, Deputy Fiscal Analyst  
Joe Reel, Deputy Fiscal Analyst  
Terri McBride, Committee Manager  
Gina Hall, Committee Secretary  
Cheryl Williams, Committee Assistant



**OTHERS PRESENT:**

Peter Krueger, State Executive, Nevada Petroleum Marketers & Convenience Store Association  
Bryan Bedera, representing Nevada Vaping Association  
Bradley Mayer, representing Southern Nevada Health District  
Joelle Gutman Dodson, representing Washoe County Health District  
Melanie Young, Executive Director, Department of Taxation  
David Goldwater, representing PAX

**Chair Cohen:**

[Roll was taken and Committee rules and protocol were reviewed.] Our first bill on today's agenda is Assembly Bill 360, which revises provisions relating to vapor products. I will open the hearing on A.B. 360. Assemblyman Hafen, please go ahead when you are ready.

**Assembly Bill 360: Revises provisions relating to vapor products. (BDR 32-864)**

**Assemblyman Gregory T. Hafen II, Assembly District No. 36:**

I am here to present Assembly Bill 360 for your consideration. I would like to note that I will be speaking to the measures in the amendment [[Exhibit C](#)]. I hope you have had a chance to review this. I delivered a copy of the amendment to you, and for anyone watching virtually, it has been uploaded to NELIS [Nevada Electronic Legislative Information System]. The amendment appears on my letterhead, dated March 26, 2021. The amendment requires retailers to utilize an advanced age verification technology at the point of sale for every tobacco and vapor product purchase to ensure the purchaser is at least 21 years of age. This amendment is meant to completely replace the contents of the current language.

Before I begin, I want to give you a little background information. The purpose of the bill is really twofold:

1. Keep tobacco and vapor products out of the hands of the underage youth.
2. Increase Nevada's compliance rates so we can maximize, and not jeopardize, the federal block grant funding available to Nevada.

According to the Centers for Disease Control and Prevention, while we have been seeing decreased use of tobacco and vapor products among our youth, there are still roughly 1,600 youths who try their first cigarette, with nearly 200 of them becoming addicted, every single day. E-cigarettes, commonly known as vape products, have been the most used product among youth since 2014. Fortunately, the use of these products has actually dropped since 2019.

I want to thank Senator Ratti for her efforts on this. She has really taken the lead with her bill from the last legislative session, Senate Bill 263 of the 80th Session. In my personal opinion, we have really seen a reduction in the state of Nevada, which has been important. Currently the federal standard is we cannot have a violation rate of more than 20 percent.

In 2019 there were months in which we saw as high as almost 30 percent violations, which is a pretty big impact for the state of Nevada because the way the federal grant money works is they can penalize us. For every percent over, we would get penalized a percent of the federal money. A 10 percent overage in the violation rate could result in a penalty as high as \$16 million. That is according to the Washoe County Health District, so I do want to thank them for that information as well.

Also part of the decreased use has been the awareness of the products and the effects on health. Even with this drop in use, about 1 in every 20 middle school students reported in 2020 that they used an e-cigarette in the past 30 days, and about 1 in every 5 high school students reported in 2020 that they used e-cigarettes in the past 30 days. In my opinion, this is still a significant problem, and that is why I have brought forward this bill.

As you know, the federal government has raised the minimum age to 21 years from 18. That is being addressed in a separate bill [[Assembly Bill 59](#)]. It is now illegal for a retailer to sell any tobacco product to anyone under the age of 21 years. Many of the retailers have already implemented similar technology that is in this bill that would then be required of all of them, which I will touch on.

What is advanced age verification technology? This is simply an identification card scanning tool that pulls limited information from a photo ID to automatically verify and validate both the age of the purchaser and the validity of the ID. To implement this, retailers only need a 2D barcode scanner that can be used to scan the back of the ID. There are a couple of other technologies out there that do this as well, but the most common is the 2D barcode scanner that the majority of these retail locations already utilize. We know for a fact that the technologies mentioned here reduce the age verification failure rate substantially. It takes the guesswork out of confirming the age of the purchaser and reduces the use of fraudulent IDs.

