

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

**Seventy-Eighth Session  
April 2, 2015**

The Senate Committee on Revenue and Economic Development was called to order by Chair Michael Roberson at 3:47 p.m. on Thursday, April 2, 2015, in Room 1214 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Michael Roberson, Chair  
Senator Greg Brower, Vice Chair  
Senator Joe P. Hardy  
Senator Ben Kieckhefer  
Senator Ruben J. Kihuen  
Senator Aaron D. Ford  
Senator Pat Spearman

**GUEST LEGISLATORS PRESENT:**

Senator Pete Goicoechea, Senatorial District No. 19  
Senator David R. Parks, Senatorial District No. 7  
Assemblyman John C. Ellison, Assembly District No. 33  
Assemblyman David M. Gardner, Assembly District No. 9

**STAFF MEMBERS PRESENT:**

Russell Guindon, Principal Deputy Fiscal Analyst  
Joe Reel, Deputy Fiscal Analyst  
Bryan Fernley, Counsel  
Tony Rivano, Committee Secretary

**OTHERS PRESENT:**

Bryan Wachter, Retail Association of Nevada  
Tray Abney, The Chamber  
Yolanda King, Clark County  
David Cherry, City of Henderson  
Scott Scherer, eBay, Inc.  
Chris Nielsen, Office of the Governor  
Dale Erquiaga, Superintendent of Public Instruction, Department of Education  
Andrew Diss, StudentsFirst NV  
Lesley Pittman, American Federation for Children  
Mary-Sarah Kinner, Las Vegas Sands Corporation

**Chair Roberson:**

We will open the hearing on Senate Bill (S.B.) 382.

**SENATE BILL 382:** Revises provisions relating to sales and use taxes.  
(BDR 32-660)

**Senator Aaron D. Ford (Senatorial District No. 11):**

I am here to present S.B. 382 for your consideration. Senate Bill 382 enacts provisions relating to the imposition, collection, and remittance of sales and use taxes by retailers located outside of Nevada. I have written testimony ([Exhibit C](#)).

**Senator Ruben J. Kihuen (Senatorial District No. 10):**

Senator Ford has provided an explanation for S.B. 382, including the reasons for proposing this bill, but I have further comments with respect to collecting sales taxes on Internet transactions. I have written testimony ([Exhibit D](#)).

**Bryan Wachter (Retail Association of Nevada):**

The Retail Association of Nevada (RAN) would like to submit a proposed amendment to S.B. 382 ([Exhibit E](#)). Senators Ford and Kihuen were correct in citing *Quill Corp. v. North Dakota*, 504 U.S. 298, 112 S.Ct. 1904 (1992) in connection with a state's ability to require a retailer from collecting sales and use taxes unless the activities of the retailer have a substantial nexus in the taxing state. At the time of the *Quill* decision, the Internet was not the online marketplace that it is today. Out-of-state sales were primarily conducted through magazine and telephone sales. One important aspect of *Quill* is that the

U.S. Supreme Court stated that the U.S. Congress could address the authority of states to require out-of-state retailers to collect sales and use taxes. The U.S. Congress has not enacted legislation regulating the collection of sales and use taxes. Retailers and other interested parties have been supportive of state solutions in connection with Internet sales and use tax collection since states are losing considerable revenue. With respect to Nevada, revenue is lost for school districts, local governments and the State.

With the Chair's permission, I will present a synopsis of the proposed amendment, [Exhibit E](#). On page 2, section 2 expands nexus with the rebuttable presumption to apply to any activities conducted by an affiliate and to certain enumerated activities conducted by any person with a physical presence in the State. The RAN believes that the intention of the bill is to make sure that those responsible for collecting taxes under the law cast as wide a net as possible. Since we are going through the process of enacting provisions relating to sales and use taxes by out-of-state retailers, RAN wants to ensure the cleanest legislative version possible. This is the rationale for expanding the reach of this legislation to any activity.

The impetus for this legislation is prompted by the change in the nature of sales and retail. The changing nature of how consumers shop has forced retailers to create a marketplace without the limitation of a brick-and-mortar presence. Consequently, the nexus definition must change to reflect the change in how consumers shop. Consumers today shop at home and through mobile devices. Online sales accounted for only 8 percent of total fiscal year (FY) 2014 retail sales, but in the 2014 holiday sales, retail sales increased 4 percent and online sales increased 8 percent. Online sales are rapidly becoming ubiquitous. On Black Friday, two-thirds of all shoppers shopped on a mobile device. If the Internet sales tax issue is not resolved soon, the sales tax Nevada relies on will continue to significantly erode.

