

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GROWTH AND INFRASTRUCTURE**

**Seventy-Third Session
April 14, 2005**

The Committee on Growth and Infrastructure was called to order at 1:51 p.m., on Thursday, April 14, 2005. Chairman Richard Perkins presided in Room 4100 of the Legislative Building, Carson City, Nevada, and, via simultaneous videoconference, in Room 4406 of the Grant Sawyer State Office Building, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Mr. Richard Perkins, Chairman
Ms. Chris Giunchigliani, Vice Chairwoman
Ms. Francis Allen
Mr. Bernie Anderson
Mr. Tom Grady
Mr. Lynn Hettrick
Mrs. Marilyn Kirkpatrick
Ms. Sheila Leslie
Mr. Harry Mortenson
Mr. David Parks
Ms. Peggy Pierce
Mr. Scott Sibley
Ms. Valerie Weber

STAFF MEMBERS PRESENT:

Susan Scholley, Committee Policy Analyst
Russell Guindon, Deputy Fiscal Analyst
Keith Norberg, Deputy Fiscal Analyst
Gregory Sharry, Committee Attaché

OTHERS PRESENT:

Kenneth Mahal, President, Nevada Seniors Coalition
Scott Watts, President, Nevada Alliance for Retired Americans

William Birkmann, Chairman, Retired Member Council, Communications
Workers of America Local 9413

Richard Miller, Vice President, Nevada Alliance for Retired Americans

Gaylyn Spriggs, Nevada Taxpayers Association

Dan Musgrove, Director of Intergovernmental Affairs, Office of the
County Manager, Clark County, Nevada

Lieutenant Stan Olsen, Executive Director, Department of
Intergovernmental Services, Las Vegas Metropolitan Police
Department

Chairman Perkins:

[Meeting called to order. Roll called.]

Vice Chairwoman Giunchigliani:

We are opening the hearing on Assembly Joint Resolution 11.

**Assembly Joint Resolution 11: Proposes to amend Nevada Constitution to
effect freeze on property taxes for senior citizens. (BDR C-1184)**

Assemblyman Richard Perkins, Assembly District No. 23, Clark County:

During the property tax debate earlier this session, we heard from many of our constituents who are facing truly difficult circumstances. Many feared that, given the drastic increase in property values, they would not be able to stay in their homes. A vast majority of these were senior citizens who lived on fixed incomes—often Social Security—that increase only slightly each year, if they do at all.

For many, the death of a spouse can be financially devastating. The property tax proposal passed by this Legislature will certainly help seniors, but I do not believe it this goes far enough. Seniors have paid taxes their entire lives, have raised their families, and contributed to our economy. They have given generously to our society, and we need to ensure that they can live comfortably in their retirement years. Assembly Joint Resolution 11 would amend the *Nevada Constitution* to freeze property taxes for seniors. Given the past growth and assessed valuation—particularly in Clark County, where many seniors are concentrated—we have no assurance that these drastic increases will not continue.

I believe we need to act now to ensure a level of stability for our retired Nevadans. The 3 percent cap for homeowners was a step in the right direction, but for many seniors, even 3 percent is too much, given that the cost of living

adjustment for Social Security was 1.75 percent. The proposed amendment is very simple. It would freeze property taxes for seniors who have paid property taxes in Nevada for the previous 10 years. This will ensure that a longtime Nevada resident receives the benefit of this freeze. Any senior who moves to Nevada after reaching retirement age would have their property tax level frozen at what they pay after living here for 10 years. I think it is a simple Nevada solution to a unique Nevada problem. I urge the Committee to give Nevada seniors peace of mind in their golden years.

[Assemblyman Perkins, continued.] Assembly Joint Resolution 11 is actually fairly simple. On page 3, it mentions that the annual property tax upon a residence owned and occupied by a senior citizen who has paid property taxes in the State during each of the previous 10 years must be limited to an amount not greater than the tax upon the assessed value of the property in the year in which the person reaches the age of retirement as defined by the Legislature, or has paid property taxes in the state for each of the previous 10 years, whichever is later.

What would happen if property values actually went down and property taxes followed accordingly? We would not want to freeze them at a higher rate. I have an amendment that adds a provision to cover such a situation ([Exhibit B](#)). If the property taxes go down, they would be frozen at the lower level so as to not stick the senior citizen with the higher property tax.

Kenneth Mahal, President, Nevada Seniors Coalition:

We appreciate your consideration today. The last part that the Speaker mentioned was something that I brought up when I was speaking with Mr. James Gillen. What happens if we have some depression in the middle of it? As a youngster, I was raised during that time period, and I remember what that was like. You would hate to pay higher taxes if everything else was going down.

I represent a group that by and large has not had a paycheck for over 20 years. In our organization we have a motto: "A better quality of life for seniors, their children, and their grandchildren." I am here to let you know that we do not lose our children and grandchildren. We gain grandchildren. On top of our ordinary expenses, we are still looking for help from our families. Sometimes I think people feel that retirees have nothing to do except play golf, go on trips overseas, and have a great life. Most of us who have been retired are challenged daily on how to keep enough income coming in after 20-plus years, so that we can still continue somewhat of a decent lifestyle that we were accustomed to when we retired. We are very much in favor of this bill, and we

will be happy to work with the Legislature on any details that you would like when it comes time to put all of the details on the bill in a legislative manner.

