

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

**Eighty-second Session  
April 6, 2023**

The Senate Committee on Revenue and Economic Development was called to order by Chair Dina Neal at 1:11 p.m. on Thursday, April 6, 2023, in Room 1214 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 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 Dina Neal, Chair  
Senator Fabian Doñate, Vice Chair  
Senator Pat Spearman  
Senator Heidi Seevers Gansert  
Senator Carrie A. Buck

**GUEST LEGISLATORS PRESENT:**

Senator Edgar Flores, Senatorial District No. 2  
Senator Scott Hammond, Senatorial District No. 18  
Senator Dina Neal, Senatorial District No. 4

**STAFF MEMBERS PRESENT:**

Michael Nakamoto, Chief Principal Deputy Fiscal Analyst  
Christian Thauer, Deputy Fiscal Analyst  
Connie Summers, Committee Secretary

**OTHERS PRESENT:**

Mary Walker, Douglas County; Storey County; Lyon County  
Kate Marshall, The Impact Project, Hopewell Fund  
David Goldwater, The Impact Project, Hopewell Fund  
Kennedy McKinney, Nevada Women's Lobby  
Brenda Zamora  
Briana Escamilla, Planned Parenthood Votes Nevada

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Mathilda Guerrero, Battle Born Progress  
Caroline Mello Roberson, NARAL Pro-Choice America  
Emily Osterberg, Henderson Chamber of Commerce  
Alfredo Alonso, Vegas Golden Knights  
Todd Pollock, Vegas Golden Knights  
Kristina Kleist, Latin Chamber of Commerce  
Piper Overstreet, Las Vegas Raiders  
Jennifer Azzi, Las Vegas Aces  
Kanani Espinoza, University of Nevada, Las Vegas

CHAIR NEAL:

I will call Senator Hammond to the table to present Senate Bill (S.B.) 430.

**SENATE BILL 430**: Revises provisions relating to partial refunds of property taxes to certain persons who are 55 years of age or older. (BDR 38-999)

SENATOR SCOTT HAMMOND (Senatorial District No. 18):

This bill was brought to me by a constituent and long-time resident of the State who was looking for rent and property tax assistance for senior citizens in the State.

The Legislature, in S.B. No. 31 of the 57th Session, created the Senior Citizens' Property Tax Assistance Act because, as the bill's legislative declaration noted, it was the public policy of this State to provide assistance to its senior citizens who are carrying an excessive residential property tax burden in relation to income. The Act created a program that allowed a person 65 years of age or older who met certain eligibility requirements relating to income and the assessed value of the home to apply to the Nevada Tax Commission for a refund of property tax equal to 7 percent of the person's household income but not to exceed the lesser of the property tax paid or \$300. The provisions of the Act also allowed a senior citizen who did not own his or her home to claim a rebate based on the rent paid. The Act deemed the property tax to be paid was 15 percent of the total rent paid by a senior in a year. That senior could apply for a refund in an amount equal to 7 percent of the person's household income but not to exceed the lesser of 15 percent of the rent paid or \$300.

The money used to pay the refunds was through legislative appropriation. Senate Bill No. 31 of the 57th Session included General Fund appropriations in the amount of \$1.2 million per year for fiscal year (FY) 1974-1975 to provide

these refunds. The program's administration would be transferred to the Nevada Department of Taxation (DOT) upon its creation in 1975. Senate Bill No. 574 of the 71st Session would transfer the administration of the program from the DOT to the Aging and Disability Services Division of the Nevada Department of Health and Human Services.

As a result of the Great Recession, the Legislature, in S.B. No. 423 of the 76th Session, chose to eliminate this program based on the recommendation made in the Governor's Executive Budget that Session. The program would be briefly restored following S.B. No. 514 of the 78th Session which contained an appropriation of \$5 million to the Division for FY 2015-2016 to implement the program.

Senate Bill 430 would create a program to provide relief to the State's senior citizens once again. To be eligible for the refund program in this bill, the applicant must meet six requirements: he or she must be at least 55 years of age or older; his or her household income must be at or below the federal poverty level; the home must have been owned and used as the primary residence or the applicant must have continuously rented the home since July 1 of the year prior to filing the claim; the claimant or spouse may not own real property other than the property claimed as the home with the assessed value of \$40,000 or less; the home of the claimant and spouse may not have been purchased for \$500,000 or more; and the claimant and spouse must not have liquid assets more than \$180,000.

If a claim for a refund is approved, the homeowner may receive an amount equal to 50 percent of the accrued property tax or \$1,000, whichever is less. If the claimant is a renter, he or she may receive an amount equal to 8.5 percent of the rent paid that year up to \$1,000.

Section 18 of S.B. 430 allows a claim for a refund to be filed with the assessor of the county in which the home is located between February 1 and April 30 each year. The county assessor is required to process the application, determine the assessed valuation of the property to which the claim applies and submit the claim to the Division that is then required to approve or deny the application and pay the refund no later than August 15.

Section 31 of S.B. 430 creates the Senior Citizens' Property Tax Assistance Account to pay the claims and other expenses relating to the account. Aside

from State General Fund appropriations, the account will also receive funding directly from each of the 17 counties based on an amount determined by the Legislature to be expended from the account for each of the counties. This funding, in addition to the payment of the refunds, is also used to pay a \$4 fee to the county assessor for each application processed and submitted to the Division.

Section 32 of S.B. 430 specifies that the bill becomes effective upon passage and approval for the purpose of adopting regulations and on January 1, 2024, for all other purposes which would allow counties to begin receiving applications for the program.

Since I introduced the bill, I had a conversation with the Division regarding its large fiscal note. The Division said the fiscal note could be relieved if we sent the administration part of the bill down to the counties that would administer the program. I am amendable to that proposal as a conceptual amendment to the bill.

CHAIR NEAL:

In section 5, subsection 2, paragraph (c), what did you envision for including groups? Would this include long-term living or care facilities?

SENATOR HAMMOND:

This pertains to *Nevada Revised Statutes* (NRS) 449.017 and long-term care facilities. It does not pertain to care in a private home.

CHAIR NEAL:

Long-term care facilities are typically corporate entities. Are you intending to allow this exemption to apply to a corporate entity?

SENATOR HAMMOND:

No, it is not the intent to give a corporate entity a rebate of any kind. Language in the bill could be clarified if necessary.

CHAIR NEAL:

How do you envision the application of section 5, subsection 2, paragraph (d) pertaining to NRS 315 and the housing authority? Would this include Section 8 homes? It is my understanding a Section 8 home that became part of the housing authority was either a limited liability corporation or some other

structure created to qualify as a housing authority home for liability purposes in addition to receiving a rent subsidy to house an individual.

SENATOR HAMMOND:

The subsection to which you are referring was part of the original program. The intention is if someone pays rent in a housing project and meets the standards, he or she would still be eligible for a refund.

SENATOR SEEVERS GANSERT:

It is my understanding the residential facility for groups and dwellings within a housing project meet the definition of a home, and the people who live in what is defined as a home would be eligible to apply for a refund. I, too, am concerned about section 5, subsection 2, paragraph (d) pertaining to subsidized housing where, potentially, the individual in the home is not paying rent but would be eligible for a refund. Consideration should be given to revising this language. You indicated you thought the fiscal note would be pulled, is that correct?

SENATOR HAMMOND:

I would not want to speak for the agency, but I believe the Division would remove a significant portion of the fiscal note if we make that change. The counties would also need to weigh in on the costs for them to administer the program. But to your question pertaining to section 5, subsection 2, paragraph (d), I want the wording to reflect what we are trying to accomplish and make sure we give the refunds to the claimant as outlined in section 4, someone who is the homeowner or renting. We would ensure the clarity of this section.

SENATOR SEEVERS GANSERT:

Language in section 14 addresses the amount eligible to be refunded—50 percent of the accrued property tax or \$1,000, whichever is less. This language should be clarified.

SENATOR HAMMOND:

The calculation for the refund would be part of the regulations. There is an entire section on allowing the entity that administers the refund to devise appropriate regulations on assessment.

SENATOR SEEVERS GANSERT:

Do you have the history on the number of claimants who have received funding? Is \$1,000 the same level as in the past?

