

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON LEGISLATIVE OPERATIONS AND ELECTIONS**

**Seventy-Eighth Session
April 30, 2015**

The Committee on Legislative Operations and Elections was called to order by Chair Lynn D. Stewart at 4:03 p.m. on Thursday, April 30, 2015, in Room 3142 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. 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: www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman Lynn D. Stewart, Chair
Assemblywoman Shelly M. Shelton, Vice Chair
Assemblyman Elliot T. Anderson
Assemblywoman Michele Fiore
Assemblyman John Moore
Assemblyman Harvey J. Munford
Assemblywoman Victoria Seaman
Assemblyman Tyrone Thompson
Assemblyman Glenn E. Trowbridge

COMMITTEE MEMBERS ABSENT:

Assemblyman James Ohrenschall (excused)

GUEST LEGISLATORS PRESENT:

Senator Joyce Woodhouse, Senate District No. 5
Senator James Settelmeyer, Senate District No. 17

Minutes ID: 1021



STAFF MEMBERS PRESENT:

Carol M. Stonefield, Committee Policy Analyst
Kevin Powers, Committee Counsel
Patricia Hartman, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Wayne Kodey, Private Citizen, Las Vegas, Nevada
Amanda Schweisthal, Manager, Public Affairs, Retail Association of Nevada
Wes Henderson, Executive Director, Nevada League of Cities and Municipalities
Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce
Dagny Stapleton, Deputy Director, Nevada Association of Counties
John Wagner, State Chairman, Independent American Party
John Madole, Executive Director, Nevada Chapter, Associated General Contractors of America, Inc.
Richard "Skip" Daly, representing Local 169, Laborers' International Union of North America
Paul J. Enos, Chief Executive Officer, Nevada Trucking Association
Patrick T. Sanderson, representing Local 872, Laborers' International Union of North America
Carl Hasty, District Manager, Tahoe Transportation District
Buzz Harris, representing Tahoe Transportation District
David Clyde, Government Affairs Administrator, Regional Transportation Commission of Southern Nevada
Sean Stewart, Executive Vice President, Nevada Contractors Association and representing Associated General Contractors of Las Vegas

Chair Stewart:

[Roll was taken.] We will start the meeting with the hearing on Senate Joint Resolution 4.

Senate Joint Resolution 4: Urges Congress to enact the Marketplace Fairness Act. (BDR R-98)

Senator Joyce Woodhouse, Senate District No. 5:

I am here to present Senate Joint Resolution 4 which urges the United States Congress to enact the Marketplace Fairness Act. [Read from prepared text ([Exhibit C](#)).] The Marketplace Fairness Act is a proposed federal law that would

allow state governments to collect sales taxes from sellers with no physical presence in their states. These sellers, who are most frequently catalogue companies and Internet vendors, would be required to collect and remit sales taxes to the states in which their customers reside just as local retailers must already do.

Before the states could avail themselves of the benefits of the law, they would be required to simplify their sales tax statutes to make compliance easier. The Marketplace Fairness Act has been considered by Congress in previous occasions but has not been enacted. In the last session of Congress, the bill was passed by the Senate but got bogged down and died in the U.S. House of Representatives. The Marketplace Fairness Act was reintroduced in the U.S. Senate on March 10, 2015, in a bipartisan initiative.

First, I will summarize the current state of the law on taxing catalogue and Internet sellers, then I will describe problems that the current law creates for businesses in our state and for our state and local governments. Finally, I will discuss how the enactment of the Marketplace Fairness Act would solve those problems.

In reference to the first two clauses of S.J.R. 4, in 1967 in the case of *National Bellas Hess, Inc. v. Department of Revenue*, 386 U.S. 753 (1967) the U.S. Supreme Court ruled that only Congress has the power to control the taxation of sales transactions in which a business in one state sells to a customer in another state. This ruling explains why we must wait for Congress to pass enabling legislation.

In 1992, the U.S. Supreme Court again visited this issue in the case of *Quill Corporation v. North Dakota* 504 U.S. 2968 (1992) and made it clear that states cannot, on their own initiative, require out-of-state retailers to collect sales taxes. You will notice that the fundamental law in this subject developed long before the Internet had become an important commercial medium.