Scott Watts, President, Nevada Alliance for Retired Americans (NARA):

I am here in support of this bill. On behalf of our membership, we have approximately 16,000 in the state within 18 affiliated chapters. The golden years are not as golden as we were once led to believe. It is tough being a senior today. Some of our members are affluent people, but very few. Most of them are on a fixed income. One thing that has yet to be mentioned is that we have had increases in our Medicare premiums, prescription drugs, and health care; enough is enough. I hope, when you younger people reach the age of us seniors, that you are not faced with what we are faced with today.

Many Nevadans, senior citizens, need all of the help they can get because we have no place else to go except for our government. That is what this process is all about, and we need your help. I think this is another good measure that should pass. This is a nonpartisan issue, and I would hope that you would address this so we can get it on the road.

William Birkmann, Chairman, Retired Member Counsel, Communications Workers of America Local 9413:

I am representing about 500 members of the Communications Workers of America (CWA). I am happy to say that it is a growing group. I am here to ask your support on this amendment. I do not want to be redundant. There are spiraling drug costs and health care costs. My copayment for health care on one maintenance drug went from \$12 last year to \$40 this year. I know many of my members take 2, 3, 4, and 5 of these maintenance drugs. They did not foresee this when they retired, nor did many of them see the spiraling costs of property tax 10 years ago. They did not see the boom in the population. I am asking for your support.

Richard Miller, Vice President, Nevada Alliance for Retired Americans:

We have a growing local chapter, and I am the president of that chapter. In Clark County alone, we are close to 500, and we have more than 500 as we move outside of Clark County. I would first like to applaud the efforts of the Senate and the Assembly for supporting A.J.R. 11. They recognize that thousands of seniors in Nevada are struggling with their rising taxes. Reevaluations have created great panic here in southern Nevada. They have faced and will face an increased cost of Medicare, and they are now struggling to stay above water on their fixed incomes.

I particularly want to thank Assemblyman Perkins for standing behind this bill and standing up for seniors. As you know, many of our seniors are living on

poverty levels or close to poverty levels. They already face uncertainties with the threats to Social Security and serious problems with Medicare and health care costs in light of the changes around the prescription drug bill. We would like the Senators and Assemblymen to know that we are strongly behind this bill, and we stand ready to help them. We believe that our senior citizens are the citizens struggling, and this bill will give them somewhat of a break.

Gaylyn Spriggs, Nevada Taxpayers Association:

Since there are no income qualifications in this, we thought that you might want to add an amendment ([Exhibit C](#)) that says, "The amount of property tax deferred pursuant to this subsection becomes due and payable upon the sale of the property, sale of the interest in the property by the claimant or upon the death of the claimant."

Vice Chairwoman Giunchigliani:

I will close the hearing on [A.J.R. 11](#).

Chairman Perkins:

I would like to mention that I had a conversation with Carole Vilardo [President, Nevada Taxpayers Association] that outlined what Ms. Spriggs just pointed out. I would mention to the Committee that if you have been here, paid your dues, contributed to our economy, raised your children, and helped educate others, I did not see the need to use the deferment. I didn't think in was in the spirit of where I was headed. We can then move to our work session. The first bill in our Work Session Document ([Exhibit D](#)) is [A.B. 312](#).

[Assembly Bill 312](#): Requires certain governmental entities to conduct certain sales and other disposals of certain public lands and real property by public auction. (BDR 26-1089)

Susan Scholley, Committee Policy Analyst:

[Assembly Bill 312](#) was sponsored by Assemblyman Sibley and was heard in this Committee on April 5, 2005. [Assembly Bill 312](#) requires that state and local governments sell property only by public auction, with certain limited exceptions for things such as transfers of land between governments, or to certain entities for public purposes. The measure would apply to state lands, as well as county and city governments. The bill also amends the special acts relating to three airport authorities. Testimony in support of the bill came from Clark County. Opposing the bill were the Nevada Division of State Lands, the City of Henderson, and the City of Boulder City. Washoe County testified as neutral. Several amendments were proposed, and the attached mockup incorporates

amendments from Clark County, Washoe County, and Assemblywoman Giunchigliani.

[Susan Scholley, continued.] Within Section 2, on page 2 (page 4 of [Exhibit D](#)), Washoe County was simply proposing to add references to the existing provisions in the statutes that allow disposal to entities for public purposes, such as affordable housing, corporations for public benefit, et cetera. Also, Washoe County requested a reference to their interlocal agreement that allows them to implement the TROA [Truckee River Operating Agreement] settlement. Turning to page 3, the sponsor of the bill suggested restoring the notice provisions in lines 17 through 36.