Section 3 on page 3 of [Exhibit E](#) clarifies that the click-through provisions apply to agreements with any person as opposed to a resident. Under [S.B. 382](#), RAN sees the possibility for a company located outside the State to be exempt from collecting sales taxes. Section 3 of the amendment would make anyone creating that retail market responsible for collecting the tax.

Section 3 of the amendment also provides more specificity as to how the click-through nexus could be rebutted, and because of these proposed changes,

RAN suggests implementing a 90-day delay for the effective date of the click-through provisions. This would enable all affected parties to review their practices and initiate the necessary changes.

The RAN proposes adding a section 4, page 4 of [Exhibit E](#), to the bill requiring that any retail business engaging with the State must register with the Department of Taxation.

Section 5, page 4 of [Exhibit E](#), would expand the role of the Legislature in connection with granting any nexus exemptions granted to retailers. This would address concerns that the State has permitted companies to escape nexus, based on agreements with the State. The RAN would prefer that this power be ceded to the Legislature in a transparent and open process.

Sections 7 and 8 on pages 4 and 5 of [Exhibit E](#) expand the nexus provision to counties rather than solely the State.

The proposed amendment is critical to the 1,600 small brick-and-mortar stores which are at a competitive disadvantage since they are compelled to charge an 8 percent sales tax compared to online retailers that are not. With respect to niche markets and specific products, RAN has discovered that shoppers typically browse and research products at brick-and-mortar stores but purchase the items online.

The proposed amendment expands the scope of who is responsible for collecting sales and use taxes. The proposed amendment does not introduce a new tax; it addresses the collection problem and loophole in Nevada's tax collection and strengthens its tax structure.

**Tray Abney (The Chamber):**

The Chamber supports [S.B. 382](#) and supports the RAN-proposed amendment, which would bring parity to our brick-and-mortar stores.

**Yolanda King (Clark County):**

The Commerce Clause in the U.S. Constitution is responsible for millions in lost revenue for the State, and I agree with previous testifiers regarding competitiveness and leveling the playing field.

**David Cherry (City of Henderson):**

On behalf of Mayor Andy Hafen and the members of the Henderson City Council, I support S.B. 382. This legislation is an important step in leveling the playing field for brick-and-mortar retailers in the City of Henderson experiencing lost business to online competitors not required to collect sales taxes for selling the same products to consumers. Passage of S.B. 382 will help these businesses in the City of Henderson fairly compete for customers while also helping the City and State's bottom line.

**Scott Scherer (eBay, Inc.):**

eBay is an online marketplace that consists of many small sellers, with most of these sellers having no nexus with Nevada but for the fact that a transaction might be processed by eBay in Nevada. eBay is concerned with the impact on small sellers in eBay's marketplace.

**Chair Roberson:**

Is eBay concerned with eBay sellers being treated the same as brick-and-mortar retailers?

**Mr. Scherer:**

Our concern is requiring small eBay sellers to collect sales tax when other online retailers that do not process through Nevada but process through Arizona or Utah would not be required to collect sales tax. eBay supports a federal solution that would provide uniformity and a level playing field for all states and not put eBay small sellers at a competitive disadvantage with respect to Nevada's neighboring states.

**Chair Roberson:**

I want to confirm with Senators Ford and Kihuen that you support the RAN-proposed amendment.

**Senator Ford:**

Senator Kihuen and I support the RAN-proposed amendment.

**Chair Roberson:**

We will close the hearing on S.B. 382. With the acknowledgement of the sponsors, we can put S.B. 382 on work session for today. We will open the hearing on Assembly Bill (A.B.) 165.

**ASSEMBLY BILL 165 (1st Reprint)**: Establishes the Nevada Educational Choice Scholarship Program. (BDR 34-747)

**Assemblyman David M. Gardner (Assembly District No. 9):**

Assembly Bill 165 establishes the Nevada Educational Choice Scholarship Program. We will first hear a statement from the Office of the Governor before going into the details of the bill.