I want to touch on the language in the amendment [[Exhibit C](#)]. The first part of the amendment basically replaces the existing language in the bill in its entirety with a requirement that retailers utilize advanced age verification technology at the point of sale for every tobacco and vapor product purchased to ensure the buyer is at least 21 years of age. As you can see in the amendment, this gives some new teeth in a series of civil penalties for first, second, third, and subsequent offenses for individuals who violate these provisions and the licensee who violates these provisions.

I have heard back from a number of interested parties on those violations and why those are there, so I wanted to address that right off the bat. In working with the Office of the Attorney General in the interim on this bill, it was recommended that without some sort of teeth or penalties, this bill would be really hard for them to enforce; therefore, they recommended I establish some civil penalties. The easiest thing for us to adopt was currently in statute.

Under *Nevada Revised Statutes* (NRS) Chapter 370, and, as I mentioned earlier, the efforts by Senator Ratti under S.B. 263 of the 80th Session, we implemented the teeth and penalty structure that is listed in the conceptual amendment [\[Exhibit C\]](#). I did not see a reason to reinvent the wheel. The numbers we have seen since the implementation of S.B. 263 of the 80th Session have been pretty good results. In 2019 we had some months bumping up against the 30 percent violation rate to getting back more toward our historic average of approximately 13 percent; however, 13 percent is too high. We are still above the national average of approximately 10 percent. I think everybody's goal at the end of the day is to ensure that our youths are not gaining access to tobacco products and getting hooked on tobacco at a young age. That is where I came in with this language. Madam Chair, I appreciate the time today. I think that the amendment [\[Exhibit C\]](#) in A.B. 360 is moving in the right direction to ensure our youths and teenagers are not using tobacco—at least not being able to purchase it. Additionally, the increases in Nevada's compliance rate will maximize and not jeopardize our federal funds associated with the new Tobacco 21 (T21) laws. I urge your support of this bill as amended, and I am happy to answer any questions the Committee may have.

**Chair Cohen:**

For the Committee's knowledge, we have Director Young from the Department of Taxation available to answer questions. Obviously, she is here in the neutral position. Is the proposed amendment [\[Exhibit C\]](#) now the entirety of the bill, or are you adding onto the existing bill?

**Assemblyman Hafen:**

You are correct. The amendment would replace the entirety of the bill.

**Assemblywoman Anderson:**

I share your concerns when it comes to the vaping industry and how helpful Senator Ratti's bill has been in bringing up awareness for it. My question has to do with the amounts for the violation. I realize this is what is currently in statute—what was adopted two years ago; however, a two-year period feels very long to me. Has there been any discussion about shortening that length of time, or is the 24-month period for all these items directly related to the federal government guidelines?

**Assemblyman Hafen:**

There has not been any discussion of changing the length of the period of time for the penalties. As you stated, this only went into effect at the end of 2019. It is my opinion we have started to see good things come out of that legislation, and I did not want to try to make adjustments until we have some good, hard data to look at and see how well it is working and whether we need to adjust it. As I did state, we have seen some reductions. Obviously, I would like to see better reductions, but we have seen the new reductions come into play.

**Assemblywoman Anderson:**

I understand what you are saying about trying to make sure we have the data. I am just thinking about these numbers, though. If 1 in every 20 middle school students has actually tried it, that means that a student in their seventh grade year can go to a store, and then at the

end of their eighth grade year, they can go to that same store. I just wish there had been some discussion about shortening the amount of time for the retailers and keeping that awareness. I am sure there will be further discussion about that.

**Assemblywoman Kasama:**

You mentioned some of the retail outlets already have these card-scanning tools. If they did not, what would the cost be to add this scanning tool and the software needed for the age verification?

**Assemblyman Hafen:**

The vast majority of retailers, roughly 80 percent, currently have the 2D barcode-scanning systems in place. For the additional retailers that do not have those, there are a couple of options. They could purchase the 2D barcode scanners themselves, which run between \$100 to \$200 apiece. For the really old-fashioned retail stores that are mainly using a cash-based system—a cash register drawer, and have not moved to digital—those systems can run upwards of around \$2,000.

**Assemblywoman Kasama:**

I see the effective date is January 1, 2023. Why is it not 2022?