Since these court decisions were handed down, electronic commerce (e-commerce) has exploded. In 2003, Internet sales in the United States amounted to \$263 billion or about 8 percent of all retail sales. By 2018, they will account for \$414 billion or about 11 percent of retail sales. These sales are largely untaxed. The growth of e-commerce has had a profound effect on traditional stores and shops that collect and remit taxes on their sales. They find themselves at a serious competitive disadvantage. As I mentioned, Internet transactions account for about 8 percent of all retail sales on average, but some lines of business have been hit much harder than others.

I will illustrate that with three different examples. The first is the owner of a shop in Las Vegas, who sells high-end women's clothing and accessories, noticed that more women were coming into her shop examining and trying on merchandise and leaving without making a purchase. In talking with these ladies, the owner found out that they intended to buy that same item on the Internet because they did not have to pay sales tax. The second example is people from a major electronic chain noticed the same pattern of patrons who would come into their shop and experiment with computers, tablets, and televisions and then purchase them from out-of-state online vendors. The third example is a small business in Reno that sells wallpaper found that people would come into the shop to examine the samples, look at the textures, compare them with paint samples, then leave and buy the wallpaper online.

The second problem that is caused by the present tax system is loss of revenue for our state and local governments. In Nevada, sales and use taxes are the biggest source of revenue for the State General Fund, accounting for roughly \$900 million a year. They are also the largest source of revenue for public education, amounting to \$1.2 billion per year. Sales and use taxes also supply \$1 billion a year for cities, counties, and local governments. Over the past few years, corporations have begun to step forward and pay the sales tax to Nevada. Examples of these corporations include Zappos, Amazon, Cabelas, Best Buy, Walmart and Target. We applaud their forthrightness and believe that the rest of the online sales entities should follow suit.

One reason that the Nevada Legislature has to scramble to find revenues every session to balance our budget is that our sales tax base is being eroded by the growth of untaxed e-commerce. Senate Joint Resolution 4 urges Congress to take action to level the playing field. Passing the Marketplace Fairness Act would benefit Nevada's retail businesses and provide our state, school districts, and local government with much-needed revenue to pay for essential public services.

Next, I would like to ask you to hear from personal friends of mine, Wayne and Geri Kodey, who brought this issue to me several years ago. I also brought it to the 2013 Legislative Session. As owners of a photography business in Las Vegas, they will share their personal experience with you regarding this matter. It is time that our local businesses no longer have to serve as "showrooms" for companies that do business online. I urge your support of S.J.R. 4.

Wayne Kodey, Private Citizen, Las Vegas:

We are here to speak on behalf of the Marketplace Fairness Act which could have helped us at Casey's Cameras. Casey's Cameras opened in Las Vegas in

1980 as a mom-and-pop store which was owned by two elderly people. My wife and I purchased the store from them in 1995. We increased our staff of 2 plus ourselves to a staff of 12. We thrived through the years until we began noticing that customers who came in to see our cameras would leave after finding out all the details about the cameras, and we would not see them again. Sometimes, the customers would come back with questions on the use of the camera and how it worked because they had purchased it on the Internet. Upon further investigation, we found out that our price and the Internet price matched except for the 8 percent tax difference. Some of these advanced amateur cameras cost in the \$2,000 range and 8 percent of \$2,000 amounts to \$160. In today's price-conscious economy, that is a significant difference that we could not overcome even with our service and friendliness. Two years ago, we decided to quit trying to compete with the Internet edge that we could not overcome, so I retired.

Assemblyman Moore:

Senator, if this resolution were enacted, how would it be enforced? In other words, if I had an Internet business, how would someone force me to collect and then remit the sales taxes?

Senator Woodhouse:

The process would be to go through the traditional channels, which would be the Department of Taxation.

Assemblyman Moore:

If an unscrupulous businessperson did not follow the rules, what penalties would compel that person to do so?

Senator Woodhouse:

We need to look at the resolution that is presently in the U.S. Senate and encourage them to pass it. Going forward, we also need to ensure that we have all the pieces in place in order for the taxes to be collected and reported, and to go after those individuals who are renegeing on their responsibilities.