Turning to page 4 (page 6 of [Exhibit D](#)), some of you may know that A.B. 479, which was pending in the Assembly Committee on Government Affairs, was proposed to be added into this bill, as it related to the subject matter. This amendment, starting on line 10 of page 4, is Clark County's amendment that would address disposal of remnant parcels. On page 5 (page 7 of [Exhibit D](#)), Section 3 is a Clark County amendment. On pages 6 and 7 (pages 8 and 9 of [Exhibit D](#)), we found some stray references to "or exchange," which have been deleted. Again on page 7, lines 20 through 24, there is another exclusion for an interlocal agreement, because Washoe County, City of Sparks, and City of Reno are all involved in the TROA agreement, and NRS Chapter 268 related to cities. Finally, on page 14 (page 16 of [Exhibit D](#)), there was an amendment proposed by Assemblywoman Giunchigliani, adding some process for the selection of certified general appraisers. These five suggestions capture her intent regarding the selection of appraisers for the purpose of selling public lands.

Finally, the last page has some considerations for the Legal Division. As the amendments have come together, there is some overlap in the mock-up in terms of notice provision. I want to warn everyone that it does need to be cleaned up in the amendment process. These are a couple of items we want Legal to look at that we think may be redundant. The sponsor pointed out that the definition of "public auction" is in NRS Chapter 244, which relates to counties. We would be suggesting that the Legal Division look at putting in a definition of "public auction" that would apply to counties, cities, and the State. In the alternative, it could just refer to NRS [*Nevada Revised Statutes*] 244.282, which is the county definition of public auction. I am looking to see if there were any other amendments passed out, but I do not believe there were.

Assemblyman Sibley:

The only proposed amendment that I would add in NRS 244.282, the county process for sale of real property at public auction, is that it talks about using a sealed bid process. After going through the law, I agree with the sealed bid

process. If you cannot attend the sale, you can send in a sealed bid to the county. At the time of the auction, they open all of the sealed bids and take the highest one. If there is anyone present in the audience, they could continue it from that point forward. The current statute says that if someone is there, they need to bid in a price exceeding the sealed bid by 5 percent. I would like to take the 5 percent out, because it is my thought that if someone is there bidding higher than the sealed bid, I would like to take it from the sealed bid point up.

Assemblyman Anderson:

I think the purpose of the sealed bid is that you would also have to make sure that you physically attended to protect your sealed bid, because it would become a bidding war between the sealed bid and the lowest bidder. Is that what you are anticipating?

Assemblyman Sibley:

The current procedure is that they open the sealed bids, and if anyone there would like to bid higher, they can bid from the highest sealed bid amount up. They do have a provision that it has to be 5 percent higher than the highest sealed bid. I think that there may be cases where if it is a large parcel of land, someone may want to bid a couple hundred thousand dollars more on the parcel, but it will not be 5 percent.

Assemblyman Anderson:

My concern is that there should be a threshold about how high the bid should go up. I do not want it to be a nickel or a dime more. Rather, there should be a certain percentage of the aggregate so that it makes a meaningful event.

Assemblyman Sibley:

Maybe one or two percent would be reasonable, so that we do not have the nickel-and-dime situation at the auction.

Chairman Perkins:

We are talking about keeping the sealed bid process, which is something that you had some problems with when the bill was first heard. We would be putting a system in play so that there is more accountability?

Assemblyman Sibley:

There are two different sealed bids that we are talking about in the bill. If you look at Section 1 with the State Lands Administrator, they have a sealed bid process that is only sealed bids. They would take the highest one. That is the process that I have a problem with. The county has concern that if someone wants to bid on a property but cannot attend the meeting, it would give them the opportunity to do that. By allowing them to do that, I think we can get as

many bidders as possible and bring the greatest amount of money to the county for the land. It will basically allow you to turn in a bid without being present at the sale. You could get knocked out, but I had a problem with the sealed bid process that the State uses. It just says send in your bid, and we will notify whoever has the highest bid.

Chairman Perkins:

Will State Lands still be able to use sealed bids?

Assemblyman Sibley:

I would like to have everyone use the language that the county uses; that is the intent. I would like to have the State go to that process so they can take sealed bids and then open it up to public bidding at the time that the bids are collected.

Chairman Perkins:

Did you have that conversation with State Lands? If so, what was their response?

Assemblyman Sibley:

State Lands wanted the ability to either do a public auction or a sealed bid without having it go to a public auction. They wanted the ability to have the auction, and if nobody attended the auction, they could dispose of the property at a later date without doing anything.

Chairman Perkins:

It is my recollection from the testimony that they preferred the sealed bid process, because it was less expensive to administer and they didn't have to put together a big show. Is that what you remember?

Assemblyman Sibley:

I do remember that they were saying that sometimes it can be in remote areas, and they prefer the sealed bid process so people did not have to show up at the sale.

Assemblyman Parks:

In looking at the statute as it currently is, the 5 percent threshold seems to have worked quite well. I think there have been lively auctions with bids made. My concern is that if there was not some percentage level, it could easily get bogged down in the nickel-and-dime scenario that Assemblyman Anderson was referring to. I think if someone comes down and makes an oral bid, it should be at a certain increment, and then subsequent bids need to be more than a few pennies. It has been my experience that the 5 percent has worked adequately. I do not know if I have heard that it has a chilling effect on other bidders.