SENATOR HAMMOND:

I do not have the historical numbers on claimants but as noted in the bill presentation, the refund level was much lower in FY 1974-1975, approximately \$300. I have had discussions over the \$1,000 maximum refund being too high. My ultimate intent is to help our senior population because it seems our seniors and, sometimes veterans, are overlooked. I would be open for discussion on the maximum refund amount, keeping in mind the poverty level and other factors affecting senior citizens.

SENATOR SEEVERS GANSERT:

I agree that senior citizens who are most often on fixed incomes are not always appropriately addressed.

SENATOR HAMMOND:

The bill notes a senior citizen as being at least 55 years of age. I would be willing to make this higher, especially if we have a limited amount of resources, so we could better assist those who have already retired or those below the poverty level on fixed incomes.

SENATOR SPEARMAN:

My question pertains to section 8 where income is explained as "adjusted gross income, as defined in the Internal Revenue Code, and includes ... veterans' pensions and compensation." Does this pertain to retirement or disability benefits? I would like clarification to ensure this would not have a negative effect on veterans.

SENATOR HAMMOND:

I will clarify that disability payments are not included, only the veteran's pension compensation, and get back to the Committee.

CHAIR NEAL:

Section 15 is the rent section that clarifies the amount of the refund provided must be an amount equal to that portion of the rent which is rent deemed to constitute accrued property tax. Because there are two parts to this section,

how many people would fall into the category of federally designated under the poverty level we would serve with this bill?

SENATOR HAMMOND:

The answer will change as we negotiate the 55 years of age provision. This age may be changed to 65 years of age. If this change is accepted, the number of people falling into the category you mentioned would also change.

CHAIR NEAL:

In section 20, subsection 1 refers to the claimant or claimant's spouse who owns real property with an assessed value of more than \$40,000. Is this someone who might have an add-on or addition to the property?

SENATOR HAMMOND:

This section talks about how a claim can be denied. The intent is to ensure that the person who is the claimant is the property owner of the residence, not another property or home or outbuilding on a large property. It does not matter if there is an add-on; as long as it is the person's personal property and worth a certain amount, that will be the assessment value.

SENATOR BUCK:

Looking at section 20, would the county or an agency prove liquid assets? How would it go about this?

SENATOR HAMMOND:

The county accessor would most likely do this, and this would be noted in the conceptual amendment. Section 20 begins the process of determining the assessed value of a home and liquid assets.

SENATOR BUCK:

I like the basics of the bill but worry when the government is required to look at an individual's liquid assets or personal wealth.

SENATOR HAMMOND:

Because it is a voluntary application, claimants are opening themselves up when they decide to make a claim for a refund.

MARY WALKER (Douglas County; Storey County; Lyon County):

Using Lyon County as an example, 35 percent of the county's population is over 55 years of age, so we could be talking about a significant amount of money when lowering property tax revenues for this group of approximately 22,000 people. If you take the maximum \$1,000 refund for 1,000 people, that is a revenue loss of \$1 million for the County. It is not clear to me in the bill how the counties would be paying the State. It sounds like this program in the past was funded by the State, not the counties, through the budget. We are concerned about the financial impact this would have not only on our smaller counties but also on our school districts.

CHAIR NEAL:

We will close the hearing on S.B. 430 and open the hearing on S.B. 429.

**SENATE BILL 429**: Revises provisions governing economic development.  
(BDR 32-680)

SENATOR EDGAR FLORES (Senatorial District No. 2):

Senate Bill 429 takes a State approach that is both progrowth and profamily by adding a paid family leave incentive to our current economic development incentive structure. By adding paid family leave, we will be able to attract businesses with an employee-centered culture to support the State's goal to attract, retain and grow high-quality jobs.

The State no longer needs to position itself in a place of desperation, begging for companies to come here and willing to give its all to close a deal. The State is a business-friendly State that knows how important it is to grow our workforce and support our families. Senate Bill 429 combines these goals to award companies and support families. Unlike the 13 states and the District of Columbia that have enacted paid family leave laws, S.B. 429 uses a carrot instead of a stick to attract the right companies to the State. By pairing Senate Bill 429 with federal tax credits not available to companies in other states and the District of Columbia, S.B. 429 provides an incentive for companies that already provide paid family leave to relocate to Nevada and obtain not only federal tax credits but also the State's tax abatements.

A federal tax credit exists for businesses that offer paid family leave. In order for the tax credit to apply, it must be in a state that does not already mandate paid family leave. In other words, if state A has enacted a statewide law



mandating paid family leave and a company offers paid family leave, the company is not entitled to the federal credit because federal law says it already has to do that on a state basis, so state A would not be entitled to the credit. In S.B. 429, the State will position itself to look at companies engaged in best practices providing benefits and protections for its employees and say to those companies, you already do that so come to Nevada; on top of getting the abatements we offer, you will also be entitled to the federal tax credit.

On page 5, lines 11 through 15 of the bill, a new provision requires the Governor's Office of Economic Development (GOED) to determine if applicants for abatements have a policy for paid family and medical leave for employees who have been employed for at least 90 days. Such leave is required to be 12 weeks paid at a rate of at least 55 percent of the regular wage of the employee.

Page 5, lines 16 through 34 require that if GOED approves the application, the business will agree in writing it will not prohibit, interfere with or otherwise discourage the employee from taking paid family medical leave and references the federal Family and Medical Leave Act (FMLA).

Page 5, lines 28 and 29 specify an applicant's paid family medical leave will also cover leave for the care of an adult child, sibling or domestic partner of the employee.

Page 5 lines 41 through 43 add a requirement that GOED will consider whether an applicant has a policy of paid family and medical leave for its employees when determining whether such applicants shall be approved for an abatement.

Joining us today in the gallery are my family and good friends. I reference them because they are small business owners and made the journey to Carson City in support of S.B. 429. They own restaurants and event centers and work in grocery chains in the State. I have a business of 15 employees who rely on me to take care of them. We did not receive any abatements, and we understand the importance of family medical paid leave. We know we have an obligation to take care of our employees. It is what Nevadans do. It is what good, strong small businesses do as a best practice. It is how we retain and take care of our workforce in the State.

If we are attracting businesses to the State through this bill, we also attract like-minded businesses. Conversations with any industry in the State indicate they are having a hard time hiring people. Our former lieutenant governor will address this. We are not offering the best possible benefit and retention packages for some of our employees.

I had an opportunity to converse with GOED. While it understands and respects what we are trying to accomplish with S.B. 429, the Office expressed some concerns with this bill.

KATE MARSHALL (The Impact Project, Hopewell Fund):

I want to make sure the Committee understands what kind of businesses we are addressing in S.B. 429. In Clark and Washoe Counties, we are talking about attracting businesses that are going to employ 50 or more employees and make a \$1 million capital investment in the State.

The federal tax credit under Internal Revenue Code Section 45S will extend from 2017 through 2025 and provide a tax credit for employers who provide paid family and medical leave to their employees. To clarify, a tax credit is not the same as a deduction. It is a direct credit or an exact amount of money not based on the percentage of taxes paid.

Paid family leave cannot be required by the State. If it is required, the credit would not apply. It has to match FMLA—not some other kind of leave but specific leave—and the credit must be at least 50 percent of the wages paid to the employee during the time on leave. In S.B. 429, the credit is 55 percent in order to match the federal tax credit.

Why does this matter to the State, and why does the State want to attract companies employing 50 or more employees? This chart ([Exhibit C](#) contains copyrighted material. Original is available upon request of the Research Library.) from the Federal Reserve published in February 2023 shows Nevada's labor force participation rate. For individuals, men and women, 25 years of age through 70 years of age, the chart shows how many people in this age group are working in the State. The chart shows that over time, the rate has dropped. In July 2008, it was about 70 percent. As of February 2023, it was 61.8 percent. The national average is 62.5 percent, meaning the State has less labor force participation than the national average.

The Reno + Sparks Chamber of Commerce made the comment recently that for every person looking for a job in the State, there are three jobs available. Nevada businesses are desperate to find workers. The question is how can we increase labor force participation in a way that is both progrowth and profamily.

The participation rate in the State for women is 55.7 percent while the national average is 56.8 percent. That tells us we have room to grow because we have working-age women who are not working. Paid family leave not only increases women participation in the workforce, it also supports women who want to work and have a family. For these reasons, such an incentive will make a big difference to the workforce. Short-term benefits to women and families have been documented, meaning women get paid family leave, get to go home when they have a child and spend time with their child. In addition, it is shown to reduce poverty and improve maternal and child health. However, the research also shows long-term economic benefits because when you offer paid family leave, women do not leave the workforce. Women who are more likely to stay in the workforce are educated women, so you have a higher-skilled workforce. Furthermore, when you offer that kind of job protection, it increases leave-taking and benefits for individuals who may not be covered by family medical leave.

