

TAX TOPICS

An electronic publication of the Nevada Taxpayers Association ♦ Serving the citizens of Nevada since 1922.

ISSUE 20-1

May 17, 2020

STATE SPIRALS INTO A FISCAL EMERGENCY

A declaration of “fiscal emergency” was issued by Governor Sisolak on May 11, 2020. This is the 17th emergency order issued by the Governor in response to the COVID-19 Pandemic. The declaration is the first step required for the Governor and Legislature to access the \$400 million set aside in Rainy Day funds. Lawmakers of the Interim Finance Committee followed suit and declared a “fiscal emergency” this week. A meeting of the Nevada Board of Examiners (*Governor, Attorney General, and Secretary of State*) followed where they grappled with a budget shortfall which could reach \$911 million.

Faced with an economic crisis, prior to the fiscal emergency the Governor’s Office of Finance had directed budget cuts of 4% in FY 2020 and 6% to 14% in FY 2021. These cuts are in response to revenue shortfalls resulting from the COVID-19 business shutdowns. The budget cuts for the current fiscal year totals \$171.6 million. The budget revisions in FY 2021 of 6 to 14 percent, varies across departments and are contingent upon numerous policy and fiscal considerations. Additionally, some cuts could be offset by appropriations from the Rainy Day fund and any uptick in revenue collections.

The fiscal challenges facing Nevada are mirrored in the gaming fees collected during the month of April. The State collected \$37,111,989 in gaming percentage fees based upon the taxable revenues generated in March. This represents a 53.58% (or \$42,838,346) decrease compared to the prior year, when percentage fee collections were \$79,950,335. It is important to note this decrease represents only two weeks of gaming closures during the month of March.

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Business closures resulting from the pandemic continue to exacerbate the unemployment crisis. While weekly unemployment claims has slowed for the period ending May 9th, the figures demonstrate incredible difficulties facing businesses and workers. Finalized data from the Nevada Department of Employment, Training and Rehabilitation (DETR) show initial claims for unemployment insurance totaled 21,635 for the week ending May 9, down 6,915 claims, or 24.2 percent compared to last week’s total of 28,550. This is the lowest weekly initial claims total since the COVID-19 related business closures. Through the week ending May 9, there have been 462,396 initial claims filed in 2020.

Continued claims, which represent the current number of insured unemployed workers filing weekly for unemployment insurance benefits, rose to 324,444. This is an increase from the previous week of 20,871 claims. The state’s insured unemployment rate, which is the ratio of continued claims in a week to the total number of jobs covered by the unemployment insurance system (also known as covered employment), was 23.52 percent in the week, the highest insured unemployment rate in state history. It should be noted that the calculation of the insured unemployment rate is different from that of the state’s total unemployment rate.

ELECTION RESULTS AND AWARDS HIGHLIGHT ANNUAL MEETING

The NTA Officers and Board of Director election results were announced during the 98th Annual Membership Meeting and Luncheon held March 4, 2020 at the Excalibur Hotel/Casino in Las Vegas:

Chairman of the Board: **Thomas Sheets**, McDonald Carano
 1st Vice Chairman: **Jack Stanko**, Champion Chevrolet
 2nd Vice Chairman: **Jennifer Lewis**, Lewis Management Co.
 Secretary: **John Gianoli**, First National Bank of Ely
 Treasurer: **Patrick Foley**, Wells Fargo Bank

Election results for the three-year board member term ending December 2023 are:

Timothy Cashman, The Cashman Companies; **John Gianoli**, First National Bank of Ely; **Joshua Hicks**, McDonald Carano; **Jennifer Lewis**, Lewis Management Co.; **Patrick Mai**, The Howard Hughes Corporation; **Randy Robison**, CenturyLink; **Claude Sapp**; **Judy Stokey**, NV Energy; and **David Turner**, Turner Loy & Company.

They join continuing board members: **Barbara Smith Campbell**, The Ferraro Group; **Francisco Castillo**, Union Pacific Railroad; **Riana Durrett**, Nevada Dispensary Association; **Patrick Foley**, Wells Fargo Bank; **Debra Gallo**, Southwest Gas Corporation; **John Gibson**; **Terry Graves**, The Graves Company; **Gregory Hafen**, Pahrump Utility Company, Inc.; **John Maddox**, Caesars Entertainment Corp.; **Berlyn Miller**, Berlyn Miller & Associates; **Sharon Rigby, Esq.**, Rigby Law; **Thomas Sheets**, McDonald Carano; **Jack Stanko**, Champion Chevrolet; and **Scott Swain**, McDonald Carano

During the luncheon the **City of Las Vegas Strong Start GO! Mobile Pre-K Academy** received the 22nd Annual Cashman Good Government Award in recognition of their innovative preschool delivery model that provides children with free, quality mobile preschool in their neighborhood.

