

LEGISLATIVE REPORT

A publication of the Nevada Taxpayers Association, serving the citizens of Nevada since 1922

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Notes:

- Page numbers continue from previous issue.
- This issue contains a summary of issues that have a substantial impact on State or local government budgets and bills that we believe are of general interest to our members.
- The default effective date for bills, unless otherwise requested, is October 1, 2013. An effective date for the bills reported will be shown only when it differs from the default date.
- For the purpose of this report, the “fiscal effect” shown is taken from the bill and not determined by NTA.
- The full text of all bills is available by logging onto www.leg.state.nv.us and going to “Session Information - 2013.”

TAXES

The Unions’ Margins Tax Initiative will be heard next Tuesday, March 5 at 1:30 p.m. before a joint committee of the Senate Revenue and Economic Development Committee and the Assembly Taxation Committee. The meeting will be video-conferenced to the Sawyer Building in Las Vegas and can be viewed or listened to over the Internet.

Tax Abatements

General Position: Given the number of abatement and exemption bills that have been introduced, it is a concern that both the state general fund and local government’s general funds could have substantial revenue losses. Bills dealing with abatements or exemptions should be evaluated collectively to determine fiscal impacts and potential return on investment, prior to being approved.

AB 138 – Business Investment in NSHE Research - Partial Abatements

Sponsored by Assemblyman Sprinkle, et al (5 co-sponsors); Joint Sponsors: Senators Smith and Kihuen; referred to Committee on Taxation. (BDR 32-113)

Provides that a business which makes a capital investment of at least \$1,000,000 in a UNR, UNLV, or DRI program for the support of research, development, or training related to the field of endeavor of the business and which meets certain other requirements is eligible to apply for a partial abatement of personal property taxes. A business which makes a capital investment of at least \$500,000 in the Nevada State College or a community college within the Nevada system in support of college certification or research or training related to the field of endeavor of the business and which meets certain other requirements is also eligible to apply for a partial abatement of personal property taxes. Abatement applications are to be made to the Office of Economic Development. The abatements afforded by this bill expire by limitation on June 30, 2023.

Fiscal effect: May have impact on Local Government.

Effective: July 1, 2013

SB 172 – Modified Business Tax: Deduction for Certain New Hires

Sponsored by Senator Smith, et al (4 co-sponsors); Joint Sponsor: Assemblywoman Carlton, et al (6 co-sponsors); referred to Committee on Revenue and Economic Development. (BDR 32-537)

Authorizes employers to deduct from the total amount of wages reported and upon which the payroll tax is imposed any wages paid to a newly hired full-time employee during the first 4 full calendar quarters next following the hiring of the employee, and 50 percent of all wages paid to the employee during the 5th through 12th full calendar quarters next following the hiring of the employee. To be eligible, the employee must have been unemployed for a continuous period of not less than 6 months at the time of hiring and other conditions must be satisfied. This applies to employees hired between July 1, 2013 and June 30, 2017.

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SB 162, continued from previous page

Fiscal effect: Yes, on State.

Effective: July 1, 2013. Expires by limitation on July 31, 2020.

Note: This bill is a simplified version of the federal “New Hire” bill. The Association recommended a similar proposal in the December 2010 issue of *Tax Topics* (available at www.nevadataxPAYERS.org)

AB 140 – Receipt of Abatement: Job Creation Reporting

Introduced by Committee on Government Affairs and referred to same. (BDR 27-239)

Requires the Office of Economic Development upon approving certain abatements and any state entity that enters into a contract to purchase supplies, services, or public works projects to report to the Director of the Department of Employment, Training and Rehabilitation (DETR) on any job creation conditions of those arrangements. The DETR Director is to maintain a website to help employers and those seeking employment. Notice of conditions for abatements from taxation and awards of contracts is to be posted on this site. Job creation eligibility requirements are to be included in the biennial reports on compliance submitted to Department of Taxation by recipients of abatements.

Vehicle and Fuel Taxes and Fees

SB 147 – Motor Vehicle Emission Testing: Frequency

Sponsored by Senator Gustavson, et al (5 co-sponsors); Joint Sponsors: Assemblywoman Fiore, et al (9 co-sponsors); referred to Committee on Natural Resources. (BDR 40-427)

Changes the stipulated frequency of emissions testing of passenger cars and light duty vehicles in counties over 100,000 to every two years and initial testing of new vehicles to four years after initial registration. Increases fees for certification of compliance to \$12 each from \$6 each and to \$300 per set of 25 from \$150 per set in order to keep Pollution Control Account funding consistent. Freezes the additional fee for initial issuance of antique and classic vehicle license plates at \$6.