I will show you workforce statistics in California ([Exhibit D](#) contains copyrighted material. Original is available upon request of the Research Library.) and New Jersey ([Exhibit E](#) contains copyrighted material. Original is available upon request of the Research Library.) which passed paid family medical leave in 2004 and 2009, respectively.

The California chart, [Exhibit D](#), shows working women 25 years of age to 54 years of age and the gap between the two groups of those with children under 5 years of age and those with no minor children. When there is paid family leave, the percent of women in the workforce increases as evidenced by the chart, [Exhibit D](#). The numbers are striking because it shows that prior to the implementation of paid family leave, 26 percent to 29 percent of participating women would leave the workforce in the year they had a child, and 20 percent who left the workforce would never return. When paid family leave is available, the gap closes substantially with an increase of 20 percent return to the workforce in the birth year and an increase up to 50 percent return in five years after the birth year. You can see similar statistics for New Jersey, [Exhibit E](#).

One way for the State to attract progrowth, profamily companies that will increase the workforce numbers in the State is to have paid family leave as an abatement incentive in addition to the federal tax credit.

The data shows when paid family leave is offered, not only does women's labor market participation increase, but women tend to work 10 percent to 17 percent more hours. While working hours and labor force participation increases, we are using a carrot that is both progrowth and profamily.

SENATOR SPEARMAN:

The carrot is the federal tax credit. What if a company comes to the State and three years later, it stops the paid family leave program. Will there be any clawback provisions?

MS. MARSHALL:

Under GOED today, when abatements are offered, the process includes clawback provisions if certain promises or obligations are not kept. The State's most recent abatement opportunity was to Tesla, and Tesla offers paid family medical leave.

SENATOR BUCK:

Are there other examples, aside from Tesla, that take advantage of the tax credit abatement?

MS. MARSHALL:

I do not know the percentage of companies in the State that offer paid family leave.

SENATOR BUCK:

How many companies are currently offering paid family leave without the State mandating them to do so?

MS. MARSHALL:

The State would not mandate an abatement. With S.B. 429, we aim to attract the crème de la crème of companies from other states by offering the abatement in addition to the federal tax credit so good companies can support the State's workforce.

SENATOR FLORES:

Let us assume all those companies that have taken advantage of this abatement do in fact offer paid family leave pursuant to the FMLA. This sends a direct message to the State. For the State to offer the abatement, we are setting a minimum standard of what we expect when we are attracting companies to the State. We are sending the right message and attracting the best companies while simultaneously promoting growth and caring for our families. We should not compromise on this. We should not be scouting businesses that will invest in our State without knowing which of those businesses will take care of our employees and promote longevity.

SENATOR BUCK:

You showed two examples of states that have enacted paid family leave. Do you have any examples from states that do not have paid family leave and what those statistics show?

MS. MARSHALL:

There are 13 states with statistics prior to enactment that run parallel with a large gap; after enactment, the lines start to converge. In states where there is no paid family leave, the data shows when women have children, they exit the workforce in decent numbers and do not return. The data indicates one-quarter to one-third of women will exit the workforce when they have children; after five years, 20 percent of women who had children and exited the workforce had not returned. In Nevada, the numbers are worse. In addition to a workforce shortage generally, we have less female workforce participation than the national average. Offering paid family and medical leave is a way for the State to increase its workforce in a manner that is progrowth and profamily, helping both the businesses and families.

SENATOR SEEVERS GANSERT:

Looking at some of the current statutes on health care, businesses expanding or relocating are given eight quarters to establish their healthcare plan. Would FMLA be required on Day One, or would there be a ramp-up period?

MS. MARSHALL:

Section 1, subsection 2, paragraph (i) of the bill has eight calendar quarters.

SENATOR SEEVERS GANSERT:

It is eight calendar quarters for new employees. Section 1, subsection 2, paragraphs (e) and (i) refer to requirements within eight quarters, but paragraph (j) looks like requirements would be effective on Day One. If the business does not have an established plan, it might consider whether to do it on Day One.

MS. MARSHALL:

The State is trying to attract companies already offering paid family leave.

SENATOR SEEVERS GANSERT:

Perhaps the bill could offer a dual process. For the companies that do not have a paid family leave policy in place, they would be required to have a policy in place within eight quarters. My other question pertains to section 1, subsection 2, paragraph (j) where employees must be employed for 90 days before they are eligible for paid family leave. Are the federal requirements the same? What is the reasoning behind this? Ninety days seems like a short period of employment before an employee is eligible for 12 weeks of paid family leave.

MS. MARSHALL:

Under federal law, it is one year; under S.B. 429, it is 90 days.

SENATOR SEEVERS GANSERT:

Ninety days is probably not enough time for a lot of companies to give a new employee 12 weeks of paid leave, but I do recognize the importance of paid family leave. Section 1, subsection 2, paragraphs (f) and (g) regard capital investments from \$250,000 to \$1 million. Have you considered whether paid family leave should be required for the larger businesses only? I have worked with smaller business in their infancy that have relocated to the State with few employees that may not be able to afford paid family and medical leave. Larger businesses without a policy in place may consider paid family and medical under the provisions of this bill or be required to offer paid family and medical leave.

MS. MARSHALL:

First, as Senator Flores pointed out, you have a number of small businesses in the State that already offer paid family leave. Second, when GOED lowers the number of employees and the amount of capital investment, it is dependent in which county the business will be operating and the population of that county. Do you want to say that if a company goes to a rural area, it would not be

required to do as much for employees as for employees in Clark or Washoe Counties? Women workers in smaller counties are equally as valuable as those in larger counties.

SENATOR SEEVERS GANSERT:

I agree with you, but statute is about the location of the business. A threshold for businesses of a certain magnitude or a certain number of employees may be a consideration. The bill is about geography for the requirements we have, not about the size of the business. When we looked at expanding benefits in other bills, we frequently used 50 or more employees as a threshold.

CHAIR NEAL:

Under statute, GOED can audit under the terms of the agreement. I did not see a specified time period. How do you envision this provision working? Section 1 has this mandate that medical and family leave must be paid at a rate of 55 percent of the regular wage of the employee for at least 12 weeks. I envision you are expecting the businesses to do these things; and if they do not, there would be some clawback by GOED if they fail to perform in that area. For example, if you have an abatement that will run for two years, what do you expect to happen in those two years when you have given this abatement to a company expecting it to give paid family and medical leave? When do you want GOED to undertake an audit to ensure requirements are being met and employees are being covered by the employer who, within those two years, is functioning under an abatement?

MS. MARSHALL:

As a written policy, it would have to be transparent to all employees that they have this benefit available. The GOED has an audit schedule, depending on incentives, and provides the Legislature with the names of companies audited and the status of those audits.

SENATOR FLORES:

We are not intending to change the audit mechanism in place. Requirements are in place which must be met. We are talking about the threshold of 50 full-time employees, depending on the population we are serving. That is something GOED needs to review, ensuring a company does in fact have 50 full-time employees or a certain amount of investment, whether it be \$250,000 or \$1 million. That is already in statute. To impose this requirement for paid family leave, we are not suggesting to change or create a new layer of auditing. We

simply need to ensure the policy is followed. Proposed language in section 1, subsection 2, paragraph (j), subparagraphs (1) and (2) notes the company will not prohibit or discourage an employee from taking advantage of paid family medical leave. We want to put such items in statute to make sure companies are not doing that. In that scenario, I am assuming an employee could also raise an alarm if not treated fairly, but we do not want to alter whatever mechanism is in place.

CHAIR NEAL:

My statement may not have been clear because I am expecting more auditing since a paid family leave policy is different than a healthcare policy. Say a company is getting its sales tax and Modified Business Tax (MBT) abated; an employee requests 12 weeks of paid leave, and the company does not award the leave. I assume you are expecting the employee to act as a whistleblower to GOED. You may be assuming that only good companies will come to the State, not the bad actor who gets the abatements and then fails to follow the rules. We have seen that with current abatements. We have had numerous conversations about companies receiving abatements that has us arguing why employees are on Medicaid with the expectation an employer paid them a wage that prevented them from being on Medicaid.