**Chris Nielsen (Office of the Governor):**

Assembly Bill 165, otherwise known as the Nevada Educational Choice Scholarship Program, is one of the priorities in Governor Brian Sandoval's education vision. For the first time, this bill will give certain children the option or choice to attend private schools without the worry of the high cost of tuition. For many families, the high tuition costs have been an impediment to school choice. This program also provides an opportunity for the business community to participate in the education of our children. At the 30,000-foot view, this scholarship program involves granting businesses State tax credits in exchange for donations to nonprofit scholarship organizations that in turn provide scholarships to eligible students to attend private schools. Eleven other states adopted similar legislation.

**Assemblyman Gardner:**

I will walk through the sections of the bill. Section 4 covers the tax credit, whereby a private entity would donate money to a scholarship organization. The scholarship organization would apply to the Department of Taxation for approval of the tax credit in exchange for the donation.

In section 4, subsection 3, the donation amount is limited to \$5 million for FY 2016. The donation amount increases to \$5.5 million for FY 2017 and increases at 110 percent for each succeeding fiscal year.

In section 5, subsection 1 stipulates that a scholarship organization must be tax-exempt under section 501(c)(3) of the Internal Revenue Code; not own or operate any school in this State; accept donations from taxpayers and other people; not expend more than 5 percent of the money it receives on its administrative costs; and provide grants to pupils who are members of a household with a household income which is not more than 300 percent of the federally designated poverty level amount. The pupil will be eligible to receive

\$7,755 for FY 2016. The \$7,755 will increase based on the Consumer Price Index. The \$7,755 represents the current per pupil rate in the State.

Section 6 requires a scholarship organization to submit an annual report to the Department of Education concerning the donations, gifts and grants received by the organization to ensure the money is properly directed and all dollars are properly accounted for.

Sections 7 and 8 stipulate that for every dollar donated to a scholarship organization to offset the business's Modified Business Tax, the donating entity receives a dollar-for-dollar tax credit.

**Senator Kieckhefer:**

Is there a requirement that the student is enrolled in an underperforming school?

**Assemblyman Gardner:**

No, there is not. We try to be as inclusive as possible by allowing for 72 percent of the State's students to apply for the scholarship. The number of students is not large since the program permits approximately 650 to 670 students a year to apply under the current standard. The number of eligible students will grow every year.

**Senator Brower:**

How was the \$7,755 figure determined with respect to the amount a student is eligible to receive?

**Dale Erquiaga (Superintendent of Public Instruction, Department of Education):**

The \$7,755 figure represents an average calculated in two ways: Nevada provides a basic per pupil guarantee in State funding of approximately \$5,600 and local funding that varies from county to county and district to district based on the availability of property, sales and a number of other taxes. Averaging those taxes along with the local and State taxes yields approximately \$7,700 per pupil in the upcoming biennium. This figure would be indexed by the Department of Education.

**Senator Spearman:**

Is it possible for an entity to contribute to a scholarship fund now?

**Assemblyman Gardner:**

I believe it would be possible for an entity to contribute to a 501(c)(3), but there is no procedure, nor would there be a tax credit. Therefore, tax benefits would not be available. The premise of the program is to provide a tax credit in exchange for a donation—this does not exist.

**Senator Ford:**

I understand the program's attempt to help the most underprivileged students, but how is this unlike a voucher? In my opinion, I view this program as a voucher program, since it takes money intended for the Distributive School Account (DSA) via the General Fund. The proposed program would offer these funds as a tax credit. How does this program differ from a voucher?

**Assemblyman Gardner:**

This program is different from a voucher program since vouchers are unconstitutional in various states. The tax-credit procedure has been completely upheld in every state that has faced lawsuits since it permits providing tax credits in exchange for a donation. Voucher programs are a direct gift, whereas the scholarship program involves private entities donating money to the scholarship organization as opposed to the state giving the money directly to a private school.

**Senator Ford:**

The effect is the same, the tax credit that the companies or individuals receive represents funds that would have gone to the DSA and now they are not. Would you agree with this supposition?

**Assemblyman Gardner:**

I agree that the parents would then have access to the monies at the end point. Nevertheless, the procedure is what matters, and this procedure is different, both legally and constitutionally.

**Senator Ford:**

Would you agree that the effect is the same?