**Assemblyman Hafen:**

The reason for the length of time is for those individuals I just mentioned who are still on a cash basis and do not have the 2D barcode scanners and the point-of-sale equipment, to give them enough time to research the different options they have available, go out to bid, then acquire and install the systems and software. I reached out to a few of the convenience store owners I know in southern Nevada, and in talking to them, they felt the process should take about 12 months to have everything up and running with all the bugs and kinks worked out. Being that we are living in a COVID-19 world and hopefully getting out of it very soon, I wanted to give them more of a buffer, an additional six months, being that we end the session on May 31, 2021. I felt that an 18-month window would be an ample amount of time for a retailer or a convenience store to do all the research and implement the systems.

**Assemblywoman Kasama:**

I was hoping to make it sooner, but that does make sense.

**Assemblywoman Considine:**

You mentioned at the beginning of the hearing, 1 out of every 20 middle school students and 1 out of every 5 high school students are vaping. When those statistics were taken, I am curious: Did they also ask these middle schoolers and high schoolers where they were getting their product?

**Assemblyman Hafen:**

I do not believe those questions were asked; however, I will get back with you and verify that information.

**Assemblywoman Considine:**

I am wondering how many of them were actually getting them at stores or if they were getting them in another location. My next question has to do with the machines that scan the cards—the government-issued IDs. Do these only read government-issued IDs? Let us say somebody does not drive and they are a college student who only has a college ID, or they do not have a government-issued ID, what happens in those situations? Are they barred from buying or does someone just type in a number?

**Assemblyman Hafen:**

I had not contemplated the student IDs and whether those are scannable. I would have to check with the different universities, if this is something that could be scanned and utilized, or if it would have to be a government ID. I can look into that and get back to you.

**Assemblywoman Considine:**

I am just wondering if it is a situation where they would just type in a number, if that would have the outcome you wanted.

**Chair Cohen:**

We know tobacco and vaping is an issue. There are other things you cannot do until you are 21. You cannot drink or purchase alcohol. You cannot purchase or use marijuana. Even buying a gun has an age verification part to it. Has there been any thought of other things that you cannot do until you reach a certain age having the required electronic verification?

**Assemblyman Hafen:**

I know those conversations have taken place. Those are not part of my bill. I do want to mention my bill is not the T21 bill. The Attorney General has a bill for that and I believe it is Assembly Bill 59. My bill is just the enhanced ID verification. Again, this is not the cannabis industry, alcohol business, or firearm business. This is strictly on the tobacco side.

**Chair Cohen:**

What about online purchases? We are doing a lot of good with the in-person purchases, but what about online purchases? Is there a way to incorporate that?

**Assemblyman Hafen:**

There is a federal act—the Consolidated Appropriations Act, 2021 [H.R. 133], which included the Preventing Online Sales of E-Cigarettes to Children Act [Division FF, Title VI]. That was intended to do exactly what you just asked, to put safeguards in place for the mail order e-tobacco products and prevent them from getting into the hands of minors. I believe that federal act will address that. It is currently in the rulemaking process, and I believe they took their last public comments on March 20, 2021.

**Chair Cohen:**

For clarification, I understand the federal government has said 21 years of age, but our state law has not yet changed. If for some reason our state law does not change, will you go ahead with this bill at 18 years of age? I am more concerned with questioning the legal issues. What will happen to your bill if for some reason the 21 years of age does not happen in Nevada?

**Assemblyman Hafen:**

The intention of my bill is to steer clear of the T21 issue altogether. My goal is, if that bill did not pass and stayed at 18 years of age, my bill would be a stand-alone bill and would be implemented at the state's current age limit of 18. However, having said that, federally it is illegal to sell to anyone under the age of 21, and therefore, even though the state law does not say it, I would highly recommend all retailers selling tobacco products follow the federal law and use this technology to be in compliance with both Nevada state law and the federal law.

**Chair Cohen:**

Do we have any other questions from the members of the Committee? [There were none.] Assemblyman Hafen, do you have anyone you wanted to speak in support?

**Assemblyman Hafen:**

No, but Madam Chair, if I may . . . .

**Chair Cohen:**

We do not have anyone on Zoom in support. We will now hear from the first caller in support.