I would want a closer look at auditing even as a pilot to get an examination on how the program is working and how companies are performing because there is expansion and there is existing. You want to court a business to come to the State with the carrot to offer this leave, and then we will give you this abatement for that. People feel strongly about FMLA and getting the leave to take care of their family, getting the leave to take care of a sick child or sick grandmother. If a company fails to do this, what is the length of time where the employee may act as a whistleblower, going to GOED, filing a complaint and saying he or she did not receive a promised benefit?

SENATOR FLORES:

If the Committee is requesting we have specific language and direction to ensure no employer violations, we will work with the Committee to provide those parameters and safeguards. In the hypothetical we posed, company A that comes to Nevada, creates the 50 full-time employment positions and then, at some point, goes down to 40 full-time positions and operates at that level for a certain amount of time. There are already scenarios where this could be happening, and I am sure GOED is aware of them.



In the above scenario, those employees who were dismissed would not raise their hands and say we were at 50 employees, but now we are at 40 employees. We do not want to put the onus on the employee, but should this prevent us from moving the bill forward? There may be a whole host of hypotheticals where employers are not following the requirements as intended. We are open to creating parameters in whatever way this Committee sees fit to ensure we follow through with whatever requirements we impose on these businesses that hope to come to the State, take advantage of these abatements and become part of our community.

CHAIR NEAL:

I brought this up because we have not been able to claw back the abatement on the Medicaid companies that continue to experience and benefit from the abatement regardless of the argument we are making now. Once we put the carrot out there, it is difficult to pull it back; in the meantime, the companies are not paying taxes.

DAVID GOLDWATER (The Impact Project, Hopewell Fund):

My journey into economic development and redevelopment started as an elected official in this Body. I had a constituent ask about economic development and why we were giving tax abatements to the competition. At the time, the statutes were loosely worded; some entities were giving tax abatements to companies to come to the State without any real criteria.

Over the years, we have established that criteria. In S.B. 429 is yet another criteria item to make sure the businesses we attract to the State are at least on a level playing field with the businesses already here—your constituents who are employing your constituents. If a company in Nevada provides paid family medical leave and has been in business for 25 years in the State, do we use our tax dollars to attract a company from out of state to compete with these businesses offering paid family medical leave? This is not a good deal for our constituent businesses.

The Governor's Office of Economic Development has done a yeoman's job to attract and retain many different businesses to the State using tools given by the Legislature. We are in competition with other states. A cogent argument says, do not restrict us, do not make us less competitive with other Western states like Utah or Arizona or even California. At the core of the State's new economic development strategy is its people. Those words are from the

Governor's 2023 economic development plan. This bill is about people. When we are in competition with Utah and Arizona, so many things are apples-to-apples comparisons of what we have in our toolbox versus what they have in their toolboxes. We do not have an income tax. We have access to certain rail lines, maybe better access to highways—what we have to offer companies is unique to the State. This bill tells businesses to care about the people. Offer this benefit if you want the State's money, and that is why I am in support of S.B. 429.

KENNEDY MCKINNEY (Nevada Women's Lobby):

Nevada Women's Lobby believes in fighting for equity, choice and opportunity for women and families throughout the State. We are here today in full support of S.B. 429 which will expand paid medical and family leave for employees by providing certain tax abatements as an incentive. Having paid family leave is essential in supporting working women and families. We urge the Committee's support for this bill.

BRENDA ZAMORA:

I have many roles in the community, but my favorite is being a mother to my three daughters. I became a mother at a young age. My first child arrived ten weeks before her due date which led to many medical complications. The first few years of her life were difficult because I was a single mother with no job. Eventually, I had an opportunity to work and get back on my feet. After a year working at a local clothing store, I became a store manager. Unfortunately, my daughter got sick and was hospitalized for two weeks before doctors diagnosed her with a blood disorder they thought might be cancerous. I had to make a decision between working or staying in the hospital with my child as her only parent. This is not a decision parents should have to make.

I have learned how powerful it can be to share a story that can create a change to help families. I have worked with many organizations locally and nationally in the fight for paid family and medical leave for all. An emergency is never planned, but bills do not take a pause. I strongly urge you to support S.B. 429 to help families like mine.

BRIANA ESCAMILLA (Planned Parenthood Votes Nevada):

I am here in support of S.B. 429 because paid family and medical leave benefits both workers and employers and keeps communities healthy and economically empowered. Not only does it keep valuable employees in their jobs when they

have children or medical emergencies, it also saves employers money by preventing turnover and loss of talent. Paid family and medical leave is crucial to Nevadans' ability to maintain healthy, financially secure and full lives, and we should do all we can to attract employers to our State that offer that leave. Our partners at the Progressive Leadership Alliance of Nevada could not be here today but asked that I indicate their support for S.B. 429.

MATHILDA GUERRERO (Battle Born Progress):

We are in support of S.B. 429. Adding paid family leave as a requirement to obtain an abatement aligns with our economic incentives and goals to attract the right companies to the State. This can help employers recruit new, talented employees while also retaining their existing staff. In addition, paid family leave helps to keep workers safe and healthy while increasing productivity and decreasing employer costs. We are calling on this Body to prioritize and empower working families, and this bill does that.

CAROLINE MELLO ROBERSON (NARAL Pro-Choice America):

I am here to register our support for S.B. 429. A nonprofit advocacy organization, NARAL has more than 48,000 members across Nevada. Paid family leave is a critical component of reproductive freedom, and everybody deserves the dignity and financial stability it offers. Senate Bill 429 takes important steps in moving the State forward to ensure everyone has access to paid family leave. We urge this Committee to pass the bill without delay.

EMILY OSTERBERG (Henderson Chamber of Commerce):

Our concern is S.B. 429 would create additional government interference by requiring approval from agencies during the application process. It might deter companies from coming to the State and expanding their businesses.

SENATOR FLORES:

While I appreciate the concerns raised by the opposition, I want to remind this Committee that we are talking about abatements. Small businesses can do what they please in this State, make any investment if they do not want to take advantage of this State's money; but if the people in the State are a participant in this program through the abatement process, you have an added layer of responsibility, and that is fair. I look forward to working with the Committee to make some adjustments and drafting parameters to the bill to ensure no one takes advantage of the abatement process.

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CHAIR NEAL:

We will close the hearing on S.B. 429, and I will turn the gavel over to Vice Chair Doñate.

VICE CHAIR DOÑATE:

I will open the hearing on S.B. 444.

**SENATE BILL 444**: Revises provisions relating to the excise tax on live entertainment. (BDR 32-602)

SENATOR DINA NEAL (Senatorial District No. 4):

Why does government seek to raise revenue? Why do we establish revenue policy? Because there are needs of the State for its citizens. I sat in hearings during the past weeks where the Nevada Department of Education stated if it had a wish list, it would be for another \$125 million other than what we are currently offering. I listened to the Regional Transportation Commission (RTC) say it needs \$40 million or services may be interrupted in the southern region. I listened to our Nevada Children's Behavioral Health Consortium ask for \$21 million every year to pay for supportive housing and rental assistance for our most at-risk populations. We need a policy to help cover the cost of cavities for adults in the State. For myself, I am seeking \$40 million to fund homelessness in the State which has a \$69 million fiscal note.

With all the revenue we have now, it is still not enough to meet the needs of our residents and what we had on the table in 2019 and 2021. We are watching the money go out while asking ourselves how we can find additional money to cover the needs of our people. I have teachers say, "I have seen how you have given a 23 percent increase in finance to the police and State employees, but what about us?" Where would we even find the 23 percent to give to teachers in addition to the \$250 million bill already out there? Other entities ask, "Why are we trying to bring a tax that will impede live entertainment or sports games in the State?" It is about fair play and a tax policy that makes sense.

Senate Bill 444 removes the exemption from professional sports teams because gaming pays it at 9 percent. In this bill, I am dropping the tax rate to 7.87 percent. Because I am dropping the rate, I am getting as close as possible to a tax-neutral policy.

According to the Brookings Institution, some of the most-coveted tax policy is to treat all companies equally and to make tax policy as neutral as possible. The underpinning is to achieve a broader base and lower the rate. Although highly contested, S.B. 444 does exactly that. It broadens the base by bringing in ticket resale, it adds marketplace facilitator language when we passed the 2019 bill to bring online ticket platforms into the base, and then it lowers the rate to bring in professional sports teams. Because of that base, we achieve a potential \$500 million a year which would help take care of revenue problems in the State.