Chair Stewart:

Is anyone in support of S.J.R. 4?

Amanda Schweisthal, Manager, Public Affairs, Retail Association of Nevada:

I am testifying in support of S.J.R. 4. The Retail Association of Nevada testified in support of the Marketplace Fairness Act in front of the 2013 Legislature. The Retail Association of Nevada has testified in support of similar legislation at the local government level during the interim as well as when this resolution was in the Senate.

Senate Joint Resolution 4 does not create a new authority on taxation but only urges Congress to require online retailers to charge the same rate brick-and-mortar stores charge in Nevada. If Congress passes the Marketplace Fairness Act, it would remove a loophole that Internet retailers are taking advantage of, which gives them an automatic 5 to 10 percent price advantage over physical stores, by requiring them to collect taxes that are already due. However, Congress has not acted. Nearly all companies with an Internet presence, except eBay, have agreed to the federal legislation.

Technology is changing the way businesses operate. In 2012, the growth rate in online purchases was 15 percent as opposed to 8.2 percent in brick-and-mortar stores. We require our local businesses to collect taxes, and they must change their business plans to do so. Amazon and its subsidiaries currently collect sales tax by choice. Our physical Nevada businesses do not get to decide whether they want to collect those taxes or not—they must under state law. Online companies should be made to follow the same law resulting in a level playing field for small and local businesses.

Marketplace fairness is more than just addressing the issue of unfair competition; it robs the state of revenue needed to pay for schools and law enforcement. In existing and upcoming budget conversations and with the continued importance of properly funding education, it is imperative to close loopholes and allow the state to collect the sales tax it has not been receiving. Past estimates from Nevada suggest we could collect millions in state tax revenue if online retailers were required to participate in the same way as our local businesses are. Customers want to buy merchandise locally. When overhead costs are equal with those online, merchants will be able to compete in order to grow their businesses in our state.

Wes Henderson, Executive Director, Nevada League of Cities and Municipalities: Marketplace fairness has been a priority of the Nevada League of Cities and Municipalities for a long time as well as the National League of Cities. The National League of Cities estimates that there are \$23 billion in uncollected sales taxes annually across the country. We urge you to support this resolution and we thank Senator Woodhouse for bringing it forward.

Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce:

The Las Vegas Metropolitan Chamber of Commerce supports this resolution. It is an important component to the federal legislation that we also advocate. At the federal level, we have been an advocate for this legislation in the last several congressional sessions. We supported Senate Joint Resolution 5 of the 77th Session which was brought forth by Senator Woodhouse.

We believe it is important in a business environment to level the playing field between our online and brick-and-mortar stores. Also, the Chamber of Commerce of Reno, Sparks, and Northern Nevada asked me to offer their support on S.J.R. 4.

Dagny Stapleton, Deputy Director, Nevada Association of Counties:

Online sales are continuing to grow exponentially, and state and local governments are unable to enforce their existing sales tax laws on these online purchases. As a result, millions of local tax dollars are lost each year. Not only are these losses in tax dollars that would support crucial county services and infrastructure, this policy places an unfair burden on brick-and-mortar businesses in small towns across Nevada. The economic impact from the loss of this tax revenue as well as the impact on small businesses is great. Nevada's counties urge you to support S.J.R. 4.

Chair Stewart:

Is anyone in opposition to this resolution?

John Wagner, State Chairman, Independent American Party:

This legislation is called the Marketplace Fairness Act and in reality, it is the Internet tax act. For an example, if a company in Kansas sells merchandise online and is forced to pay a sales tax to Nevada, it does not benefit the company in Kansas. It is not fair that out-of-state companies have to pay the sales tax. It is a tax increase and we are opposed to any new taxes.

Assemblyman Elliot T. Anderson:

We say sales and use taxes for a reason. It does not matter if it is collected at the point of sale or not at the point of sale, we are bound to pay that use tax. We are required to file paperwork with the Department of Taxation for property that we buy and use in the state if the tax was collected at the point of sale. It is a matter of who is collecting the tax because if we buy something online and the sales tax is not collected, under the law, we are supposed to file that use tax, correct?