**Peter Krueger, State Executive, Nevada Petroleum Marketers & Convenience Store Association:**

I am here today in support of A.B. 360. In our opinion, this bill provides a framework for new technologies while recognizing there are still existing technologies that achieve the same goal of reducing underage sale of tobacco products and vape products. It is that simple. It is a tool. Our members support technology. As was stated by the bill sponsor, many convenience store businesses currently use some form of electronic age verification as opposed to the old paper calendar—some type of prompt for the frontline workers' technology uses at the point of sale—the cash register. These tools really are necessary to help consistently stop underage sales. I am committed to continuing to work with Assemblyman Hafen to refine this bill, to recognize existing technologies, and to provide a pathway for newer technologies to help achieve a zero-buy rate among underage customers.

This bill is simple. It provides tools. In my case, our members are convenience stores, and it simply provides a dependable, reliable tool for that frontline worker to judge the age verification. As you know, going to 21 years of age makes it even more suspect to look at a person and determine their age. At 18 years of age, maybe, and we did not do a good job

of that. So 21 years of age is going to be even harder. Therefore, we want to continue this dialogue. We think this bill is an excellent beginning to an important discussion and we look forward to being part of that.

**Chair Cohen:**

I want to get an idea of how many convenience stores in the state are your members.

**Peter Krueger:**

The latest national survey I have seen shows there to be about 1,300 convenience stores in the state of Nevada. That is everything from chain operations to single members. Of those 1,200, our association represents close to 400, or about one-third of all the convenience stores in the state.

**Chair Cohen:**

Are they starting to do this on their own? Do you think they are going to do it on their own, and if it is not put into statute, they just will not do it?

**Peter Krueger:**

Like any human endeavor, occasionally government has to get involved to provide an incentive. Of those 400 or so stores, I would suggest that around 200-plus are already using some electronic age verification. It is more our rural stores, as Assemblyman Hafen pointed out, that are going to be the challenge. I think this is a case in which a government nudge will be useful in reducing that underage buy rate.

**Chair Cohen:**

Thank you for letting me ask you a couple of questions. We will hear from the next caller in support.

**Bryan Bedera, representing Nevada Vaping Association:**

Before I get into my testimony, I wanted to start by answering a few industry questions that were asked of Assemblyman Hafen. First and foremost, as to the cost of these electronic verification devices, the Food and Drug Administration (FDA) actually provides a solution to any retailer who would like it, completely free of cost, that operates on a smartphone, so there is no cost for a retailer to participate should they want to. Additionally, there is no majorly used solution on the market that allows a clerk to manually enter an age. The whole purpose of this software is that you have to swipe a government ID, or some other government-compliant ID. As for university IDs, I would have to double-check with our membership, but I do not believe any in Nevada currently do that. Finally, when talking about online sales, federal law already requires this type of software for online verification, so all we are doing is bringing in-person sales to the same level of electronic verification standards that exist for online sales. Assembly Bill 59, as it was heard just recently, in addition to T21, also gives Nevada the authority to enforce similar rules for online verification to what we are discussing in person here.

After answering those questions, with my remaining time, the Nevada Vaping Association is very excited to support this legislation. When we surveyed our members about this bill, every single one of our retail members is already using this type of software, but this bill takes it one step further. By mandating it be used, it solves one of the biggest challenges that a vaping store has, which is getting their clerks to adopt it and making that judgment call on whether someone is old enough or not. This makes the rule simple. Everyone is carded every single time. That means there are no more clerks making subjective decisions one way or the other on whether they need to card or not, and we feel that is going to be good for the industry and that is where the mistakes happen. That is where we get the 13 percent to 30 percent failure rate, when those mistakes happen, when the Attorney General's Office is doing an inspection.

Finally, this bill is actually good for Nevada's vapor industry. In order for vape stores that make their own products to sell to achieve FDA approval to continue selling their products past the end of this year, they have to show they are putting processes in place to have a zero percent failure rate when it comes to selling products to minors that they make themselves. This allows them to provide that verification to the FDA with certainty and without the uncertainty that one of their clerks may make a mistake.

This bill is not only going to have a positive public health effect, reducing teens' access to vaping, it is going to have a positive economic effect by helping small manufacturer and direct-to-consumer sales operations throughout Las Vegas. Thank you for your time and for considering the bill. We strongly encourage support of this legislation.

**Chair Cohen:**

Thank you for answering our questions, Mr. Bedera. I appreciate that, so we gave you a little extra time. We will now hear from the next person in support. [There was no one.] We will now hear from those in opposition.