A chart ([Exhibit F](#)) shows how I arrived at the 7.87 percent tax rate and determined the base. The purple area on the chart, [Exhibit F](#), represents the Live Entertainment Tax (LET) under statute, including the economic forecast and the tax base under the 9 percent rate.

I evaluated the LET with the elimination of the professional home team exemption, NRS 368A.200, subsection 4, paragraph (o), the orange area on the chart, [Exhibit F](#). We looked at what would happen if we included this rate; when you look at the percentages, you see we considered dropping the rate to 8.29 percent.

The green area on the chart, [Exhibit F](#), shows what the LET would look like with the inclusion of resale tickets. It was already my intent to go after the resale of tickets because I was interested in tickets bought, and it was agreed we would include this review. You can see the estimated tax base increase resulting from the inclusion of the resale of tickets, gaming and nongaming, and the estimated value from the inclusion of resale tickets at the rates of 9 percent and 7.87 percent.

I then approached the LET with the elimination of NRS 368A.200, subsection 4, paragraph (o), the pink area on the chart, [Exhibit F](#), and the sales tax rate to determine the appropriate rate in terms of revenue we could gain by broadening the base and lowering the tax rate.

I went with the 7.87 percent rate because I thought it was fair policy to bring in a group not formerly taxed, not only giving tax a break but also lowering the rate to bring in some fairness. The rate would be dropped across the board for gaming and sports teams coming into the tax base. This was fair and met the goals of what would be considered close to tax-neutral policy across the board

if anyone was to test the measure. The idea was not favorably accepted because of existing contracts. However, no contract can bind the Legislature or tell the Legislature not to pursue a revenue policy that brings in a particular group. Nothing establishes a contract between the State and a sports team that says we cannot expand our revenue base, drop the rate, include professional sports teams and eliminate the exemption.

I will discuss some highlights of S.B. 444, including the Proposed Amendment 3567 ([Exhibit G](#)) and the conceptual amendment ([Exhibit H](#)) eliminating minor league teams.

When I presented the bill in 2021, I was not dropping the rate; I was adding the LET before the games even started. It made more sense to institute the rate before a game because how can you argue against it when you have not even played a game? Now, the argument is we played several games, so please do not tax us. It does not matter whether a competitive advantage exists that no one else has. It does not matter that someone else is paying it and they are not. It does not matter that the current rate is 9 percent, to be dropped to 7.87 percent. The basic argument is "not me, not my corporate entity, not my team."

It is up to the wisdom of this Committee to decide if S.B. 444 is fair. As Chair of this Committee, I have tried to be as fair as possible and present the argument that I have not only been fair, but there has also been fair play, ensuring the same, equal treatment of each group and dropping the rate to allow that.

For the current competitive advantage, a rate attaches to the economic activity occurring in the south. In a significant way, we watch the revenue come in, and we have no part of it. We have no part of the needs for the State, we have no part to say how RTC gets folks who actually ride the bus to the resorts to work the events? There are no conversations about the needs of the State. The only feedback is, "I do not want to pay the tax, not me, we should not do this." I decided to present the bill anyway, regardless of the opposition, because I want to put the policy on record.

Sections 1.3 through 1.7 in the Proposed Amendment, [Exhibit G](#), adopt the marketplace facilitator language in law under the Amazon bill we moved in 2019 during the Eightieth Session. We put the marketplace facilitator language in the

bill to manifest how the resale of tickets would work within the State. Almost every ticket provider is in some online platform such as Ticketmaster or StubHub. It made sense to put them in a marketplace facilitator format, meaning they would register with the Nevada Department of Taxation and be identified as a reseller of tickets. Consequently, the DOT would set regulations to receive the sales tax rate of 7.87 percent from those entities within the DOT.

When the marketplace facilitator took effect in 2019 after the law passed, everyone became aware, went to the DOT and got into the system allowing the DOT to inventory the number of businesses affected. The DOT prepared a regulation, and the entities went about the business of complying with the regulatory process.

Section 2 of the Proposed Amendment, [Exhibit G](#), contains the resale language. The resale statute has been in existence for a long time. It is new in the context of being applied within the LET framework, but it is not new law. The State did not suddenly manufacture a resale statute. We already had a resale statute, and we are applying it within the LET context.

In section 3.1, [Exhibit G](#), we identify a "seller." Section 3.3 discusses the imposition of the remittance of the tax under NRS 368A.200 to apply to a marketplace facilitator during a calendar year given set cumulative gross receipts and expands on the roles of the marketplace facilitator and how to facilitate a sale.

The question of what happens if an individual is selling a resale ticket came up. The example given prior to this hearing was that on eBay, a StubHub page allows an individual to load a ticket and offer it for resale. In this case, StubHub would be the marketplace facilitator that would remit the tax to the DOT. This bill also speaks to the same language that came up in the Amazon bill regarding the marketplace facilitator, but it only applies to 200 transactions over the year. This will not apply to the person standing on the sidewalk reselling a ticket who now has to register with the DOT. The individual would have to meet the threshold and the resale portion of selling more than 200 tickets in a year.

In section 3.7, [Exhibit G](#), the DOT will provide a regulation for the provisions of this chapter dealing with the imposition, collection and remittance of the tax.

Section 3.9, [Exhibit G](#), is a reiteration that sections 3.1 to 3.9 shall not be construed to create any remedy or right of action against the marketplace facilitator. The marketplace facilitator required to collect taxes imposed by this chapter is immune from civil liability for claims arising from or related to overpayment.

In section 5, subsection 6, [Exhibit G](#), the bill adopts the language "with respect to any tax imposed by this chapter which a marketplace facilitator or referrer is required to collect, the marketplace facilitator or referrer."

Section 6, [Exhibit G](#), lays out the tax imposed and then talks about the Live Entertainment Tax which shall be collected by the reseller from the purchaser at the time of resale of the admission to a facility in the State where live entertainment is provided.

While working on this bill, we spoke with the Nevada Gaming Control Board (NGCB) because of individuals on the platform and brokers who might be selling tickets within the gaming context. In the bill, the DOT adopts the broker language so it would come under the DOT, not just the NGCB. In that situation, brokers typically purchase a bulk set of tickets, believing they can sell all of them. Those tickets are usually sold at a certain rate, but those brokers would still fall under the resale language adopted in this bill. This lets us determine all the activity within the resale market we need to understand or adopt language around to better know who we would be including. If it is under 200 transactions a year, that person would be excluded from the tax.

SENATOR SEEVERS GANSERT:

You talked about how organizations came to the State with the understanding there would be no Live Entertainment Tax on professional sport team ticket sales. Though used as an incentive, you suggest those things change.

Since that was important to some of the organizations here, it becomes unpredictable if we live up to the promises we make. If we change the statute moving forward, given that was one of the incentives to bring them and we have other sports teams looking at Nevada, does this create uncertainty? Do we need to be consistent if we had that prohibition for the teams here and continue those prohibitions so it remains as an incentive?



SENATOR NEAL:

That was one of the questions I reviewed. We enacted the LET exemption in 2015, well before the sports teams courted us and came to the State.

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst):

Provisions in the LET in NRS 368A relating to professional sports teams were put in place in during the Seventy-eighth Session in 2015. Provisions prior to that deal with certain events or certain sports. Professional baseball and NASCAR preexisted that; language under statute is that of 2015.

SENATOR NEAL:

That statute helped sort out the argument that the exemption had nothing to do with some promise we were breaking because it was there prior to their arrival.

SENATOR SEEVERS GANSERT:

Some provisions were specifically around the professional teams because we did not have any professional teams to exclude or exempt at the time.

VICE CHAIR DOÑATE:

I had conversations with local bar owners in my district, and they mentioned they do charge the LET because they are covered even as small venues in Las Vegas for multiple years that have live performances almost every night. They saw the inequity you mentioned as part of this bill. I question who it pays for. Have there been any conversations as to a provision keeping this incentive, for instance, if there is a new sports team?