John Wagner:

That is correct, we are supposed to pay the tax. Amazon is located in the Reno-Sparks area. If someone buys something from Amazon, will the money from the taxes benefit Carson City or will it be kept in Reno? The Marketplace Fairness Act is not fair.

Chair Stewart:

Is anyone else in opposition to this resolution? [There was no one.] Is anyone neutral to the resolution?

Senator Woodhouse:

I want to express my appreciation to you for hearing this resolution. I urge your support because we want to make sure the online businesses are treated the same as our local businesses so we can support our state and local governments and our school districts.

Chair Stewart:

The hearing is closed on Senate Joint Resolution 4. We will now open the hearing on Senate Bill 104 (1st Reprint).

Senate Bill 104 (1st Reprint): Makes various changes relating to political advertising. (BDR 24-86)

Senator James Settlemeyer, Senate District No. 17:

Senate Bill 104 (1st Reprint) comes about from a campaign period. When you decide to enter a campaign, for some reason, your opponent decides to look at the laws and complain about a violation or possible violation. That is what occurred in this last interim.

I was not up for reelection and both of the candidates that were within my Senate district contacted me and said someone was disobeying the law. How many of us have participated in a parade and thrown candy to the crowd? Quite a few of us, and unknowingly, we violated the law because the candy was not labeled "paid for by" and that became the issue. At that time, Secretary of State Ross Miller indicated to me that he was not intending to enforce that section of the law because it was poorly written, and he urged me to correct it. Therefore, Senate Bill 104 (1st Reprint) came about.

In discussions with different individuals, it seemed interesting to try to put "paid for by" on articles of clothing. If you have a fancy stitched baseball cap or something of that nature, the cost for the extra stitching to add "paid for by" seemed problematic. It also seemed problematic on items such as packets of jellybeans because my name is barely legible on the packet, let alone adding "paid for by" on it.

The bill indicates that any items worth less than \$5 including, without limitation, any button, pen, pencil, ruler, magnet, key tag, and things of that nature, we should not have to worry about the "paid for by" logo being on them as long as their cost is below \$5. On pens that I give out, I am allowed to have three lines of information on them. So, should I delete my name, the campaign seat that I am seeking, or my uniform resource locator (URL)? It seems problematic. That is the concept of the bill; however, this exclusion that we are creating would not apply to items such as a door hanger, bumper sticker, yard sign, or

advertising through a television or radio broadcast, newspaper, magazine, outdoor advertising facility, or mailing. This means when it is easy to print "paid for by" on items, then go ahead and add the disclosure.

Chair Stewart:

Senator, would this include Assemblyman Munford's baseball caps?

Senator Settlemeyer:

Correct, all items of clothing would be exempt.

Chair Stewart:

Is anyone in support of the bill?

John Wagner, State Chairman, Independent American Party:

If someone receives a pen with the name James Settlemeyer on it, his URL, and what seat he was running for in the state Senate, I think you know who is paying for it. If there is not room to put the disclosure on it, it is impractical. For an article that is worth less than \$5, is not worth the effort. As far as baseball caps, it would not be practical to put the disclosure on them either.

Chair Stewart:

Is anyone else in support of the bill? [There was no one.] Is anyone opposed to the bill? [There was no one.] Is anyone neutral to the bill? [There was no one.] The hearing is closed on S.B. 104 (R1) and we will open the hearing on Assembly Bill 423.

Assembly Bill 423: Provides for a study on transportation infrastructure and funding. (BDR S-1074)

John Madole, Executive Director, Nevada Chapter, Associated General Contractors of America, Inc.:

I am testifying in support of Assembly Bill 423. The state's method of funding transportation infrastructure is no longer sufficient. There are key reasons for its decline. [Read from prepared text (Exhibit D).] The only dedicated source of State Highway Fund revenue in the state is the state motor vehicle fuel tax. It was last raised in 1992. The purchasing power of the revenue for road construction is about 40 percent today of what it was in 1992. Vehicles have become more fuel efficient and less reliant on fossil fuels. In 1992, a new passenger car in the United States had an average fuel efficiency of 27.9 miles per gallon. In 2013, the same vehicle averaged 36 miles per gallon. Now there are Tesla, Prius, and other hybrid vehicles that were not available in 1992. Our state's population has grown from 1.41 million to 2.8 million since that

time, and the revenues can no longer keep up with the needed highway capacity, especially in southern Nevada.