Comment: As this bill is raising the fees for the emissions certificates, shouldn't it require a 2/3's majority vote?

B 151 – Governmental Services Tax: Depreciation Schedule Reduced

Sponsored by Senator Gustavson, et al (4 co-sponsors); Joint Sponsors: Assemblywoman Fiore, et al (2 co-sponsors); referred to Committee on Revenue and Economic Development. (BDR 32-433)

Repeals the 10 percent increase in the governmental services taxes depreciation schedules for used vehicles imposed during the 2009 Legislative Session.

Fiscal Effect: Yes, on State.

Effective: Upon passage and approval for administrative tasks and July 1, 2013 for all other purposes.

Comment: Prior to being diverted to the general fund, the increase in depreciation was to increase the revenue available to the Highway Trust Fund to provide additional funds for road projects around the state.

FEES

AB 153 – Craft Distillery Licensing – Requires 2/3 Majority

Sponsored by Assemblyman Hardy, et al (6 co-sponsors), referred to Committee on Commerce and Labor. (BDR 52-607)

Authorizes the operation of craft distilleries in Nevada; sets forth the permissible scope of operation for those craft distilleries; requires that the craft distilleries be licensed; and imposes a licensing fee of \$75.

AB 145 – Complete Streets Fee on Motor Vehicles – Requires 2/3 Majority

Sponsored by Assemblymen Carrillo and Ohrenschall, referred to Committee on Transportation. (BDR 43-662)

Authorizes regional transportation commissions (Clark and Washoe) or county highway commissioners (all other counties) to establish a Complete Streets program to add or significantly repair streets, roads or highways under the jurisdiction of the county. Requires the Department of Motor Vehicles (DMV) to include a voluntary “Complete Streets” contribution option on all registration and renewal forms. The \$2 contribution is to be distributed to counties by DMV according to the county of registration and is to be used only for projects that are part of a Complete Streets program.

Fiscal effect: Yes, on State.

Effective: Upon passage and approval for regulations and administrative task and January 1, 2014 for all other purposes.

Position: Amend.

SB 149 – Medical Facilities: Inspections and Fee Reduction

Sponsored by Senator Kieckhefer, referred to Committee on Health and Human Services. (BDR 40-841)

Increases the time between inspections of medical facilities, facilities for the dependent, and offices that offer patients the service of general anesthesia, conscious sedation or deep sedation and surgical centers for ambulatory patients by one half upon a passing inspection. With certain exceptions, reduces the renewal fee for these licensees by 25% for the next consecutive inspection.

Fiscal effect: Yes, on State. The Department of Health and Human Services estimates the cost of implementing regulations at \$8,500, and that license fee reductions in the second year will result in a revenue loss of approximately \$235,000.

Effective: July 1, 2013.

BUSINESS ISSUES

AB 134 – Age of Non-Profit Directors

Sponsored by Assemblywoman Dondero Loop, referred to Committee on Judiciary. (BDR 7-223)

Removes the requirement that a person on the board or trustee of a nonprofit corporation be at least 18 years of age.

Effective: July 1, 2013

AB 139 – State Business Portal Modifications

Sponsored by Assemblyman Daly, et al (12 co-sponsors); Joint Sponsor: Senator Smith; referred to Committee on Government Affairs. (BDR 7-127)

All State and local entities which issue licenses, certificates, registrations, permits or other authorizations must make their process available on the internet and integrated into the Business Portal of the Secretary of State office. The Secretary of State is to make the state Business Portal able to assign business identification numbers and to collect common business registration information needed by state and local agencies and make it available to those entities. Certificates of exemption from business license authorizations are to receive unique identification numbers and are to be renewed annually. Failure to prominently display a State business licenses is punishable by a fine of up to \$250. Repeals requirements for a collective annual meeting called by Department of Tax to jointly modify or design forms related to tax and fee collections.

Fiscal effect: Contains unfunded mandate not requested by local government.

Effective: July 1, 2013

Position: Support the concept. This bill has been heard and there was agreement some work needs to be done so the Portal provides a seamless path for businesses to navigate between the state and local agencies and the departments they interface with.