**Bradley Mayer, representing Southern Nevada Health District:**

I am here today testifying on behalf of the Southern Nevada Health District in opposition to A.B. 360 as it is currently written. Of course, while public health supports the use of age verification technology at the point of sale, we do not support the proposed fine structure in the amendment [[Exhibit C](#)] that was brought forward. We have been working with the Attorney General's Office on A.B. 59, which is the T21 bill, and public health is proposing an updated fine structure in that bill, which is up for a work session on Thursday. We would like to see this bill have the same fine structure we are going to propose for A.B. 59. We have discussed this with Assemblyman Hafen ahead of this hearing. We look forward to working with him as this bill moves forward to align the fine structures with A.B. 59 for the purpose of enhancing compliance.

**Joelle Gutman Dodson, representing Washoe County Health District:**

Our sentiments are similar to the Southern Nevada Health District's. I wanted to apologize to Assemblyman Hafen. I have not had the opportunity to reach out to him and let him know we are currently in opposition as written, but I hope to speak with him soon. This bill popped up quickly.

We wanted to reiterate we are in support of any sort of system that helps prevent sales to minors, but as written, the current penalty structure is not effective. We have the same talking points for this bill as we do for A.B. 59. We believe the burden of the penalty should be on the retailer, not the clerk, and we need to remove warnings and increase penalty amounts to be effective. Ideally a suspension or revocation for multiple sales to minors would help reduce sales to minors.

**Chair Cohen:**

We will hear from the next person in opposition. [There was no one.] Before we move on to neutral on the phones, we will hear from Director Young with the Department of Taxation.

**Melanie Young, Executive Director, Department of Taxation:**

We want to thank Assemblyman Hafen for reaching out to us today with his amendment. With his proposed amendment, the Department of Taxation would be able to remove its fiscal note from this bill. I am available for questions.

**Chair Cohen:**

We appreciate your being here today. We will move on to those neutral on the bill.

**David Goldwater, representing PAX:**

Thank you, Assemblyman Hafen, for your work on A.B. 360. I have an ancillary issue that has some germane connection to this bill, and I would like to thank Assemblyman Hafen for allowing me to work on his bill. I am representing PAX, a vape company. PAX makes products and vaporized cannabis oils only. We have had an ongoing concern regarding the definition of "vapor product" found in NRS 370.054.

While cannabis products are excluded based on the taxation of the product that goes in the vape or where it is sold, the definition contains a very broad conjunctive where vapor product means any noncombustible product containing nicotine or any other substance that employs a heating element. Based on the federal law Assemblyman Hafen referenced, this broad definition creates a plethora of unintended consequences. As it is written, CBD, hemp, essential oils, even water for baby vaporizers are classified as a vapor product here. As you may know, in order to pay the tax on vapor products, you have to register as a tobacco company. That is a cumbersome and challenging process.

Assemblyman Hafen has graciously agreed to help work on this definition that is workable for all market participants. Thank you for your time and attention to this important matter. I look forward to working with the Committee on this.

**Chair Cohen:**

Is there anyone else in neutral? [There was no one.] Assemblywoman Considine has a question for you, Assemblyman Hafen, before you make your closing remarks.

**Assemblywoman Considine:**

After listening to Mr. Bedera, I am curious about something. I am going to use Assemblyman P.K. O'Neill as an example. If Assemblyman O'Neill ran into a convenience store to pick up a vaping product and he left his wallet elsewhere, would that mean, because this system requires an ID, that he would not be able to buy a vape product? I am curious as to how specific or rigid this system is.

**Assemblyman Hafen:**

The intent of this bill is, he would be required to go back and get his ID to have it scanned. I do want to touch on a few things that were brought up in the testimony. There was a question to Mr. Krueger about the Nevada Petroleum Marketers & Convenience Store Association's members. In my testimony I mentioned I had reached out to others in southern Nevada. There was a total of nine stores I reached out to, and while I was listening to testimony, I was able to reach out to all of them and confirm none of the nine are actually members of the Convenience Store Association. I wanted to make the record reflect those members were supportive and at the table in trying to help develop this.