These factors have stretched our resources to the limit, leaving the state unable to deliver the necessary projects we desperately need. Nevada spent less on road construction in 2014 than in any other year in more than a decade. A long-term solution is needed.

In addition to pavement and bridge preservation work, several projects throughout the state are needed but cannot be built without additional funding. The Department of Transportation (NDOT) has identified billions of dollars' worth of needed road projects that do not have a sufficient funding source. For example, the Interstate 215/Interstate 15 interchange project will cost \$75 million in southern Nevada that NDOT does not have. Widening Interstate 15 north from Speedway Boulevard to the Apex Interchange from four to six lanes will cost \$95 million and is on the drawing board until funds are identified for the project. There are more similar projects across the state.

To make matters worse, the Highway Fund is consistently raided to plug holes in the State General Fund budget. During this legislative session alone, four bills, Senate Bill 502, Senate Bill 467, Senate Bill 468, and Senate Bill 470 proposed to take money from the Highway Fund to use for other expenditures.

An additional source of revenue for highways was identified in 2009. The Legislature modified the depreciation schedule of motor vehicles to generate revenue to supplement the fuel tax. The Legislature also identified Department of Motor Vehicles (DMV) fees and fines as a revenue source for the Highway Fund. Combined, these generate almost \$100 million per year. Unfortunately, this new revenue has been directed to the State General Fund as part of the sunset taxes to balance the budget. Senate Bill 483, this sessions' sunset bill, will continue to divert that money to the General Fund through 2017. As you may recall in 2013, this money was originally proposed for the Highway Fund.

Nationwide, state and local governments are looking for new ways to fund roads. Other states are looking at ideas such as user fees, toll roads, auto sales, and others. Locally, Nevada communities have worked to address funding issues. In 2008, Washoe County approved a ballot question, Regional Transportation Commission (RTC) 5, authorizing the county to index fuel taxes with inflation. In 2013, Clark County did the same. This approach has helped to fund regionally significant projects in both counties but nothing has been done to address the 5,393 miles NDOT is responsible for.

Assembly Bill 423 is the first step in addressing our state's transportation infrastructure funding issues. The bill creates the Legislative Committee on Transportation Infrastructure and Funding. The committee will review mechanisms to pay for transportation infrastructure in this state.

Commissioning a study to evaluate new mechanisms to pay for transportation projects in Nevada is long overdue. Our Highway Fund is on life support. We cannot afford to wait any longer to address our needs. This committee would report biannually to the Legislature after consultation with industry experts and organizations. The recommendations made by this committee will be vital to the future growth of our state.

In fact, we are proposing an amendment that will require the committee to update the NDOT Board of Directors twice a year. Our proposed amendment would also provide that the Executive Branch appoint a nonvoting member to the committee. I request that this Committee consider amending the bill to grant the interim study committee the authority to request bill drafts. Having another study committee report, possibly destined to be filed on the shelf, is not enough.

Chair Stewart:

Would this study include furthering information on Interstate 11?

John Madole:

Yes, I certainly expect that it would.

Assemblyman Thompson:

Section 4, subsection 1, paragraph (c) of the bill states that this committee shall consult with and solicit input from persons and organizations with expertise, and so forth. What do you envision that looks like because I see that the committee is composed of legislators, but I believe that in order to put the plan where it needs to be, the experts need to be at the table all of the time. The interpretation is not clear on how closely they should be working with the committee.

John Madole:

The nonvoting member could certainly be a transportation expert if that was deemed appropriate by the Governor, but when a group such as this has met in the past, the consultants and the people with the expertise would in all probability come before the committee. I suppose amending the bill to include them is okay, but I do not think it is necessary. The people who have an interest in this would want to see something done about transportation and would want to come and offer their expertise and their testimony.