SB 127 – Employment Practices – Credit Report Disallowed

Sponsored by Senator Parks, referred to Committee on Commerce, Labor and Energy. (BDR 53-453)

Prohibits an employer from conditioning employment on an employee's credit report or other credit information. Prohibits employers from taking any action against an employee who files a complaint, testifies in any legal proceeding or exercises his or her rights with respect to any violation committed by the employer. Administrative penalties of up to \$9,000 per violation may be imposed by the Labor Commissioner.

SB 128 – Business Brokers Exempt from Broker-Dealer Licensing

Sponsored by request by Senator Parks; Joint sponsor: Assemblyman Ohrenschall; referred to Committee on Commerce, Labor and Energy. (BDR 7-444)

Exempts a person holding a permit to engage in business as a business broker from the licensing requirements for broker-dealers.

Fiscal effect: Yes, on State.

Effective: July 1, 2013.

SB 145 – Public-Private Partnerships for Services

Sponsored by Senator Hardy, et al (2 co-sponsors); Joint Sponsors: Assemblymen Hardy and Hickey; referred to Committee on Government Affairs. (BDR 22-471)

Amends existing law to authorize the state and local governments to enter public-private partnerships relating to museum

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construction, maintenance and management; mental health services or pharmaceuticals to inmates; and mental health or telemedicine services included in a state or local government health insurance program or plan. Sets forth requirements, definitions and financing provisions for these partnerships.

Effective: July 1, 2013

Position: Support the concept. It is more important than ever that government have the necessary tools to make decisions that are cost efficient and effective.

SB 152 – Retailer Bad Debt Deductions Clarified

Sponsored by Senator Denis, referred to Committee on Revenue and Economic Development. (BDR 32-877)

Provides that the right of a retailer to claim a deduction or refund under the Sales and Use Tax Act and Local School Support Tax Law is not affected by the assignment of a debt by the retailer to an entity which is part of an affiliated group that includes the retailer.

Fiscal effect: Yes, on State.

Effective: Upon passage and approval for regulations and July 1, 2013 for all other purposes.

SB 161 – Construction Defects

Sponsored by Senator Roberson, et al (2 co-sponsors), referred to Committee on Judiciary. (BDR 3-480)

Amends the existing definition of “constructional defect” to add: “which presents an unreasonable risk of injury to a person or property” and “unless the workmanship exceeds the standards set forth in any applicable codes and ordinances.” Removes the provision allowing the claimant to recover reasonable attorney’s fees and requires attorneys to obtain a signed affidavit and file it with the court, stating the claimant has been notified of certain provisions relating to constructional defects. Reduces the various periods of statutory repose.

Effective: On claims arising on or after October 1, 2013 and certain actions prior to that date.

EDUCATION

AB 142 – School District Performance Contracts

Sponsored by Senator Jones, et al (14 co-sponsors); Joint Sponsors: Assemblyman Elliot Anderson, et al (8 co-sponsors); referred to Committee on Government Affairs. (BDR 27-676)

Provides that before a school district board of trustees moves forward with a performance contract, it must determine if the work to be performed will include an operating cost savings measure. The board must issue a report stating whether or not the work will produce an operating cost savings and reasons for the board’s decision on whether the work is or is not to be performed. The state Office of Energy is to provide local governments with information, educational resources and support relating to operating cost-savings measures and performance contracts and to publish this information on its website.

Fiscal effect: Yes, on State.

Effective: July 1, 2013

AB 162 – Class Size Reduction, K-6

Introduced by Committee on Education and referred to same. (BDR 34-724)

Requires the board of trustees of each school district to report quarterly to the Superintendent of Public Instruction on the ratio of pupils per licensed teacher in the previous quarter for K-3. This information is also to be posted on the school district’s website. Statutorily increases the prescribed ratios for K-2, to 18 to 1; and for grade 3, to 20 to 1. Requires a school district that exceeds the ratios statutorily prescribed in any quarter of a school year to request a variance for the next quarter from the State Board. The State Board is to report each variance and its justification to the Interim Finance Committee quarterly. A school district must not include in the count any teachers who teach one or two specific subjects to more than one classroom of pupils.

Fiscal effect: Yes, on State. May have impact on Local Government.

Effective: Upon passage and approval for administrative task and July 1, 2013 for all other purposes.