I know there was some opposition to the penalties. I am more than willing to sit down and talk to everyone. Originally I did not have the penalties in and I would be glad to remove them. However, I do not think that is the direction that would be most beneficial, especially with Assemblywoman Anderson's comments that maybe that period should be addressed here in the near future. I am definitely willing to sit down with everyone and discuss those further.

I have to thank a number of individuals who spent a lot of time helping taxpayers work on this. My cosponsor, Assemblywoman Hardy, who could not be here this evening; Ms. Hillary Bunker at the Attorney General's Office; Director Young with the Department of Taxation for being able to pull together the revised fiscal note in such a timely manner; and all the other staff in the building who have been working so diligently during this COVID-19 virtual world.

[[Exhibit D](#) and [Exhibit E](#) were submitted but not discussed and are included as exhibits for the hearing.]

**Chair Cohen:**

We will close the hearing on A.B. 360 and open the hearing on Assembly Bill 368. Assemblywoman Benitez-Thompson, please begin when you are ready.

**Assembly Bill 368: Revises provisions relating to tourism improvement districts.  
(BDR 22-17)**

**Assemblywoman Teresa Benitez-Thompson, Assembly District No. 27:**

I am here today presenting Assembly Bill 368, which, I am not going to be shy about, is one of my favorite bills of this session, and let me tell you why. I have been serving for a while and I guess you would say I am a more seasoned legislator. From the time I was first elected, I have served on the Assembly Committee on Taxation and now the Assembly Committee on Revenue. I have heard conversations unfold year after year, and one of the things I have really come to value is transparency and follow-through on taxation policy. Hopefully you will stick with this Committee for many sessions to come, and will always watch legislation that you vote for to see how it plays out.

This bill is specific to tax increment districts—more specifically, sales tax anticipated revenue (STAR) districts, more commonly known as STAR bonds. The Legislature put these in place about 12 years ago [Senate Bill 306 of the 73rd Session] to try to encourage tourism and retail incentives by allowing taxable sales to be withheld and applied to the developer's cost building the infrastructure and bonding it out. These are not government-backed bonds; these are government bonds held by the businesses. The policy quickly turned to something that the original bill sponsor, then-Assemblywoman Smith, did not envision, so within a couple of years, she came back with legislation [Assembly Bill 376 of the 76th Session] to put some limitations on them.

I serve as a member of the Legislative Commission, and on the Legislative Commission we get a report every year on the status of the bonds. Since I have lived through the cleanup, hearings, testimony, and language regarding STAR bonds, I remain very interested in watching this. As a member of the northern Nevada community, I like to watch to see what is happening and want to understand what is happening with developments in my own backyard.

I have listed for exhibits the current report we get as legislative members [Exhibit F and Exhibit G]. If you pull up those exhibits, you will see there are tables, and everything right now is reported in aggregate. My goal with this bill is to de-aggregate some of this data to have a better understanding about what is happening in our region. Also, once I exit this building and I do not have access to Fiscal Analysis Division, Legislative Counsel Bureau (LCB), staff and a host of different people who might help me understand and read these reports or get more insight to those reports, my goal is that any normal person who likes to follow tax policy could pick up this report and have a better understanding about what is happening.

I have a conceptual amendment [Exhibit H] that was recently uploaded to NELIS [Nevada Electronic Legislative Information System]. It is very short so it will be easy to digest. As I said, I am looking to de-aggregate this report. I am specifically looking to have the tax increment districts (TIDs) named. If you look at the tables on these exhibits, it just talks about the statute and you do not see the tax increments named. It was not until we got our

bill explanation that I knew there were seven TIDs in the state of Nevada. I had been tracking five. In conversations with local governments, we were checking around to see how many TID STAR bond districts there were, so there were a couple that we missed. Even just listing at the top of the table the names of all seven of the TIDs out there is going to be helpful.

Next, I would like the report to include the amount of the 75 percent of taxable sales that are being pledged. What you see right now is total sales tax revenue, but we do not know the 75 percent that is being pledged and we are asking the public to do an extra step, which is the math to figure out the 75 percent. The Department of Taxation does that so much better than we do, so it makes sense to have that 75 percent pledge listed specifically.