Assemblyman Thompson:

I am not debating that, but I am saying that we need to ensure that our experts are there and heard. I do not know if you have the answer, but I want to make it clear that has to happen because there is no use having the committee work on something which ends up being shelved without any action being taken on it.

John Madole:

After waiting 24 years, I would think they would show up.

Kevin Powers, Committee Counsel:

I want to make a comment so the record is clear. All interim legislative committees are entitled to at least five bill draft requests under *Nevada Revised Statutes* (NRS) 218D.160, so the bill would not need to be amended to give bill draft request power. It is already authorized by statute.

Assemblyman Thompson:

Will this committee have a sunset period? Can we finish this project within five or ten years?

John Madole:

If you are asking for my opinion, I recommend a sunset 30 days after NDOT is fully funded so they can build the needed roads. There is no reason to make it go away if we are not going to do anything. If the work of the committee is done, then I think it certainly should end. We have too many now.

Assemblyman Elliot T. Anderson:

My question is for Mr. Powers. Interim committees are just for one interim, correct? If this is an interim study, then we would not need to sunset it because it would go away after the interim is over, correct?

Kevin Powers:

Assemblyman Anderson, the provisions of the bill do not specifically provide for ending dates, although they would not be codified in NRS. The committee would still have an ongoing effect without a sunset provision, although I think ultimately the Legislature would view this as an interim committee and unless there is funding beyond the next biennium, then it would end. Although it does not have a sunset clause, it will be the decision of the Legislature to determine to continue to fund this committee beyond the next biennium.

Assemblyman Elliot T. Anderson:

I did not realize it did not actually say interim.

Chair Stewart:

Mr. Powers, the Sunset Subcommittee of the Legislative Commission would have authority to review the progress of this project periodically to make sure work was being done, correct?

Kevin Powers:

The Sunset Subcommittee's job is to review agencies in the Executive Branch not interim committees of the Legislature. Interim committees are created by concurrent resolutions and sometimes by statute, but ultimately whether an interim committee exists beyond a biennium is determined by whether or not that interim committee is funded.

Chair Stewart:

Is anyone in support of the bill?

Richard "Skip" Daly, representing Local 169, Laborers' International Union of North America:

I am in support of this bill. I agree with Mr. Madole that the need for funding is apparent and everyone sees this when they use our highway system. We want to make sure that more eyes on an issue are better. I think it is good to have legislators asking experts for their input so if there is a proposal for funding, there is legislative support; otherwise, it would not have the impact without their support. I have served on both types of committees where the blue ribbon committee is made up of industry people who make recommendations that do not go anywhere. I also have served on interim committees with legislators who take the job seriously. I believe we need to find a way to fund the highway infrastructure needs for NDOT in this state. I am in support of getting this topic in front of legislators in the interim to see what we can come up with by putting those minds to work for solutions.

Paul J. Enos, Chief Executive Officer, Nevada Trucking Association:

We are in support of Assembly Bill 423. The trucking industry in Nevada pays anywhere between 33 to 40 percent of all the money that goes into the Highway Fund, and we are responsible for 8 percent of the miles in the state. We are a stakeholder, and we are going to be attending these committee meetings. We are an industry that works on and pays for the roads, and we are interested in our infrastructure. We supported fuel tax indexing last session in Clark County, especially with caveats that dealt with the fairness issues we had with our in-state carriers.

I am concerned when we only look at our local roads. In Washoe and Clark Counties, there are indexes that go to our local roads which is fine. When we go to the dry cleaners, take our kids to school, go to church, or go to work and

think about 94 percent of the freight that the trucking industry moves in this state, it is not just occurring on those local roads. It is occurring on all of those other connections that are outside our normal 30 mile radius that we may travel in a day. Those other connection roads are what gets medicine to the hospital, and clothes and groceries to the store. Those roads are important to us, and there has not been an increase in funding from fuel tax in this state since 1992. I hope that when this committee is appointed they will look at these issues.