**Assemblyman Gardner:**

I would agree that the end result is the same.



**Senator Spearman:**

How big of a hole do you anticipate the program causing in the State budget, and how will it be made up?

**Assemblyman Gardner:**

For this biennium, the budget shortfall would be \$10.5 million. The scholarship program would increase annually at 110 percent over the prior year, or \$5.5 million each year, plus 110 percent. Consequently, the budget deficit would increase each year—does this answer your question?

**Senator Spearman:**

Given the budget hole, how does the State make this up?

**Assemblyman Gardner:**

The strategy is to use monies the State already has, as well as savings and other means to fund the program. There is no specific fund available for the money; we will be working with Governor Brian Sandoval's Office to find an available source to provide an education choice for parents.

**Senator Ford:**

As noted in a recent newspaper article, would 72 percent of Nevadans be eligible for the scholarship?

**Assemblyman Gardner:**

Seventy-two percent of children would be eligible for the scholarship program.

**Senator Ford:**

If 72 percent of all children were qualified to receive the scholarship, would this reduce the chances of low-income students from receiving the scholarship?

**Assemblyman Gardner:**

The scholarship program is wide open since it is our intention to include middle-class students and low-income students. The intention of the program is to make eligibility as wide as possible, hence the inclusion of middle-class students who cannot afford private schools. The program only eliminates students from wealthy families who can afford private schools.

**Senator Ford:**

If the focus of the bill is to assist low-income students, then should the threshold drop?

**Assemblyman Gardner:**

In my opinion, the focus of the bill should be to help both the middle-class and low-income students.

**Chair Roberson:**

Did you previously mention that the program would be limited to children from families who are under 300 percent of the poverty level?

**Assemblyman Gardner:**

Yes, that is correct.

**Chair Roberson:**

While a large number of students may be eligible, many children in the State are within the 300 percent of the poverty level threshold.

**Mr. Nielsen:**

With respect to the potential budget hole the scholarship program may cause, we are continuously working with the State Budget Division and with your staff to address tax credits and the program's fiscal impact.

**Andrew Diss (StudentsFirst NV):**

StudentsFirst NV supports this legislation and supports Assemblyman Gardner in his efforts to make other educational choice options available to Nevada's low-income families. StudentsFirst NV supports this bill in the Assembly and in the Senate as well.

**Lesley Pittman (American Federation for Children):**

The American Federation for Children is a national school choice advocacy group. We fully support A.B. 165. School choice has been in place in Florida for 12 years, and compelling statistics demonstrate that the scholarship program has worked as intended. The results from Florida show that 54 percent of children participating in the state's scholarship program are from single parent households and 75 percent of the students are from minority backgrounds. The most compelling statistic is that a state-commissioned researcher determined that scholarship students tend to be among the lowest-performing students in

their prior schools regardless of the performance of that particular public school. Nevertheless, as far as learning gains, the scholarship students were on par nationally with all students, regardless of ethnicity and income levels. The program is working in Florida, and we are excited that Nevada is considering implementing the scholarship program. We look forward to participating in the regulatory process and sharing guidance with respect to Florida's experience.

**Senator Hardy:**

Does Florida's scholarship program employ the 300 percent of the poverty level threshold for determination of eligibility?

**Ms. Pittman:**

Florida's eligibility threshold is 185 percent of the poverty level.

**Mary-Sarah Kinner (Las Vegas Sands Corporation):**

The Las Vegas Sands Corporation supports A.B. 165. The Corporation believes that the future of the hospitality industry depends on leaders who can make a difference, and a quality education can and does help build a foundation for leadership. The Las Vegas Sands Corporation believes that A.B. 165 will provide at-risk Nevada students with the opportunity to earn a high-quality education at the institutions of their choice. The Corporation also wants to ensure that the children of its employees have opportunities to pursue their education and have choices in their education.

The Las Vegas Sands Corporation has a track record of supporting educational opportunity for its employees and families and believes that A.B. 165 will provide educational opportunities for all Nevadans.

**Senator Spearman:**

If the goal of this program is to ensure that low-income children have opportunities to attend a better school, why are tax credits necessary?

**Ms. Kinner:**

I am not sure that I can answer your question, but the Las Vegas Sands Corporation supports educational opportunity.