Assemblyman Sibley:

I believe the way that the process works is that the first bid is 5 percent higher and then they basically open it up to an auction situation, where bidding is in increments offered by the people in the audience. If the Committee feels that the 5 percent is appropriate, I am happy with it.

I believe Assemblywoman Giunchigliani had some concerns with the appraisals and she was going to add some additional language. One of the other concerns is that we would like to add language that says the appraisal cannot be more than six months old from the date of the appraisal to the date of the sale. The other concern is that the land sales used for the appraisal are not older than six months old. We are trying to make sure that we are having a current appraisal to set the minimum price for these parcels.

Assemblywoman Giunchigliani:

The amendment is suggesting that we require the general appraisers to be available for selected public lands. It would require two separate, confidential appraisals, justifications of the value, and the government entities must determine the appraiser is capable of performing the appraisals. Selected appraisers must provide financial disclosure statements, and the appraiser must disclose that immediately to the family. One suggestion that came up was that they should not be allowed to accept an appraisal that is older than six months. Also, it cannot be tied to a former appraisal that was done outside of the six-month period.

Chairman Perkins:

I do not know if these proposed amendments are considered too onerous or not on the subject:

- Requiring certified general appraisers to be selected for the purpose of selling lands.
- Requiring two separate appraisals and the justifications of value.
- Require the government entity to select appraisers from a rotating random list.
- The government entity must determine that the appraiser is performing those appraisals.
- Selected appraisers must provide a financial disclosure statement to ensure that there is not some sort of interest in the property.
- Prohibiting an appraiser or his/her immediate family members from having any interest in the property being appraised or joining property.
- The appraisal has to be no older than six months.

Dan Musgrove, Director of Intergovernmental Affairs, Office of the County Manager, Clark County, Nevada:

There are no appraisers in the audience who could testify that it might cause a chilling effect on them. Because of the boom in Las Vegas, it is hard to get appraisers scheduled to do the work. Let's say we get an appraisal and get the auction scheduled within six months, and then it doesn't happen. If we had to go through the process again, it might be hard to get that scheduled. I understand your rationale, because that is one of the questions that came out in the airport deal, whether or not those appraisals were up to date with the current real estate market. I think the way it is going will need something recent. I do not know whether it is going to hurt and slow the process.

Chairman Perkins:

I think we are stuck on the six-month process. When you sell a home, you need a current appraisal. With values in Clark County going up 28 percent between last July and this July, having an appraisal older than six months could create a world of difference in price.

Dan Musgrove:

Philosophically, I completely agree with the intent of where you are going. It is just that, without an appraiser talking about the realities of the real estate market in Clark County, I cannot comment any further.

Assemblyman Sibley:

That brings me back to the idea of this bill. The nice part about doing the auction versus a trade or swap is that we do have the appraisal, and because of the rapid growth of the land values, if the appraisal is low at the auction, it will get bid up to the appraised value. I do think we need a current appraisal on the property though.

Assemblyman Grady:

I believe in the Assembly Committee for Natural Resources, Agriculture, and Mining, we kept the six-month appraisal on Pam Wilcox's [Administrator, Nevada Division of State Lands] bill. The six months would be consistent.

Assemblywoman Giunchigliani:

I do not want to make a barrier on the financial disclose. I just wanted a disclosure of the income that they have that may be in conflict with this. However, we need to reword this language. In Commerce and Labor, I think we heard that there were 1,500 licensed appraisers and 250 general appraisers, who are the ones who do the land. I think that the volume is still there, but I understand that a complication is who has expertise in certain areas.

Assemblyman Hettrick:

I think Ms. Giunchigliani's intent is to have an appraiser disclose if there is any conflict, but not necessarily 100 percent of their income source. I think it would make it easier for the counties if we said that an appraiser must disclose any relationship with the property owner, or even if it is a "contract to do work for" where it might be a conflict of interest. If we did those two things, I think it would probably resolve the conflict of interest. You are getting two separate appraisers in this request, so I think you have assured that you will be all right. That might make it a little easier, because I think the biggest fear is that these folks are going to have to disclose every dime for however long.

Chairman Perkins:

Whatever we do, this mockup does have some overlap and additions, so this bill will have to be brought back to the Committee.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO AMEND AND DO
PASS ASSEMBLY BILL 312.

Assemblywoman Giunchigliani:

In the proposed mockup, the amendments are the change regarding the financial disclosure to disclose any potential income that could be a conflict of interest, the six months and the 5 percent.

Chairman Perkins:

On the last page of the bill there were some suggestions, but I think it was just some definitions.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chairman Perkins:

I would like to turn our attention to A.B. 392.