We talk about toll roads and vehicle mile travel taxes and other schemes to raise money to pay for our roads instead of looking at the fuel tax where we receive 97 cents back for every dollar collected, it costs 3 cents to collect the fuel tax. There are not a lot of other similar taxes out there, so it is extremely efficient. I hope this committee will take a look at that tax and how we can fund these roads beyond our local roads and highways where the emphasis has been put in the last ten years.

The question needs to be asked as to how to fund the other connecting roads. When we think about how these connections work, in September there was a washout on Interstate 15. I had trucks that normally were on the road for two hours but with the washout, it was taking them six to nine hours to get freight to their customers. Cities such as Las Vegas depend on the trucking industry because we do not make or grow a lot here. We are required to make sure that the trucks are able to get there and in order to do that, all of the connections need to work.

In 2006, I was a member of Governor Kenny Guinn's Blue Ribbon Task Force to Evaluate Nevada Department of Transportation Long-Range Projects, 2008-2015 where nothing was done. I think this bill is a good way to start.

In the 2007-2008 Interim, there was a committee that looked at this issue, but when we fund roads on a local level, let us determine if the money has actually paid for these road projects. It makes sense to put those resources on the local level and then determine how it can be done on a state level. I think it is time to take a look at these issues, not just locally, but nationally. Nationally, roads are funded on pension smoothing, which means that we allow companies not to pay into their employees' pensions, so ultimately the employees pay more taxes. From those increased taxes, federal roads are funded. It is not just Nevada that is having this issue; it is an issue that is happening everywhere.

Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce:

The Las Vegas Metro Chamber of Commerce is in support of this bill. Transportation investment is a high priority for our organization. We supported

Assembly Bill No. 413 of the 77th Session and support Assembly Bill 191 of this session. In our dialogue during the Southern Nevada Forum, transportation was a priority and a significant issue and especially the need to invest and bring public awareness to our infrastructure investment. We know it is key for our economic development. Southern Nevada relies on a strong road infrastructure system for its transportation, manufacturing, and warehousing industries.

Patrick T. Sanderson, representing Local 872, Laborers' International Union:

I am in support of this bill. Nevada has always had some of the best highways in the nation, which has helped bring visitors to our state. A few years ago, there was a test of the infrastructure of our bridges. We ranked fairly high but there has not been any additional funding since then. We have to raise money for continued maintenance of our roads in order to drive safely and move forward. I hope this Committee supports this legislation.

Carl Hasty, District Manager, Tahoe Transportation District:

I am in support of this bill. As part of the Tahoe Transportation District, the Lake Tahoe region supports this bill because it is time for an informed conversation about the state's transportation needs in the future and how the state will address those needs. Nevada is emerging out of the recession and building a new economy for the 21st century thanks to the administration, the Legislature, and efforts of others. But to continue on the road to a new economy, we need to adequately address the long-term needs of our entire transportation system including roads and highways, transit, trails, air, and railroad. While we may be okay for the biennium, we know we will not be in the foreseeable future as we face an estimated 56 percent funding shortfall over the next 20 years.

The opportunity to index the gas tax statewide will buy us time and good projects but will not fulfill our needs for the next 20 years. Combined with flat, if not smaller, federal expenditures, Nevada is facing what a number of states, municipalities, and counties have to do around the country and that is taking care of ourselves. An example of doing that is our neighbor to the east, Utah. For at least two decades, that state has developed and followed a unified investment plan for transportation and a strategic targeting of improvements and needs reflective of the state as a whole. They are on track for completion of those targets having developed many of their own funding sources to leverage others. The transportation committee and planning organizations in the state have developed a suggestion in the form of a brochure explaining the same kind of investment plan for the state.

I think this is the type of opportunity we need to have along with the dialogue for the interim committee. The interim committee can play a critical role in the

development of such an informed plan. Working with the NDOT Board and a broad group of stakeholder interests from laborers; contractors; economic development experts; tourism experts; and transit, bike, and highway users, a plan envisioned with funding options can come forward through informed decisions and deliberations. They would come before this Committee to testify on their interest in this work. In this legislative session, we are tackling the education issue which is an important foundation for our quality of life and economic vitality. Transportation is the other foundation. With these two foundations, we can bridge the gap that is in front of us, keeping us moving onward to this new economy that we are busy building. So with this work program in mind and an eye on the 2017 Session, there is hope for such a plan to come forward for consideration.