SENATOR NEAL:

The conversation recognizes it is still a new, growing industry; therefore, it should remain exempt until the industry grows. I do not know the growth period. I interpreted this policy as equal treatment of all entities. People claim gaming is making a profit, yet they pay it. If anyone had a complaint, it should be the gaming industry, but it is not complaining about paying the 9 percent tax. Another industry that could almost equal the magnitude of revenue it could generate is protesting the rate. When is it acceptable to have a conversation about fair play or the competitive advantage that may be received over and above other corporations? We have been having this argument around exemptions and abatements for a while on the appropriate carrot to bring in an industry. The better question is when is the appropriate time to pull the carrot?

How much revenue should be generated before the carrot is pulled? If that is the case, the longer you have it, the more you want to enjoy it.

A philosophical question for this Committee is to create a discussion about appropriate fairness within tax policy. I could have brought a bill with the 9 percent rate currently being paid, but I wanted to sweeten the carrot by dropping the rate for everyone and broadening the base. The answer was still, "No, not me, why now."

I was presenting fair and neutral tax policy to broaden the base and deal with revenue needs of the State. I am being impeded by revenue conversations because everyone who sees the \$2 billion excess is not looking down the road in 2025 or 2027 when the federal stimulus is no longer a part of the revenue for the State. Where is that money going to come from? We still needed money just for the simple things. I am not talking about legislative wish lists. I am talking about being able to say if you go to the dentist under Medicaid, you can get cavities filled, not your teeth pulled or cleaned, because those are the only two options now. I listened to mental health professionals say they do not have money for supportive or emergency housing or the money to take care of homelessness, and those conversations are still taking place. Some may hate the fact the State wants to generate revenue, but I want to generate revenue in a fair way looking toward the future of this State. I can guarantee in 2025 or 2027 we will question how to raise more revenue.

SENATOR BUCK:

Does this policy incentivize teams to come to Nevada? If I own a team, what are the taxes I currently pay?

SENATOR NEAL:

Like all corporate entities, unless you fall under the commerce tax, which is \$4 million or less, then you are paying the MBT, payroll tax on your employees, probably commerce tax, sales tax and, in this case, property tax, depending on whether you are one of the companies that received an abatement or exemption. There might have been abatement packages associated with some teams. Mr. Nakamoto could possibly tell us whether any of the sports teams received an abatement because we know they received an exemption on the LET.

You asked whether this could prevent them from coming into the State. I return to the fair play argument. Gaming pays MBT, property tax, sales tax and LET. We have several sports teams now. How would you like them to grow? Would you like them to grow in absence of the taxes our largest industry pays, or would you like them to have equal share in the payment of taxes and revenue for the State? Several groups pay the tax. Among those still here, we gave NASCAR an exemption. Mr. Nakamoto, can you tell us if NASCAR pays LET?

MR. NAKAMOTO:

I believe they are exempt from the LET as long as they have two races within the State in a calendar year.

SENATOR NEAL:

We still have different exemptions in play, but for me, it is about fairness. How long should an entity be allowed to not participate? We do not do income tax. Some people consider the commerce tax the corporate tax that it is, but it also has a threshold. We did it under a Republican Governor who wanted to fund education at the time. That was the argument on the commerce tax under Governor Brian Sandoval. It was a contentious hearing, but he moved the policy because he knew what needed to happen in the State in terms of additional revenue. We do not talk about revenue because it is hard or difficult. Sometimes, you need a conversation about revenue needs in the State. That is why I am bringing the bill.

VICE CHAIR DOÑATE:

Is it correct we have had athletic events like Ultimate Fighting Championship (UFC) or boxing where the LET was included as part of the ticket sales before the exemption?

SENATOR NEAL:

There were changes to LET in 2015. I will ask Mr. Nakamoto to address these changes for the record.

MR. NAKAMOTO:

With respect to your question about the taxation of unarmed combat, UFC and boxing for example, have never been under the Live Entertainment Tax. Those provisions are administered by the Nevada Athletic Commission that has a separate tax it collects independent of the LET.

VICE CHAIR DOÑATE:

Do other states that have included this pass the tax on to the consumer?

SENATOR NEAL:

It is passed onto the consumer as it is currently passed on to the consumer in gaming.

SENATOR SPEARMAN:

I was here in 2015 and heard Governor Sandoval make the case for why we needed to restructure our revenue stream. I also remember coming back in 2017, and a number of people who voted for it did not come back to the Legislature. The people who argued it should not have happened in many cases were the same people who said our education system is raggedy, who talked about the poor condition of our mental health system and a number of other issues. I clearly remember talking about the absence of diapers and Depends during the COVID pandemic.

If we do not do pass this bill, how do we get the necessary things the State needs? I remember Assembly Speaker Marilyn Kirkpatrick asking a similar question in 2015. The State is growing, and that means the education system and transportation infrastructure will be growing. Every session we talk about health care. We do not have an income tax. Maybe we should ask Mr. Nakamoto to look at how California taxes income and what its income tax rate would look like for us because people need to see what or who we tax to get the revenue to become the State that can be greater than it is now. Nobody wants a state income tax, but we have to fight tooth and nail for any other option for a revenue stream.

SENATOR NEAL:

I have seen the State boom-and-bust cycles. I have seen our flow every ten years where we fall out and need revenue and pick that one industry of the Session whether it is mining, gaming or another industry and whether we go after the MBT or some other tax. I see S.B. 444 as a way to raise money when there is a surplus because we have room to breathe, time to think and examine the sources of revenue. I have watched the cycle where we fight and say we have no money to cover our needs, and then we want to have the revenue conversation.

In the State, I am listening to all the needs we will probably not cover with the \$2 billion. I am waiting for the May 1 Economic Forum. Should we save and think about our government differently? There is always a counterargument, but then we always have to look back and ask did we ever fund education? Did we ever fund health care? Did we ever fund mental health fully? And the answer would be no to these questions, but we have always picked a winner for each Session. You win education or you win public health. This Session is going to be State employees. Thankfully, we have enough money to offset ten years of what we did not do. But after the check is written, what is left?

Everyone wants to enjoy the privilege of not paying but benefiting from our consumers, benefiting from the out-of-state tourism coming in for the games but saying they do not want to share any of that revenue with the State for the needs of our citizens. Is that appropriate? For me, the answer is no. It is fair because I am not asking them to pay the existing tax rate one of our largest industries is paying. I am asking them to pay a lower rate, and I am broadening the base.

I am presenting S.B. 444, knowing there is conflict and opposition, knowing there is a counter, knowing somebody is probably going to take my words, flip them and use them for the benefit of an argument—but this policy is the right thing to do. If the only thing that happens is a record for the future Chair of Senate Revenue—who comes into this building, looks at the legislative record and has a conversation about what to do in ten years, five years, three years from now when maybe someone is ready—at least that person will have the legislative policy to examine and review.

My job as Chair of Revenue is to have a conversation about revenue and how to achieve it in the State. I have tried to do it in a fair way, and I have tried to bring the policy to as tax-neutral as possible. I do not know what other kind of policy is out there.

SENATOR SPEARMAN:

For posterity, if we do not do this, then what? If we do not do it now, then when?

SENATOR NEAL:

I do not know when. I had a conversation the other day on digital goods and the erosion of the sales tax base. Now I am having a conversation on tax-neutral

policy. Neither one of those conversations leaves room to breathe or whether the policy makes sense. We do not save money when we have money but wait until it all hits the fan and then let us go ask for money. This is inappropriate behavior and the wrong strategy as in 2011 when I came into this building. I believe in saving; but when we have so many needs, it is difficult to pull money back. When RTC came to me and said if we do not get funding, service will cease in southern Nevada, where are we supposed to get the funds? Everyone is saying they have a dire need to take care of this today. And I am saying there is not enough money in the excess to accommodate everyone. I continue to have my revenue bills and present them in this Committee, knowing there is slim conversation around the passage.

My role as Chair of Revenue is to have the conversation whether popular or unpopular. I brought forward tax-neutral policy, I brought forward policy dealing with the erosion of the sales tax base, and I am sure you will see another policy from me dealing with some other area. We need to have a philosophical conversation with ourselves on how we fund and save in government. These are all legitimate conversations.

ALFREDO ALONSO (Vegas Golden Knights):

I know how passionate Senator Neal is, and I respect her for it. Without the debate, you cannot solve problems. With respect to S.B. 444, I want to lend some background to the situation as it pertains to the Vegas Golden Knights.