Assembly Bill 392: Makes various changes concerning regulation of property tax assessment by Nevada Tax Commission. (BDR 32-275)

Susan Scholley, Committee Policy Analyst:

Assembly Bill 392, sponsored by Assemblyman Hettrick, was heard in this Committee on April 7, 2005. Assembly Bill 392 proposed a number of amendments relating to the Nevada Tax Commission, including requiring the Commission to set statewide standards for appraisal and evaluation and changing certain aspects of the appeal and judicial review processes for the county boards of equalization and the State Board of Equalization. Testimony in support of the bill was provided by Maryanne Ingemanson, an Incline Village resident. Testimony in opposition was received from Washoe County, the County Assessors Association, and the Department of Taxation. No amendments were proposed at the hearing.

Assemblyman Hettrick has proposed an amended version, which is shown in the attached mockup ([Exhibit D](#)) summarizing the amendments. He has eliminated all of the provisions in the bill except those that relate to requiring the Department of Taxation or the Nevada Tax Commission to adopt standardized regulations for property appraisal assessment in Nevada and for the county boards of equalization to use those standardized statewide standards. There is no fiscal impact at the local government level, but there is an identified fiscal impact at the state level.

Assemblyman Hettrick:

The amendment eliminated, as Susan Scholley said, everything except standardized regulations. I think we remember the testimony where two pieces of virtually identical property at Lake Tahoe have tax bills that were five times different because a difference of valuation. We are trying to standardize the valuation process so everyone will work from the same book.

Chairman Perkins:

Mr. Chinnock, does that alleviate your concerns? [Chuck Chinnock, Director of the Nevada Department of Taxation, answered in the affirmative.]

Assemblywoman Giunchigliani:

I think this is a good compromise and should help everybody. There needs to be something that is consistent, and we still have to deal with the issue of appraisals, anyway. This is one piece of that pie, and I think it is a good move to make sure that the regulations properly delineate what they are being assessed on and why.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO AMEND AND DO
PASS ASSEMBLY BILL 392.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

Assemblyman Anderson:

Are we going to see a delineation of all the grades of sand at Lake Tahoe? I know there are currently four kinds, but how will this apply to the uniqueness of the 17 counties? Are we moving away from the local jurisdictions and forcing them to a standardized version? I am trying to envision what is going to happen now.

Assemblyman Hettrick:

I do not know how giant the compendium might be, but I anticipate that it would be a fairly large volume. I would hope for some standardization. I do have concerns about valuing sand in Elko County as compared to Washoe County or any other county. If we are going to value rocks, I think Elko County should be valued a lot higher than some of the other places in Nevada. I would like to see standardization that is meaningful, so it is fair across the board. I think that applies to every citizen in this State, and I think they should all be able to expect that it will be uniform and equal as required by the *Constitution*. I do not think, with everybody writing their own standards, that it has been uniform and equal. I believe this statute will help us move in that direction.

Assemblyman Anderson:

I can just see us arguing over diatomaceous earth and its filtering characteristics or the sand and dirt quality of Elko County as compared to the sand and dirt quality of Lincoln County. It's mind-boggling. Having seen how the county wars go, reopening some of those scabs is going to be very difficult. Is it a reasonable expectation? I envisioned the first response would be that yes, it is going to be large.

Assemblyman Hettrick:

I think it is indeed going to be a difficult process. I do not think it is going to be easy to do this, because I think people will disagree. I am sure they will have input in hearing from various county assessors, trying to indicate that they think certain values should be included and the like. I think that is up to them to do so. The important part of this is that whatever they decide, whether you value it or you don't, we are not putting any limitation on them that tells them they cannot value sand, view, or rocks. We are saying that when you are done determining what we should value, it must be the same for all.

Assemblyman Anderson:

I do not disagree with that part of the statement. I am just envisioning the war that is going to take place.

THE MOTION CARRIED UNANIMOUSLY.

Chairman Perkins:

Let us now turn to A.B. 418.

Assembly Bill 418: Authorizes Board of County Commissioners of Clark County to increase sales tax to employ and equip additional police officers. (BDR S-413)

Susan Scholley, Committee Policy Analyst:

Assembly Bill 418 is sponsored by the Assembly Committee on Growth and Infrastructure on behalf of Clark County. The bill was heard in this Committee on April 5. Assembly Bill 418 authorizes the Clark County Commission to increase the sales tax to employ and equip additional police officers in Boulder City, Henderson, Las Vegas, Mesquite, and North Las Vegas. There are two increases authorized: a one-quarter-cent increase in July 2005, and another quarter cent in July 2009. Testimony in support of the measure was received from numerous law enforcement agencies, associations, and local governments in southern Nevada, as well as several labor organizations and the Southern Nevada Home Builders Association. The Nevada Taxpayers Association testified as neutral on the measure.

Several proposed amendments were brought up at the meeting and are summarized on the decision sheet ([Exhibit D](#)). Following the summary, there are six of them. There will be no fiscal impact at the state or local government level. Looking at the list of possible amendments, it was discussed and suggested that population will be determined based upon the preceding year, as determined by the State Demographer under Section 9, page 3. It was also suggested that you may want to delete the "or after" so that the first quarter-cent tax will be imposed on July 1, 2005.