SB 146 – Prevailing Wage Exemption for Schools and NSHE

Sponsored by Senator Kieckhefer, referred to Committee on Government Affairs. (BDR 28-44)

Excludes from the prevailing wage requirement: (1) any contract for a public work to which a school district, a charter school or the Nevada System of Higher Education is a party; and (2) a public work of, or constructed by, a school district, a charter school or the Nevada System of Higher Education. Eliminates the requirement that NSHE pay prevailing wages on certain construction work that does not qualify as a public work. Requires each school district, charter school and NSHE to submit a report twice each year to the Director of the Legislative Counsel Bureau stating whether a public work was done during the immediately preceding 6-month period and, if so, stating the savings of money attributable to not having to pay prevailing wages.

Effective: July 1, 2013

Position: Support. Given that the costs of prevailing wage on public works projects increases the cost of the project, generally 20% and greater, this will allow construction dollars for educational facilities to go further.

SB 157 – School District Budgeting Priorities

Sponsored by Senator Hutchison, et al (4 co-sponsors); Joint Sponsor: Assemblywoman Fiore, et al (3 co-sponsors); referred to Committee on Finance.

Requires the superintendent of each school district to establish budgetary priorities directed at improving student performance and to use those priorities in preparing the district's budget.

Fiscal effect: May have impact on local government.

Effective: July 1, 2013

SB 182 – All-Day Kindergarten

Sponsored by Senator Smith, et al (10 co-sponsors); Joint Sponsors: Assemblywoman Kirkpatrick, et al (11 co-sponsors); referred to Committee on Education. (BDR 34-138)

Requires the board of trustees of each school district and charter schools which enroll kindergarteners to establish, equip and maintain a full-day kindergarten in each elementary school. Lowers the mandatory enrollment age to 5 years of age from 7. Revises the basic school support formula to reflect enrollment of pupils in full-day kindergarten.

Fiscal effect: Yes, on State. May have impact on local government.

Effective: July 1, 2013.

LOCAL GOVERNMENT**SB 135 – Redevelopment Agency Provisions**

Sponsored by Senator Atkinson, et al (2 co-sponsors); Joint Sponsors: Assemblyman Frierson, et al (4 co-sponsors); referred to Committee on Government Affairs. (BDR 22-876)

This is an extensive bill. Key among the provisions is an extension of the life of a redevelopment plan. Under the bill redevelopment plans in Counties over 700,000 people (Clark County) would be able to exist for 60 years and in all other counties the plan could exist for 45 years. Other provisions include that when part of a redevelopment project or area is within an enterprise community, public agencies who use redevelopment funds for a public work must submit an employment plan and private developers who do not construct a redevelopment project for a known owner are exempt from this provision. An agency that proposes to provide an incentive to a developer must withhold payment of 10 percent of the incentive unless certain conditions relating to local residents are met. A developer that receives an incentive of more than \$100,000 must report certain information relating to the redevelopment project to the redevelopment agency. The termination dates for various redevelopment plans are extended. Authorizes a redevelopment agency to loan money to finance certain improvements with the consent of the legislative body of the community in which the redevelopment agency is located. Requires the redevelopment agency of a city of 500,000 or more (Las Vegas) that receives certain revenue from taxes, to set aside a portion of those revenues received on or after July 1, 2013, to be used for specific purposes, including renewable energy projects, economic development, improvement of public educational facilities and the development of affordable housing within enterprise communities.

Note: See AB 50 reported on page 11 in Issue 2. Additionally this bill is similar to SB 360 of the 2011 legislative session, which was vetoed by the Governor.

Position: Oppose the increase in the number of years a redevelopment plan may exist. Redevelopment plans should not exceed 30 years. This will have a negative effect on the increment that would be received by school districts and other governmental subdivisions within the redevelopment district.

SB 148 – Pollution Control Account Distributions

Sponsored by Senator Parks, referred to Committee on Natural Resources. (BDR 40-448)

Eliminates the existing program of grants from the Pollution Control Account and instead requires quarterly distributions of excess money in the Account to local air pollution control agencies in nonattainment or maintenance areas in amounts equal to one-sixth of the amount received for certain forms distributed in each county. Money in the Account in excess of \$1 million after standard distributions is considered “excess.”

Effective: July 1, 2013

SB 168 – Collective Bargaining Conditions

Introduced by Committee on Government Affairs and referred to same. (BDR 23-727)

Establishes three conditions for the effectiveness of a new collective bargaining agreement, or any modification or extension of an existing agreement, as: (1) it must be reduced to writing; (2) approved by the governing body of the local government employer and the members of the employee organization; and (3) signed by representatives of both parties. Any action taken by either party before an agreement or modification is effective shall be deemed a refusal by that party to bargain in good faith.