**Senator Ford:**

We have heard testimony that Florida's eligibility is at 185 percent of the poverty level, which is really getting at those who most need the program. Is

the panel amenable to consider lowering the threshold to reaching low-income students to ensure that those most affected by underperforming schools have a better opportunity under the auspices of the scholarship program?

**Assemblyman Gardner:**

We have had these discussions in Assembly hearings and would be amenable to have them again.

**Senator Ford:**

Did you begin at the 300 percent of poverty threshold? Alternatively, is 300 percent a compromise figure?

**Assemblyman Gardner:**

Discussions actually began at 300 percent, but 185 percent was considered by the Assembly Committee on Education as well as on the Assembly Floor. The rationale for selecting the 300 percent threshold was to remain as inclusive as possible by permitting middle-class families access in addition to low-income families.

**Senator Ford:**

It will be difficult to ascertain if Nevada children are receiving the best education possible if there are different standards for the schools that our children attend. Public schools and private schools have different standards. Would it be more appropriate to require private schools that accept scholarship program students to meet the same standards required by public schools in order to have a germane performance comparison?

**Mr. Erquiaga:**

I understand your question and direct you to section 5, subsection 5 of A.B. 165, located on page 5, which requires the Department of Education to adopt a reporting mechanism through regulation to keep track of the academic progress taken together, not pupil by pupil. Private schools that accept scholarship students shall be required to report the academic progress of these students to the Department in order to compare progress between private and public schools. This would preclude the Department from imposing State standards or State testing on private schools. However, the Department could develop a mechanism to keep track of academic standards.

**Senator Ford:**

I remain unconvinced. How will the Department track a student's progress without consistent standards for both private and public schools? Why are the standards not consistent? If the objective is to ensure that students leave poor-performing public schools for private schools, the private school should have the exact same standards as the low-performing public school to ensure that the tax credits are worth the State investment. Would you be amenable to changing the bill to include language to the affirmative?

**Mr. Erquiaga:**

*Nevada Revised Statutes* (NRS) 394 sets forth the requirement for private schools. These requirements are specifically concerned with safety and the treatment of students with disabilities. The State does not reach far into private schools because they would then no longer be private schools. The State would be responsible for their testing costs, textbooks and materials. There is an established line in statute, and the State has licensed private institutions for many years. I must exercise NRS 394 and issue licenses on behalf of the State Board of Education—our reach is limited. The outreach relates to the safety of children, particularly children with disabilities.

**Senator Hardy:**

How well do private schools compare with public schools?

**Assemblyman Gardner:**

Private schools are not tracked on the Nevada School Performance Framework. Most private schools in my district, including Bishop Gorman High School, tend to test better than public schools.

**Senator Spearman:**

Assemblyman Gardner mentioned in his opening statement that some state voucher programs have been challenged and found unconstitutional. Is the impetus for this scholarship program a means to evade the constitutionality issue?

**Assemblyman Gardner:**

The scholarship program is not intended to evade the constitutionality issue since providing tax credits for the scholarship program is constitutional. The scholarship program provides a constitutional platform for creating a pathway for students to attend good private schools.

**Senator Spearman:**

Many schools in my district have more students than available desks. Many of the students at these public schools are also multicultural and multiethnic. If the scholarship program's intent is to make it available to as many children as possible, is income the only qualifier? Will there be opportunities at private schools for multicultural, multiethnic and multilingual students—since this would provide a good comparison with private schools that have curricula addressing these issues?

**Assemblyman Gardner:**

The intent of the bill was not to limit the scope of the scholarship program since limiting eligibility will harm more students.

**Senator Spearman:**

I am not seeking to limit the scope of the bill but expand the program. Conventional wisdom suggests that private schools typically outperform public schools, but private schools do not face the same challenges as public schools. Public schools have many multicultural, multiethnic and multilingual students, so how will they perform if the same multiculturalism is not present in private schools as it is in public schools?

**Assemblyman Gardner:**

I agree with you. Seventy percent of Clark County students are from minority backgrounds. Private schools can be just as diverse as public schools. Alternatively, both private and public schools can be nondiverse. Generalizing schools in terms of diversity presents a problem.

The intent of A.B. 165 is to utilize a dollar strategy, permitting private schools to steer funds to English Language Learner (ELL) programs or multicultural programs. These programs would be available to students if implemented within the budgetary constraints. This is the method used in most other states, which use a percentage of the poverty level formula.