There was also discussion on item 3. I believe Carole Vilardo [President, Nevada Taxpayers Association] made the suggestion to delete the second quarter-cent tax completely, in view of current high revenues. If that suggestion is not accepted by the Committee, in the alternative it was suggested to delete the "or after" in that section so that the one-quarter sales tax cannot be imposed before July 1, 2009. I think the intent was that one-quarter cent would go in 2005 and 2009. The way the current language is presented, it would allow the second quarter cent to go in before 2009.

[Susan Scholley, continued.] In item 4, there were discussions on deleting Sections 11 and 13. They are related to the Streamlined Sales and Use Tax Agreement, which has apparently changed, causing those sections to be irrelevant. There was discussion of deleting Sections 17 and 18 due to concerns about whether the sales tax revenue would be an appropriate bonding base. Finally, item 6 had discussion on the expiration date. I believe Carole Vilardo brought that up, and she put 30 years on the table. Also in my notes was Assemblywoman Giunchigliani suggesting 10 years.

Assemblywoman Giunchigliani:

On page 3, I had underlined subsection 2, paragraph (b). I was wondering why we would need this. It says, "The Board shall, before submitting to the Legislature any request to change the uses for the proceeds from the tax..." Was that part of the advisory question, that they could come back and change the use?

Brenda Erdoes, Legislative Counsel:

The advisory question didn't have that in there, so this says if you want to change the views before you come to Legislature, you have to have another advisory question to ask the people again.

Assemblywoman Giunchigliani:

If they no longer need the quarter cent for that particular purpose, they would have to go to another advisory question and still come back to us for enablement. They could not just say that we are collecting now.

Assemblywoman Kirkpatrick:

I still have the same concern that nowhere in the bill does it say how the money is disbursed. I did work with Lieutenant Stan Olsen [Executive Director, Office of Intergovernmental Services, Las Vegas Metropolitan Police Department] to try and come up with some language that would define that. I think it is very important that we know where the money is going to be so that we can account the fact that it has put a certain amount of police officers on the street.

Chairman Perkins:

I have a proposed amendment given to me by Mr. Olsen ([Exhibit D](#)). It says, on page 6, line 10, add a new Section 17 that says, "(1) The local governments of Boulder City, Henderson, Las Vegas Metropolitan Police Department, Mesquite, and North Las Vegas that receive proceeds from the tax authorized by this act shall create a separate fund and deposit money received from the county treasurer for credit into this fund. (2) The fund of each government entity, as outlined in subsection 1, created for the use of the proceeds of the tax authorized by this act must be accounted for as a separate fund and not part of

any other fund. (3) Any interest earned on the proceeds on the tax authorized by this act must be accounted for as outlined in subsection 1. All interest earned on the proceeds of this tax are subject to the same restriction as the proceeds of the tax authorized by this act."

Assemblyman Hettrick:

I was not present for the testimony on this hearing. In terms of how the money is spent, I just heard that it has to go into an account and be separately accounted for, but it did not say how it would be distributed amongst the various government entities. I am wondering if that question was answered.

Assemblywoman Kirkpatrick:

It does say in here that it would be based on population. They money is to be used for the policemen and equipment.

Assemblywoman Giunchigliani:

At some point we should discuss Section 17 and Section 18, because I had made a note to perhaps delete that based on the bonding question. I would hope that someplace in the preamble we could use Sheriff [Bill] Young's comment that he was quite comfortable. He had stated that 80 percent of the officers will be assigned to uniform operations, which is defined as patrol units in the community and traffic. If we find a good way to word that, I think it would give me and the community some relief. The support is to get people into the neighborhoods.

I worked with Stan Olsen on a section that says each law enforcement agency that receives proceeds of the tax authorized by the act shall have a proactive community policing program ([Exhibit D](#)). The program must include a partnership of law enforcement and the public, sharing responsibility for protecting and improving the community and the quality of life, an agency policy that outlines the position on community-oriented policing, and so forth.

Chairman Perkins:

It would be the Chair's preference that 10 years may be too short and 30 years might be too long in terms of an expiration date. Maybe if we split the difference and call it 20 years, we should get a fairly good understanding of what the revenue streams are and understanding that the revenue stream cannot just go away after you have 2,000 new police officers on the street. The revenues will be needed to continue that. Who knows what will happen in this Legislature over the next two decades? There may be a complete revamping of our tax code. This way, the expiration is on there, and it can be reauthorized 20 years from now if nothing else has changed.

Assemblyman Parks:

I wanted to comment on item 3. Was it addressed that we would look for some alternative language that could set some form of a trigger to release or approve the second quarter cent?

Chairman Perkins:

That has yet to be addressed, but I agree that we do need to change the language. I think that was the intent of the voters in Clark County.

Assemblywoman Giunchigliani:

Could somebody walk through the Streamlined Sales and Use Tax for me, or is that reference going to be deleted out?

Chairman Perkins:

The proposal is to delete Sections 11 and 13, because they are related to the Streamlined Sales Tax.

Assemblywoman Giunchigliani:

Can we discuss 17 and 18? I wanted to know if the bond language was necessary.