Effective: July 1, 2013.

SB 171 – Public Works Maintenance: Matching Grants to Local Governments

Sponsored by Senator Atkinson, et al (10 co-sponsors); Joint Sponsor: Assemblywoman Kirkpatrick, et al (5 co-sponsors); referred to Committee on Revenue and Economic Development. (BDR 43-621)

Requires the State Treasurer to establish a program to provide matching grants to local governments for the maintenance and repair of public schools, streets, highways and other public works. Requires the State Board of Finance to issue general obligation bonds not to exceed \$325 million. These bonds must be additionally secured by and payable from revenues from the basic governmental services tax which are deposited in the State General Fund. Amends the 2009 allocation of extra revenue from governmental service tax increases to be divided equally between the Highway Fund and General Fund, the latter to pay for the bonds. Grants are to be made before January 1, 2015 and any remaining money after that date must go to the Public Works Division for capital projects.

Fiscal effect: Yes, on State.

Effective: Upon passage and approval and July 1, 2013.

STATE GOVERNMENT
SB 171 – Public Works Maintenance: Matching Grants to Local Governments

See “Local Government” heading, above.

LEGISLATURE
AB 150 – Legislative Committee on Governmental Oversight and Accountability Creation

Sponsored by Assemblyman Daly, et al (9 co-sponsors); Joint Sponsor: Senator Smith; referred to Committee on Legislative Operations and Elections. (BDR 17-739)

Creates the 10-member Legislative Committee on Governmental Oversight and Accountability, authorized to study, conduct investigations, hold hearings and comment on issues relating to the operations and accountability of government agencies, including boards and commissions. Creates the Legislative Bureau of Governmental Oversight, Accountability and Program Evaluation in the Fiscal Analysis Division of the Legislative Counsel Bureau and prescribes its powers and duties.

Fiscal effect: Yes, on State.

Effective: July 1, 2013

SJR 8 – Constitutional Amendment: Legislative Sessions; Appointment Confirmation

Sponsored by Senator Segerblom, et al (3 co-sponsors); Joint Sponsor: Assemblywoman Flores, et al (2 co-sponsors); referred to Committee on Legislative Operations and Elections. (BDR C-626)

Proposes to amend the Nevada Constitution to provide for limited annual regular Sessions. In each odd-numbered year, the Legislature would hold a regular session of not more than 90 legislative days during a maximum period of 120 consecutive calendar days. In each even numbered year, the Legislature would hold a regular session of not more than 30 legislative days during a maximum period of 45 consecutive calendar days. Authorizes the Legislature to hold all or any portion of a regular

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or special session at any place in this State if a majority of each House of the Legislature agrees to do so and follows certain required procedures. Changes the compensation structure for Legislators to provide not less than \$2,000 per month during the term of office, plus per diem allowance for sessions. Appointments made by the Governor and other Executive Department officers would be subject to Senate consent.

Fiscal effect: Yes, on State.

Effective: If this resolution is passed by the 2013 Legislature, it must also be passed by the next Legislature and then approved and ratified by the voters at the general election in 2016 before the proposed amendments to the Nevada Constitution become effective.

APPROPRIATIONS**Appropriations Not in Executive Budget****AB 163 – Prekindergarten Education Programs**

Introduced by Committee on Education and referred to same. (BDR S-723)

Appropriates \$20 million to the Department of Education for fiscal year 2014-15 for allocation to the school districts to provide early childhood education programs in schools that are not receiving Federal money to provide these programs. Any remaining balance must not be committed for expenditure after June 30, 2015 and must revert to the General Fund.

Fiscal effect: Contains Appropriation not included in Executive Budget. May have impact on Local Government.

Effective: July 1, 2013

SB 173 – Knowledge Fund Appropriation

Sponsored by Senator Smith, et al (3 co-sponsors); Joint Sponsors: Assemblywomen Dondero Loop and Kirkpatrick; referred to Committee on Finance. (BDR S-531)

Appropriates \$5 million each year of the 2013-2015 biennium to the Knowledge Fund.

Fiscal effect: Yes, on State. Contains appropriation not included in Executive Budget.

Effective: July 1, 2013.

Nevada Taxpayers Association

LegislativeReport is published weekly during a legislative session. Occasional reports are issued prior to the Legislative Session which summarize prefiled bills.

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