Next, I would like the data to be reported by county and then by range of taxable sales. You can clearly see that of the seven projects listed, in northern Nevada, you have one in Sparks and three in Reno. We cannot get down to the level of what each taxpayer is reporting as that is proprietary information, but we can aggregate that by county. I should be able to look at this report and know what is happening in my county and how those group together. The same goes for Clark County [Symphony Park, 4th and Stewart, and AREA15]. All of those being in Las Vegas, you should be able to see that as a group so you can better understand the impact of those within your community, once it is broken down by county, then range of taxable sales. I have been discussing with our Fiscal staff how that might look. If the ranges are too small, we will know what each individual taxpayer is paying in taxable sales. We do not want that, so somewhere in the range of \$750,000 increments seems to make the most sense.

Lastly, I want reported the number of years left on the bond payment. This is so important to me for transparency because the clock has started running. Some of these are ten years in, some of these are nine years in, but we will have the rest of the life of the bond out there. It makes it easy for the public when they pick up the report to know we are 15 years in or 20 years in, and to have a better idea of when those revenues will go back online for the local government systems. That is all I have and I am open to questions.

**Assemblywoman Bilbray-Axelrod:**

I became aware of STAR bonds last session from the Assembly Committee on Government Affairs. I was actually under the incorrect assumption that they were all in northern Nevada. Thank you for opening my eyes. When you talk about transparency, just from the conversations we had anecdotally and on chat, that was what I was led to believe. You were referencing the seven and you said you saw it in the digest, and then you quickly threw out a couple in Clark County. Is there some place I can find those? I know that is part of the purpose of your bill, but I was just wondering if I could actually see the seven.

**Assemblywoman Benitez-Thompson:**

These were actually listed within bill explanation notes. Within that explanation is where you are going to see the current seven TIDs. There is Legends at Sparks Marina in Sparks, Freight House District in Reno, Tessera in Reno, Cabela's in Reno, Symphony Park in Las Vegas, 4th and Stewart in Las Vegas, and AREA15 in Las Vegas.

**Assemblywoman Bilbray-Axelrod:**

I am familiar with a couple of those up here, and very familiar with a couple down south. The ones I am familiar with, there was an environmental issue.

**Assemblywoman Benitez-Thompson:**

That would be the Legends at Sparks Marina, which is housed in Assemblywoman Anderson's district. For those of us who have been around in the northern Nevada area, we know this formerly as a "toxic Superfund site" after the 1997 flood was cleaned up. The marina adjacent to the shopping center was rehabbed and turned into a beautiful area.

**Assemblywoman Bilbray-Axelrod:**

I know of that one and I am very well-versed on Symphony Park, which also had that same issue. I was wondering if all of them have an environmental impact. I did not know if that was part of the STAR bonds.

**Assemblywoman Benitez-Thompson:**

We just have the one in northern Nevada. It was adjacent to a big petroleum tank holding storage area. During the flood of 1997, Interstate 80 gave way and that is how we ended up with oil leaking into what was the old Helms pit.

**Assemblywoman Bilbray-Axelrod:**

It was not a prerequisite for a STAR bond?

**Assemblywoman Benitez-Thompson:**

The other ones are not Superfund sites.

**Assemblywoman Bilbray-Axelrod:**

It is a Superfund site, but I am also thinking of another name. Maybe somebody can remind me what it is. It is like a brown [brownfield] zone.

**Assemblywoman Anderson:**

I really like this bill. The only thing I can think of to add is if there are any stores that were outside of the STAR bonds that then move into the STAR bond district. However, closing those other stores to be able to receive that incentive, I do not know if that would be a reliable addition or not, based upon the fact that it is kind of almost too late to be able to do that. I just wanted to bring that up as a possible item to consider, based upon my district.

**Assemblywoman Benitez-Thompson:**

Our Fiscal staff can help me with the recollections, but when the bill sponsor came back into these chapters of *Nevada Revised Statutes* to say this is playing out in a different way than what I had imagined, I need to take ownership of this and address some behaviors I have seen. I believe we did pass a law in 2011 [[A.B. 376 of the 76th Session](#)] that would not allow for any existing business within a 40-mile [3-mile per Fiscal staff] radius to relocate into this district because that was a trend we did see. Something the local municipalities and local governments did not expect was the loss of a revenue base outside of the district to relocate into the district where their sales tax would then be pledged. I do not believe that is a current practice, but we would have to see if there are existing businesses there that relocated in. I think most of the ones we were concerned about have closed.