Brenda Erdoes:

I do not know whether it is necessary. This language had been in some similar provisions. We offered it to see if you wanted it. This is a revenue stream that is fairly secure. This allows it to be used to replace revenue for bonds, should they choose to issue bonds for it. If you do not have this language in here, they might be able to use it for bonds, but it would have to be under some other specific authority.

Chairman Perkins:

It is my recollection from the hearing that they are not going to use bonds to hire personnel. There may be pieces of equipment that would be appropriate for bonding. While the likelihood of using these sections may be minimal, I would, nonetheless, like to get your thoughts on having these sections.

Lieutenant Stan Olsen, Executive Director, Department of Intergovernmental Services, Las Vegas Metropolitan Police Department:

The original intent under the ballot question was that the equipment needed—specifically for uniforms—would be purchased with the money raised. There could be technology or situation in the future that could come under the bonding theme.

Chairman Perkins:

Is it your interest to have that flexibility in the language?

Stan Olsen:

It is a tool that could come up in the future.

Assemblywoman Giunchigliani:

I understand that, but I think that may change the intent of the bill. Certainly you will not use bonding for the employment part. Since there is the authorization to change use of proceeds, which would be technology, then they could come back for that part, but I do not think Sections 17 and 18 are necessary.

Stan Olsen:

We are perfectly fine with that.

Assemblywoman Kirkpatrick:

If you are going to delete Section 17 and Section 18 in the current language, would we insert the other proposed language for Section 17 and Section 18? [Assemblywoman Giunchigliani answered in the affirmative.]

Assemblywoman Allen:

I struggled greatly over this bill. I am confident that there is a need for more police officers in Clark County. Upon being elected last November, I lobbied my leadership to be placed on the Assembly Judiciary Committee. My goal was to make sure that Nevada had one of the strongest criminal justice codes in the country, and we do. It is clear to me that the primary function of government is public safety. My father was a cop for the East Baton Rouge Parish Sheriff's Office.

My problem with the bill is the sales tax. I believe that sales tax is regressive and that it impacts the poor and those on fixed incomes. That affects me, because I represent a large senior population. If it were my world, I would say, "Give the first responders our entire State surplus," but that is not the vote in front of me. I will be opposing the bill.

Assemblyman Parks:

We do have a handout that was prepared by the [Las Vegas] Metropolitan Police Department. In Section 17, subsection 1, the proceeds of the tax must be accounted for in a separate fund and not part of any other fund. My presumption is that we create a special revenue fund where these funds will be deposited. Any interest that is earned on these funds will also stay in the fund. As the expenses are incurred, a transfer will be made. I am assuming we are not

advocating segregating the officers and equipment that will be funded from this. This is simply an accounting mechanism to keep track of the funding. Is that correct? [Chairman Perkins answered in the affirmative.]

Assemblywoman Giunchigliani:

I was somewhat disappointed to look through the Henderson numbers and see that it appears, even though they adopted a resolution like everyone else to hold that budget harmless, that it went into the administrative division. I think we need to probe that with the local governments. I believe their commitment was that they would hold harmless the current budgets. If any others are encountered while reviewing the numbers, I think we will need to raise that question with the local governments.

Assemblyman Sibley:

I would like to echo similar comments to what Assemblywoman Allen stated about her constituency. The measure did not pass in my district. I have had many people contact me that they are opposed to the sales tax. While I would also like to see the surplus used for this, I am not in favor of this bill.

Chairman Perkins:

I understand your point, but the surplus would not continue to hire police officers in perpetuity.

Assemblywoman Weber:

Does anybody have concerns with item 3, taking a look at the first quarter cent and eliminating the second completely?

Chairman Perkins:

I think the alternative language we are looking for is to make sure that the second quarter cent cannot be imposed before July 1, 2009. This way, there are not two subsequent bites at the apple.

Assemblywoman Weber:

I was referring to deleting the second quarter cent completely.

Chairman Perkins:

We did not discuss that. The way the bill was written was in accordance to the way the advisory question was passed in Clark County. It also does not mean that the local governments have to do this. It simply authorizes it. We must give them the authority to do so.

Assemblywoman Giunchigliani:

Could we entertain something that is an affirmation by the Legislature to affirm that if they need the revenue by July 1, this is a possibility? Could the local government commission say that they request the enactment because they need the revenue?

Assemblyman Parks:

I would prefer this to be an item that comes back before the Legislature.

Chairman Perkins:

From my perspective, we are trying to maintain the faith of the voters on the question that was passed. We could certainly require that local governments do some sort of reporting to show the amount of money that is coming in and the number of officers that are provided for, to make sure that they are maintaining the faith of the voters. If there is any breach of that, the Legislature could then withdraw the authorization.

Assemblyman Parks:

I was looking for some kind of trigger that would allow us to do that.

Chairman Perkins:

I think we have put the local governments through some fairly stringent hoops, and this is not a hill for me to die for.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO AMEND AND DO
PASS ASSEMBLY BILL 418.

Assemblywoman Giunchigliani:

I do this with the conceptual amendments that have been discussed, which would include item 1; item 2; item 3, with the affirmation for the second one-quarter cent; item 4, after deleting Sections 11 and 13; item 5, after deleting Sections 17 and 18; using an expiration date of 20 years; along with a new Section 17, with revenue and interest going into a separate fund.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

Chairman Perkins:

There was another amendment that goes along with the preamble.