In 2015, we were working on getting a hockey team in Las Vegas. The Nevada Athletic Commission told us if there is a ticket tax in Nevada, it would not award Las Vegas a team. We worked with both Leadership and the Governor's Office. There was already an exemption for minor league baseball that I believe Assemblyman Morse Arberry, Jr., put into place in approximately 2009 or 2011. Live entertainment was the old cabaret tax that expanded over the years as Nevada needed it because of no state income tax. There is always a need as the State grows.

It was difficult to make a go of minor league baseball because the 9 percent or 10 percent tax for some families is the difference between going and not going. And the viability of these teams was an issue. There was already an exemption, and the 2015 Legislature simply added the major league definition into the statute to cover the Golden Knights. No one thought the Golden Knights were coming to the State. They thought there was a possibility, and we might as well

make it easier for them, especially if Executive Director Robert Bennett is saying he will not do it. The only live entertainment or ticket tax I know of was Chicago's team, and the tax was used specifically to build the stadium. Otherwise, ticket taxes simply do not exist because it is difficult to pass the expense on to the buyer. I do not believe California has a ticket tax. The feeling of the league is it is a regressive tax and difficult to pass on to families, and the league tries to avoid it where they can.

What is also important and unique to the Golden Knights is 85 percent of the tickets sold are to locals. The tax would not be passed along to tourists but to the locals. The Golden Knights, like other National Hockey League teams, count on local support. We do not have a significant television contract; and like the Aces and minor league sports in general, we count on locals showing up to watch a game.

With respect to the secondary market, this issue has been talked about since this Body took on the first ticket bills to protect the consumer, and it has been discussed many times since then. There are many complications, and I have to hand it to Senator Neal for attempting to tackle this issue because it has been talked about around the Country, even more so lately given the issue with the Taylor Swift ticket sales. We do not know where we are on that yet because we are evaluating how it would look from the ticket creator or the enterprise putting out the product and how it would ultimately work. We would like to continue working with Senator Neal on the issue.

VICE CHAIR DOÑATE:

To Chair Neal's point, if promises were made to help incentivize teams to move to Nevada and a preference for using this as a strategy, when does the strategy expire? There will always be a turnover of Legislators. Will there be a conversation where that is an approach, or is it the expectation of the Golden Knights and other professional sports teams that this is a luxury we would like to have permanently?

MR. ALONSO:

I do not consider it a luxury. No other state has ticket taxes applied without a nexus to the building of a facility. If you look back at the Golden Knights situation, T-Mobile was built by MGM and its partners. Bill Foley spent over \$500 million on a team and built the facility in Summerlin and did so on his own dime. He also moved many of the Fidelity companies to Las Vegas, paying every

tax available as a business. It was not just bringing a team here, it was bringing his company here. If the luxury is not passing along an additional tax to customers, the fans, I do not consider it a luxury because this is not done in every state. It is not normal in the course of business.

VICE CHAIR DOÑATE:

I appreciate your sentiments. There is a conversation to have as to if this exemption exists, how would we look at it for teams that want to move to the State? I recognize it conflates with how the LET applies for gaming and what those entail.

SENATOR SPEARMAN:

When I chaired the Senate Committee on Health and Human Services, there were some rather wealthy corporations in the State, and most of their employees were on Medicaid. I think about the percentage of teachers who do not make enough money, and some of them receive social service benefits. I see this as not necessarily a luxury, but some of the people who may keep the grounds of the stadiums and sports arenas, those sorts of jobs, I wonder if they are on Medicaid, the Supplemental Nutrition Assistance Program or other social services without some form of income; all we do is just spread the cost over to everybody. It is like a transfer cost. I am sensitive to the Commission, but I also hear my colleagues ask, does it ever expire. And what do we get five or ten years down the road? My question is always if not this, then what?

MR. ALONSO:

I would want to track more companies like Bill Foley's Fidelity who bring good-paying businesses with benefits to the State. That is exactly what I heard earlier with respect to the types of businesses we want to bring to the State and not just good-paying businesses but ones that pay every tax you reference and pay their people well. That is the caliber of business you want here in Nevada because all we are talking about is a pass-through tax to our fans, and those are the families who live in your districts. I understand the need for revenue, but it is important to keep those costs down so more families can attend the games.

SENATOR SPEARMAN:

We talk about a pass-through tax because there is a certain percentage for the bottom line of profit. May anything be done so if the margin for profit exists and we do this collectively, the stakeholders and stockholders can still flourish?



I had a bill in 2017 which allowed people who are doing something for the community to not have the fiduciary responsibility to maximize their profits. Given the profit margin in the State and people who are not as wealthy, we can reduce the profit margin somewhat so it is not a pass-through tax.

MR. ALONSO:

I would argue the Golden Knights Foundation, as many other professional sports teams have, is a part of that. Bill Foley and his folks give millions of dollars a year through the Foundation that stay mostly in southern Nevada. Those margins are already small for hockey and even smaller for minor league sports. The State has a whole package here and benefits by their existence.

VICE CHAIR DOÑATE:

What are the fees associated with paying for a Golden Knights ticket?

TODD POLLOCK (Vegas Golden Knights):

The consumer will pay a service fee of about 5 percent to 7 percent assessed by our ticket provider, AXS, in addition to a \$3 facility improvement fee charged by the T-Mobile Arena.

VICE CHAIR DOÑATE:

The base price goes to the organization, an additional fee goes to the facility cost, and then there is another fee for the vendor, correct?

MR. POLLOCK:

That is correct. It is a facility improvement fee for upgrades and renovations.

KRISTINA KLEIST (Latin Chamber of Commerce):

We are in opposition to S.B. 444 as presented. We understand the exemption provisions for professional sports were preexisting to any teams moving to the State. However, those exemptions were and continue to be relied upon. We do not want to give the impression to those considering a relocation here that our State will seek out a business, any kind of business, and incentivize those businesses to establish in the State in some way and then flip the script once they have committed. This bill could have greater unintended consequences on all future business in the State. For that reason, we are opposed.

PIPER OVERSTREET (Las Vegas Raiders):

We are in opposition to S.B. 444. Since opening in 2021, Allegiant Stadium has welcomed over 2.6 million visitors from 122 different countries. In 2024, for the first time in history, we will be the host city for the Super Bowl, an event projected to bring up to \$1 billion in revenue to Nevada. Whether it is a Raiders home game; a University of Nevada, Las Vegas, (UNLV) game; a concert; or major soccer event, Allegiant Stadium and the Raiders have provided a world-class venue doing what it was designed to do which is create substantial economic positives, provide opportunities for authentic community engagement and be a catalyst for professional sports industry growth in Nevada.

The Las Vegas Raiders remain committed to making an impact in the State as evidenced by the contributions made through our community relations and Raiders Foundation programming totaling in the millions of dollars. Our efforts to support Nevada students have continued beyond the pledge Mark Davis made to eliminate student meal debt in 2020. We have provided thousands of dollars in grant funds directly to public schools, Boys & Girls Clubs and after-school programming. Since 2018, we have hosted over 200 Raiders Junior Training Camps in Nevada, serving over 40,000 youth. I would need more time to include an overview of all the things this team has accomplished since moving to Las Vegas because commitment is at the core of everything we do.

The Raiders specifically discussed and negotiated the lack of a ticket tax as part of the financing structure that brought the team to Las Vegas. When an agreement is entered into, it is incumbent all parties uphold their end of the agreement to realize the true benefits. Passing S.B. 444 would fly in the face of the agreement. For that reason, we are opposed to S.B. 444.

JENNIFER AZZI (Las Vegas Aces):

We are in opposition to S.B. 444. As the reigning Women's National Basketball Association (WNBA) champions, we are proud to call Las Vegas home of the Aces. It was an amazing accomplishment to bring that trophy home last season, making us the first major professional sports team to win a national championship for Las Vegas.

The Aces are opposed to S.B. 444 for several reasons, but the increased cost to our fans tops the list. If you have attended a game, you already know we have some of the best fans in the world. The WNBA fans have a certain level of passion to begin with. What makes the Aces fan base so incredibly special is

the fact our fan base is local. Senate Bill 444 will hurt the Las Vegas locals turning out to cheer us on. Attending a Las Vegas Aces game is a relatively affordable night out with the family. It is one of the reasons we are a popular choice for those seeking to catch a professional game in their own backyard. Adding a ticket tax as S.B. 444 proposes, on top of the parking concessions and merchandise that often go along with the game, will change the equation for our fans. We also oppose S.B. 444 because it does not serve Nevada, specifically Las Vegas, as maintaining its hard-fought and winning culture of being the sports and Entertainment Capital of the World.