**Senator Kihuen:**

Nevada has over 70,000 ELL students—among the highest per capita levels in the Country. The State initiated a Zoom School pilot program to serve ELL students, which has the support of Governor Brian Sandoval, Mr. Erquiaga and many of the members of this Committee. How would the scholarship

program help an ELL student from my district? What programs do private schools offer that supersede Zoom Schools?

**Assemblyman Gardner:**

I do not know any of the specific programs offered by private schools to ELL students. However, with respect to educational outcomes, private schools have outperformed public schools in some school districts. Florida is a good example. Private schools have been able to serve underperforming children from public schools and bring them up to the same level as children in good private schools. With respect to Nevada, this would be similar to taking a child from a 1-Star School and placing him or her into a 5-Star School, with a commensurate academic achievement improvement to the 5-Star status. States with diverse populations, such as Arizona, Florida, Ohio and Wisconsin, successfully implemented similar scholarship programs. The successful experience in the aforementioned states was the rationale for this bill.

**Senator Kihuen:**

I am concerned that private schools do not offer ELL classes or programs. How will the scholarship program benefit the 70,000 Nevada students attending public schools in Clark and Washoe Counties who are eligible for the Zoom School pilot program? Many private schools do not have ELL programs, nor do they have the tools to educate ELL students. How will a private school outperform a Zoom School? It is worth noting that ELL students are not exclusively low-income students.

**Assemblyman Gardner:**

The bill will not require anyone to attend private schools. If the local Zoom Schools are performing well, then students should continue attending the Zoom School. The objective of the bill is to provide an option. If your local public school is not working, here is an alternative.

**Chair Roberson:**

I will close the hearing on A.B. 165 and open the work session. We will hear the following bills in order, S.B. 125, A.B. 165 and S.B. 382.

**SENATE BILL 125:** Makes various changes related to recruiting, retaining, stabilizing and expanding regional commercial air service in this State.  
(BDR 18-610)

**Joe Reel (Deputy Fiscal Analyst):**

Senate Bill 125 makes various changes relating to recruiting, retaining, stabilizing and expanding regional commercial air service in Nevada. Senator Pete Goicoechea and Assemblyman John Ellison brought the bill forward. The bill was heard in the March 5 Senate Revenue and Economic Development Committee meeting.

The bill provides for the creation of the Nevada Air Service Development Commission and the Nevada Air Service Development Fund to provide incentives for improved air service in Nevada. The Commission consists of the Executive Director of the Office of Economic Development and the appointed members of the Commission on Tourism. The Commission is required to administer the Fund and may make grants of money from the Fund to airports that satisfy all of the criteria specified in the bill.

The application for a grant from the Fund must include commitments from an air carrier and the airport. If the Commission awards the grant, the two parties will enter into a written agreement that provides for the air carrier to commence or continue air service to the airport in exchange for receiving one of three guarantees specified in the bill.

An airport that receives a grant from the Fund is required to pay 80 percent of the cost of a guarantee, and the airport or the local government that has jurisdiction over the airport pays the remaining 20 percent of the cost of the guarantee.

The contribution to the cost of the guarantee from the airport or governing body of the local government must be in the form of money, in-kind or both. The bill also has a fiscal note containing an unfunded mandate based on the provisions in section 10, subsection 2 stipulating that the governing body of a local government could be required to pay up to 20 percent of the cost of a guarantee even if the governing body did not consent to the application or acceptance of a grant. The Committee will discuss the bill's provisions subject to Proposed Amendment 6019 to S.B. 125 ([Exhibit F](#)).

Senator Goicoechea and Assemblyman Ellison provided the primary testimony on the bill. Additional testimony in support of the bill was provided by Mark Gibbs, the Elko Regional Airport Director, and Curtis Calder,



Elko City Manager. There was no testimony presented in opposition to the bill, nor was there any neutral testimony.

At the March 5 hearing for S.B. 125, an amendment was proposed and the Legal Division drafted Proposed Amendment 6019. Testimonies relative to the Federal Aviation Administration regulations preclude an airport from providing a cash subsidy directly to an airline based on the provisions of the bill as drafted. The amendment restructures the bill by allowing the Nevada Air Service Development Commission, rather than an airport, to provide grants to an air transportation company.