Assemblywoman Giunchigliani:

We can see where that properly fits. We will see if it is another section or if it should be included in the preamble.

Chairman Perkins:

I would like to clarify the motion before we move to discussion. The new Section 17 does not necessarily have to be Section 17. We will leave the flexibility to Brenda to see how to draft this.

Assemblywoman Weber:

Prior to coming into this meeting, I was having issues until I saw the amendment that came from Mr. Olsen. I have seen the measures of funding police that have come before the Legislature in the past, but this document fences the money off to make sure we have money for police officers and equipment. I will be supporting the bill because we are enabling the county commission to do this.

Chairman Perkins:

I have been advised by our legal counsel to disclose that I am the Deputy Chief of Police and a law enforcement officer in Henderson, Nevada. Passage of this bill will authorize the Board of County Commissioners to increase the Sales and Use Tax to employ and equip additional police officers for the Boulder City, Henderson, Las Vegas Metropolitan Police Department, Mesquite, and North Las Vegas police departments. I have also been advised that because of the resulting benefit of this bill to the Henderson Police Department is not greater than that accruing to the Boulder City, Las Vegas Metropolitan, Mesquite, or North Las Vegas police departments, I am required to make this disclosure, but I am not required to abstain from voting on this bill.

I have been a police officer for more than 21 years. I have seen Clark County grow by leaps and bounds in those years. I have seen the ratio of our population to police officers diminish. I see the effects that can have on a community every day. I was proud of Sheriff Young for standing up and addressing this problem. Not only did he draft and pass a measure that will put more police officers on the street and give them the equipment to protect people, but he made sure that this money will be spent specifically on that purpose. The people of Clark County made their voice clear; they want more police officers on the street. I think we have a duty to protect the citizens of this state, and this measure does that. The Clark County Commission should have the opportunity to have this, too, and have the debate amongst their constituents as well.

THE MOTION CARRIED, WITH ASSEMBLYWOMAN ALLEN AND
ASSEMBLYMAN SIBLEY VOTING NO.

Chairman Perkins:

I would like to open up A.J.R. 11 for discussion, because we are hitting our deadline.

Assembly Joint Resolution 11: Proposes to amend Nevada Constitution to effect freeze on property taxes for senior citizens. (BDR C-1184)

Assemblywoman Kirkpatrick:

Although I appreciate the intent of the Nevada Taxpayers Association asking to come back and add this amendment (Exhibit C), I truly believe that the seniors are a large part of our population who continually give to our districts. They support education, and I think that their golden years should be rewarded by not having to pay this back.

Chairman Perkins:

It is not like the property taxes are going away. They are just not going to have increases. They can budget accordingly.

Assemblywoman Giunchigliani:

Some individuals have discussed that we should make the "must" a "may" so that the Legislature was authorized to make other adjustments if necessary, so if something came up, we could change it. I think it is the right way to move on the property tax issue. Another question that came up was whether we needed to mention disabled.

Chairman Perkins:

There were some things we discussed in our debate before we arrived with the product in A.B. 489, in terms of trailer issues for potential additional constitutional amendments, either to provide flexibility under the uniform and equal clause, or other things that were not drafted. I will be meeting with Senator Raggio to look for a joint waiver to continue to address these issues. I think we need to get these changes started this session, even if what we have done needs no assistance. Since a constitutional amendment takes two sessions to pass before it goes to a vote of the people, I think if we can get it passed this session, we will get two years of experience before the next session. If they are not needed, the Legislature can discard them at that time. The Chair would also consider the "may" a friendly amendment to the resolution.

Assemblywoman Pierce:

The "must" is on page 3, line 11? [Assemblywoman Giunchigliani answered in the affirmative.]

Chairman Perkins:

This will provide a framework for the next Legislature to implement.

Assemblywoman Giunchigliani:

We are looking to create the subclasses for the next constitutional amendment, and this will give us that opportunity.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO AMEND AND DO
PASS ASSEMBLY JOINT RESOLUTION 11.

Assemblywoman Giunchigliani:

The motion is made pursuant to the changes made: "must" to "may," and the attached amendment ([Exhibit B](#)).

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chairman Perkins:

I do not believe we have anything left to process before tomorrow's deadline, but I will recess the Committee just in case something has slipped through the cracks. [Committee recessed at 3:11 p.m.]

RESPECTFULLY SUBMITTED:

James S. Cassimus
Transcribing Attaché

APPROVED BY:

Assemblyman Richard Perkins, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Growth and Infrastructure

Date: April 14, 2005

Time of Meeting: 1:51 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
A.J.R. 11	B	Speaker Richard Perkins	Proposed Amendment to <u>A.J.R. 11</u>
A.J.R. 11	C	Gaylyn Spriggs, Nevada Taxpayers Association	Proposed Amendment to <u>A.J.R. 11</u>
A.B. 312 A.B. 392 A.B. 418	D	Susan Scholley	Work Session Document