When we established a new WNBA market a few years ago, it was our local fan base that made it possible. Senate Bill 444 hurts the local support we have worked so hard to build. Our season kicks off next month, and we are counting on our fans to lead us to our next championship. We urge your opposition on S.B. 444.

KANANI ESPINOZA (University of Nevada, Las Vegas):

The University of Nevada, Las Vegas, is neutral on S.B. 444 as this legislation does not impact the university or our collegiate sports teams. However, UNLV would like to highlight our strong partnership with the Las Vegas Raiders. Not only does the UNLV football team play at Allegiant Stadium, but there is also a significant, charitable volunteer partnership between our university and the Las Vegas Raiders. The Raiders have existing partnerships with UNLV Athletics, School of Public Health and Office of Government and Community Engagement, which helps benefit community needs, and we are grateful for our relationship.

SENATOR NEAL:

I never have a problem with opposition. It helps me to think and process what people are saying. I thank the Raiders for the community charity. Many organizations have committed to community service to be good corporate citizens in Nevada. The rule is you do not get credit for what you are supposed to do. Being a good corporate citizen is basic. The bill is not personal to the Raiders. It is about tax and revenue policy to generate revenue for the State.

It is important to note that when the ticket conversations took place, a sales tax on tickets was not discussed but rather the Live Entertainment Tax. It is also worth mentioning a majority of tourists who pay this. We have local residents attending games for the experience. Senate Bill 444 is also about fair,

tax-neutral policy and trying to put some money in our General Fund for the future.

I will continue to have conversations around revenue for the State, whether I lose or gain friends. I am always looking out for what we can do better in Nevada. If I could save every dime in Nevada for all of the good things we want to do, I would. In the Senate Finance Committee, I am usually the one who says, "I really do not want to spend that money." But when we have real needs that come to the table—whether someone is cared for in supportive or emergency housing rather than living on the streets, health care for children, childcare subsidies, funds for student materials, extra pay for teachers, longevity and cost-of-living pay for State employees, or offsets for the cost of health insurance for our seniors in the Public Employees' Benefits Program—all these things come to the feet of the General Fund. The LET would go into the General Fund. My only goal is to determine how to stabilize the revenue in the State with a broad base allowing for more diversification in the revenue base for sustainability.

VICE CHAIR DOÑATE:

I will close the hearing on S.B. 444 and turn the gavel back to Chair Neal.

CHAIR NEAL:

We will move to the work session document ([Exhibit I](#)) on S.B. 95.

**SENATE BILL 95**: Revising provisions governing the excise tax on other tobacco products. (BDR 32-373)

CHRISTIAN THAUER (Deputy Fiscal Analyst):

Senate Bill 95 is sponsored by the Senate Committee on Revenue and Economic Development on behalf of the Joint Interim Standing Committee on Revenue. It was heard on March 9, 2023.

Senate Bill 95 requires the distribution of a portion of the proceeds from the tax on other tobacco products, which is currently deposited into the State General Fund, into the appropriate account of the Division of Public and Behavioral Health of the Department of Health and Human Services. The bill requires the allocation of \$1.6 million of these proceeds in FY 2023-2024, increased annually by the greater of either 2 percent or the five-year average percentage increase in the CPI in FY 2024-2025 and all future fiscal years.

There is no amendment proposed to this bill. Senate Bill 95 was determined eligible for exemption by the Fiscal Analysis Division on March 2, 2023.

CHAIR NEAL:

This Interim Revenue Committee bill allocates \$1.6 million each year because American Rescue Plan Act (ARPA) dollars are plugged into the children's mental health budget. The Children's Cabinets in northern and southern Nevada had revenues of approximately \$3.6 million. The intent was to allow the \$1.6 million to accrue so when the ARPA dollars dropped out, there would not be a financial loss and no requests from the General Fund because the money would exist in 2026 to continue services.

Children's mental health was a big topic during and after the COVID pandemic. We wanted to make sure there were enough funds to continue the programming for these organizations. That is what I want this bill to continue to do. I do not want it to be siphoned off. It was established to be there for those organizations when the COVID relief funds dropped out.

SENATOR SEEVERS GANSERT:

We originally talked about earmarking some of these dollars, but then there was some pushback. I am going to vote yes but reserve my right to vote no because I do not remember those comments. As always, I support funding for children's mental and behavioral health.

SENATOR BUCK:

I am going to support the bill. Children's mental health is definitely a need in our State.

CHAIR NEAL:

I will entertain a motion to do pass S.B. 95.

SENATOR SPEARMAN MOVED TO DO PASS S.B. 95.

SENATOR DOÑATE SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

\* \* \* \* \*

We will move to the work session document ([Exhibit J](#)) for S.B. 126.

**SENATE BILL 126**: Revises provisions relating to the NV Grow Program. (BDR S-791)

MR. THAUER:

Senate Bill 126 revises provisions relating to the NV Grow program. The bill is sponsored by Senator Neal. It was heard on March 9, 2023.

Senate Bill 126 makes various changes to the NV Grow Act and the administration of the program. The bill ensures that the Division of Workforce and Economic Development of the College of Southern Nevada, to the extent practicable, establish requirements for the supervision of the lead counselor of the program by at least two employees of the Division. The bill also requires, to the extent practicable, that the geographic information specialist employed by the college receives training from the Nevada Small Business Development Center in Carson City and, insofar as possible, that the program provides participants with classes and resources on business development and financing. Additionally, S.B. 126 provides for the General Fund appropriation of \$2.1 million to the Nevada System of Higher Education to allow the College to perform certain tasks relating to the administration of the NV Grow Program.

A conceptual amendment to S.B. 126 proposed by Senator Dina Neal is attached to the work session document, [Exhibit J](#), and includes various details not included in the summary. The work session document, [Exhibit J](#), also contains the proposed amendment to section 1, subsection 2, paragraph (a) which removes the requirement for the Nevada Small Business Development Center in Clark County to participate in the tracking and mentoring of businesses participating in the program in Clark County. Section 1, subsection 3, paragraph (e) is amended by deleting the word "Centers," replacing it with Small Business Development Center in Clark County and the NV Grow Division. Section 1, subsection 7, paragraph (d) adds the Las Vegas Chamber of Commerce to the group of persons interested in economic development in the State participating in the stakeholder group of the NV Grow Program. Section 2 is amended to reduce the appropriation to the College of Southern Nevada to support the NV Grow program from \$2.1 million to \$950,000 in each fiscal year.

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Senate Bill 126 was determined eligible for exemption by the Fiscal Analysis Division on March 14, 2023.

SENATOR SEEVERS GANSERT:

Thank you for bringing the bill forward and congratulations on the success of the program.

CHAIR NEAL:

I will entertain a motion to amend and do pass S.B. 126.

SENATOR SEEVERS GANSERT MOVED TO AMEND AND DO PASS AS AMENDED S.B. 126.

SENATOR BUCK SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

\* \* \* \* \*

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CHAIR NEAL:  
The meeting is adjourned at 4:10 p.m.

RESPECTFULLY SUBMITTED:

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Connie Summers,  
Committee Secretary

APPROVED BY:

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Senator Dina Neal, Chair

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



<b>EXHIBIT SUMMARY</b>				
<b>Bill</b>	<b>Exhibit Letter</b>	<b>Introduced on Minute Report Page No.</b>	<b>Witness / Entity</b>	<b>Description</b>
	A	1		Agenda
	B	1		Attendance Roster
S.B. 429	C	10	Kate Marshall / The Project Impact, Hopewell Fund	Federal Reserve Chart on Labor Force Participation Rate for Nevada
S.B. 429	D	11	Kate Marshall / The Project Impact, Hopewell Fund	California Chart on Women in the Labor Force
S.B. 429	E	11	Kate Marshall / The Project Impact, Hopewell Fund	New Jersey Chart on Women in the Labor Force
S.B. 444	F	21	Senator Dina Neal	Elimination of Home Team Exclusion-Inclusion of Resale Tickets
S.B. 444	G	22	Senator Dina Neal	Proposed Amendment 3567
S.B. 444	H	22	Senator Dina Neal	Conceptual Amendment
S.B. 95	I	36	Christian Thauer	Work Session Document
S.B. 126	J	38	Christian Thauer	Work Session Document