The work session document outlines details of Proposed Amendment 6019 to S.B. 125, [Exhibit F](#). I am available to go over specifics of the outline that summarize the five major changes related to the bill's structure.

**Chair Roberson:**

If there are no questions, I will entertain a motion to amend and do pass S.B. 125 with Proposed Amendment 6019.

SENATOR FORD MOVED TO AMEND AND DO PASS AS AMENDED  
S.B. 125 WITH PROPOSED AMENDMENT 6019.

SENATOR KIHUEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Chair Roberson:**

The work session will now hear Assembly Bill 165.

**Mr. Reel:**

We heard A.B. 165, which establishes the Nevada Educational Choice Scholarship Program, in Committee today.

**Chair Roberson:**

I will accept a motion to do pass A.B. 165.

SENATOR KIECKHEFER MOVED TO DO PASS A.B. 165.

SENATOR HARDY SECONDED THE MOTION.

**Senator Kieckhefer:**

I am a strong proponent of giving parents more control over their children's education, and I think that this bill goes a long way toward that end. I hope that during the regulatory process, the Department of Education places a priority over the limited number of children who will be able to access this based on the dollar restrictions. I also hope that the Department not only focuses on those children who are in the greatest financial need but also those children who are in underperforming schools. The Department should ensure the regulatory process focuses on these two areas so the children who need this program most are able to access it.

THE MOTION CARRIED. (SENATORS FORD, KIHUEN AND SPEARMAN VOTED NO.)

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**Chair Roberson:**

Our next bill is S.B. 382.

**Mr. Reel:**

In Committee today we heard S.B. 382, which revises provisions related to sales and use taxes as brought forward by Senator Ford, and the proposed amendment that Bryan Fernley of the Legal Division will discuss.

**Bryan Fernley (Counsel):**

The Retail Association of Nevada (RAN) provided the proposed amendment, [Exhibit E](#), which the Legal Division has reviewed. It adopts the following provisions: Section 2 of the bill includes the language in subsection 1, paragraph (a) and the language in subsection 1, paragraph (b), subparagraph (6) of the RAN-proposed amendment, [Exhibit E](#); it will also include the language contained in section 2, subsection 2 in the RAN-proposed amendment, [Exhibit E](#).

Section 3, subsection 1 language in the bill will remain unchanged; the language in subsection 2 as proposed by RAN is included in the amendment. The language in section 3 subsection 3, is moved to the effective date section so that section 3 becomes effective October 1. This permits the State to look back two quarters before October 1 to determine eligibility with respect to the number of quarters outlined in subsection 2. Subsection 4 in the RAN-proposed amendment, [Exhibit E](#), is not included in the amendment.

Section 5 of the RAN-proposed amendment, [Exhibit E](#), stipulates that any ruling, agreement or contract between a retailer and the State's Executive Branch or any State agency that does not require a retailer to collect the sales and use tax is invalid until approved by the Legislature. We are changing this requirement so the Department of Taxation or the Executive Branch agency will report those rulings, agreements or contracts to the Legislative Commission. The Legislative Commission will have the information concerning the rulings, agreements and contracts the Executive Branch is approving.

Subsections 7 and 8 of the RAN-proposed amendment, [Exhibit E](#), will be changed to mirror what we have done in sections 2 and 3.

**Chair Roberson:**

I will entertain a motion to amend and do pass S.B. 382 with the RAN-proposed amendment.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED S.B. 382.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Chair Roberson:**

The meeting is adjourned at 5:05 p.m.

RESPECTFULLY SUBMITTED:

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Tony Rivano,  
Committee Secretary

APPROVED BY:

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Senator Michael Roberson, Chair

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

<b>EXHIBIT SUMMARY</b>				
<b>Bill</b>	<b>Exhibit</b>		<b>Witness or Agency</b>	<b>Description</b>
	A	1		Agenda
	B	1		Attendance Roster
S.B. 382	C	5	Senator Aaron D. Ford	Testimony
S.B. 382	D	2	Senator Ruben J. Kihuen	Testimony
S.B. 382	E	6	Retail Association of Nevada	Proposed Amendment
S.B. 125	F	6	Fiscal Analysis Division	Work Session Document