**Assemblywoman Anderson:**

I agree. I appreciate your bringing this forward.

**Chair Cohen:**

Just to confirm, we are going to keep in the blue language in the bill and just add on your amendment, correct?

**Assemblywoman Benitez-Thompson:**

We can keep it in. Different conversations with our Fiscal staff have led me to think the insertion of "proprietary" does not get us much farther off the status quo than where we are, so it seems fine to leave it in. But then the conceptual amendment [[Exhibit H](#)] gets much more to the meat of what I was looking for in terms of transparency and tax policy.

**Chair Cohen:**

I was a little concerned about the word "proprietary." Maybe I will have to address this with Legal Division, LCB, but when I think about proprietary with businesses, I always think of it as what you sell—your special sauce, your 13 herbs and spices. I do not necessarily think of it as your sales records.

**Assemblywoman Benitez-Thompson:**

Right now taxpayer information is protected in our statutes. Because of the way this program was set up, where it is a STAR bond and there are some districts where there is just one retailer there and some districts where there are multiple retailers, we cannot report it by district because we would obviously disclose the taxable sales of an individual business. We do not want to do that, but from where we are now at the 500,000-foot level, we want to get much closer to the ground. I think we have language that strikes the right balance. For full disclosure, our wonderful Fiscal staff we have with us today came up with this report [[Exhibit F](#) and [Exhibit G](#)] and it has served a great purpose. I love this report and I wanted to get more meat out of it. It feels like we are in a comfortable place where we can strike the right balance between getting more information but at the same time not disclosing any proprietary information.

**Chair Cohen:**

Seeing no other questions, we will go to the phones. [There was no one for support, opposition, or neutral testimony.] Director Young, do you have any information you would like to provide to us?

**Melanie Young, Executive Director, Department of Taxation:**

We are neutral on this bill.

**Chair Cohen:**

Assemblywoman Benitez-Thompson, do you have any closing comments?

**Assemblywoman Benitez-Thompson:**

I appreciate the Committee hearing the bill. For transparent tax policy, I think it matters a lot to make it easier for the public to find information, to know exactly what is [unintelligible] in it. I have wanted to do this for many sessions. I realized I am running out of time, so I am so happy I am finally getting this done. I appreciate your time.

**Chair Cohen:**

Thank you for the presentation and for teaching us about the right way to look at these bills and the legislation that we already have in the state. I will close the hearing on A.B. 368 and move to public comment. Is there anyone for public comment? [There was no one.] As we went through our last bill rather quickly, we will take a two-minute pause just in case we missed anyone or they were waiting to call in after the hearing. [There was no one.] Are there any comments from the members of the Committee? [There were none.] Our next hearing will be April 1, 2021. We are adjourned [at 5:20 p.m.].

RESPECTFULLY SUBMITTED:

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Gina Hall  
Committee Secretary

APPROVED BY:

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Assemblywoman Lesley E. Cohen, Chair

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

## EXHIBITS

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is a proposed amendment to [Assembly Bill 360](#), dated March 26, 2021, presented and submitted by Assemblyman Gregory T. Hafen II, Assembly District No. 36.

[Exhibit D](#) is written testimony dated March 30, 2021, submitted by Randi Thompson, representing Nevada Vaping Association, in support of [Assembly Bill 360](#).

[Exhibit E](#) is written testimony dated March 30, 2021, submitted by Brook Carlisle, Nevada Government Relations Director, American Cancer Society Cancer Action Network, in opposition to the proposed amendment to [Assembly Bill 360](#).

[Exhibit F](#) is a pair of tables with information concerning the Department of Taxation's Tourism Improvement District Report Under A.B. 376 (2011), presented and submitted by Assemblywoman Teresa Benitez-Thompson, Assembly District No. 27, regarding [Assembly Bill 368](#).

[Exhibit G](#) is a pair of tables with information concerning the Department of Taxation's Tourism Improvement District Report Pursuant to NRS 271A.105 (2A), presented and submitted by Assemblywoman Teresa Benitez-Thompson, Assembly District No. 27, regarding [Assembly Bill 368](#).

[Exhibit H](#) is a conceptual amendment to [Assembly Bill 368](#), presented and submitted by Assemblywoman Teresa Benitez-Thompson, Assembly District No. 27.