Buzz Harris, representing Tahoe Transportation District:

On the Nevada Electronic Legislative Information System (NELIS) you will find information from the "2035 Nevada: Unified Transportation Plan Preview" ([Exhibit E](#)), a joint effort of the transportation and planning organization with the support of the Department of Transportation for the data. On the pie charts on page 1, you can see that there is a \$47 billion funding need statewide and there is \$21 billion funded for the next 20 years, resulting in a \$26 billion shortfall. These needs encompass roads, highways, transit, pedestrian safety, and all the other things that go along with transportation. It is a significant number that we need to figure out how to generate in order for us to maintain a high quality of life and economic vitality across our state. We strongly support this effort.

Chair Stewart:

The \$47 billion funding needed does not include Interstate 11, correct?

Buzz Harris:

The funding does include Interstate 11. The \$10.7 billion shortfall needed for the rest of the state includes \$7 billion for Interstate 11 beyond Las Vegas.

David Clyde, Government Affairs Administrator, Regional Transportation Commission of Southern Nevada:

I am in support of [Assembly Bill 423](#). We, at the Regional Transportation Commission of Southern Nevada, believe that [A.B. 423](#) will help facilitate an open discussion regarding best practices for funding transportation projects throughout Nevada. We also believe with billions of dollars of unfunded transportation projects in southern Nevada alone that [A.B. 423](#) is important to help legislators, stakeholders, and the public to better understand the transportation issues we face as a region and as a state.

Chair Stewart:

Is there anyone else in support of this bill in Carson City? [There was no one.]
Is anyone in support of the bill in Las Vegas?

Sean Stewart, Executive Vice President, Nevada Contractors Association and representing Associated General Contractors of Las Vegas:

We appreciate the comments that were made today, and we are in support of A.B. 423. Here in southern Nevada, we have identified over \$4.4 billion worth of transportation contracts that need to be completed for which we have no funding. We are not sure what the answer is to resolve the funding issue, but we appreciate the efforts in putting together an interim committee to study this issue, thereby giving us advice and input on how to fix the problem.

Chair Stewart:

Is anyone else in Las Vegas in favor of this bill? [There was no one.] Is anyone in opposition to the bill? [There was no one.] Is anyone neutral on this bill? [There was no one.]

Assemblyman Thompson:

Mr. Madole, I would like to meet with you offline. I feel that by working with other groups, we will get closer to what we are trying to accomplish by having experts sitting at the table with the legislators instead of what we are doing now. Here, you are looking at and talking to legislators, but when we collectively sit together in a roundtable situation, I think there would be better synergy and dialogue. We can stipulate that the legislators, not the experts, can vote. I believe if we do it this way, we can come up with viable solutions. I would like to discuss the possibility of an amendment based on my suggestions.

John Madole:

Certainly. We would be glad to discuss whatever suggestions you have. In closing, this is a vital and important issue as you have heard from others, and we cannot afford to wait another 24 years for a solution. I hope we can take action and that something can be done in our lifetime and not pass this along to our children and grandchildren.

Chair Stewart:

The hearing is closed on A.B. 423. Is there any public comment? [There was none.] [([Exhibit F](#)) was submitted but not discussed and will become part of the record.] This meeting is adjourned [at 5:01 p.m.].

RESPECTFULLY SUBMITTED:

Patricia Hartman
Committee Secretary

APPROVED BY:

Assemblyman Lynn D. Stewart, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Legislative Operations and Elections

Date: April 30, 2015

Time of Meeting: 4:03 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.J.R. 4	C	Senator Joyce Woodhouse	Presentation of S.J.R. 4
A.B. 423	D	John Madole, Associated General Contractors of America, Inc.	Prepared Testimony
A.B. 423	E	Buzz Harris, Tahoe Transportation District	"2035 Nevada: Unified Transportation Plan Preview"
A.B. 423	F	Brian Reeder, Association of General Contractors	"An End to Nevada's Highway Fund Shortfall"