Other finalists in the competition were the **Boulder City Finance Department Management Team**, the **Clark County Clerk's Officiant Licensing Program**, the **Mineral County Public Works Department**, the **Nevada Highway Patrol/Nevada Department of Transportation/and the Regional Transportation Commission of Southern Nevada Waycare Pilot Program**, and **University Police Services Southern Command**.

NTA's thanks go to the 2020 Selection Committee, chaired by **Tim Cashman** (Las Vegas), which evaluated and scored each of the 16 nominations to determine the finalists and the winner. The members of the Selection Committee are **Jeanette Belz** (Reno), **Susan Fisher**

(Reno), **Guy Hobbs** (Las Vegas), **Ann O'Connell** (Las Vegas), **Sharon Rigby** (Elko), **Claude Sapp** (Reno), and **Thomas Sheets** (Las Vegas).

A dynamic keynote presentation was delivered by **Steve Hill**, President of the **Las Vegas Convention & Visitors Authority**. Mr. Hill's informative and entertaining speech, accompanied by a powerpoint presentation, focused on the convention center expansion, he provided statistics on visitor volume/convention attendance/room tax collections, and discussed the Las Vegas Raiders upcoming first season at the new Allegiant Stadium. Mr. Hill introduced **Jon Barker, NFL Vice President of Event Production and Operations** who detailed logistics of planning the NFL Draft which was to be held in Las Vegas April 2020. But as we all painfully know, the week following the NTA's Annual Meeting, a global pandemic caused **Governor Steve Sisolak** to begin issuing emergency directives and our state joined the nation in shutting down in an effort to limit the spread of the COVID-19 virus. **The NFL has announced Las Vegas will host the 87th Annual NFL Draft in 2022.**

With appreciation to the sponsors of the 98th Annual Membership Meeting & Luncheon

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Interim Finance Committee Addresses COVID-19 Policy Matters

The Interim Finance Committee met May 13 and March 30 to address a large swath of issues addressing COVID-19 matters as well as normal business of the committee. Lawmakers have been presented with devastating revenue loss estimates as prepared by the Governor's Office of Finance and the Legislative Counsel Bureau, exhibit can be viewed [here](#). IFC members approved acceptance of \$836 million in CARES Act funds at the May 13 meeting. It is important to keep in mind these funds are restricted to costs of emergency expenditures resulting from the pandemic. The Committee reported a sum of \$26.8 million remaining in the IFC General Fund Contingency Account as of April 30, 2020.

The Department of Employment, Training and Rehabilitation staff members offered extensive testimony regarding unemployment insurance. IFC authorized a transfer of \$5.3 million in Cares Act funds for administrative costs related to the increased caseload. These monies were earmarked for administrative overhead by the Cares Act. Officials from DETR also cited a new contract for call center assistance to better manage workload.

The Department of Corrections provided data as to their COVID-19 response as well as other challenges primarily related to staffing. The Department has 330 vacancies across the agency. Additionally, they required an allocation of \$7 million from the IFC contingency fund to cover unfunded costs. The fiscal drivers of the shortfall are related to overtime costs as well as culinary and medical expenses for inmates. The Department had \$3 million in unbudgeted overtime for transportation costs related to inmate hospital care.

The Secretary of State Elections Division provided testimony relative to preparations for the 2020 elections. The Division did receive an appropriation of \$4.5 million in Cares Act grant funds for the 2020 election cycle. Money will be used for voting equipment, printing costs, postage, and a voter education/marketing campaign. A new website has been launched by the Secretary of State dedicated to mail voting for 2020 election, www.mailitinnevada.com.

Extensions Granted for Court Filings / Licenses / Permits

The coronavirus public health crisis instantly created an economic crisis when Nevada businesses shut down. **Governor Sisolak's** Emergency Directive 9, issued on March 30th, extends the time Nevadans have to file legal complaints for issues where the statute of limitations may come due during the state of emergency, when courts are closed, or less accessible. Additionally, all licenses and permits issued by the State of Nevada or by local jurisdictions that are set to expire during this state of emergency have been extended 90 days either from their current expiration date or 90 days after the state of emergency is lifted, whichever is later. Finally, any person whose annual business license renewal fee is due during the declaration of emergency will have a 60-day grace period after the end of the state of emergency to file, renew, and pay their dues. Penalties on these licenses will not accrue for late payment.

Redistricting Commission Initiative Petition

The Nevada League of Women Voters filed a petition in January with the Nevada Secretary of State that would amend the Nevada Constitution to require the creation of an Independent Redistricting Commission. The COVID-19 health crisis has delayed efforts to circulate a petition, now the League has submitted a petition in federal court requesting an extension of time to collect signatures as well as requesting to collect signatures electronically. The primary cause of this filing is the inability to collect signatures by their June 16th deadline due to social distancing requirements caused by the global pandemic. A hearing as to the merits of the petition has not been scheduled. (*Note: the June 16th deadline does not apply to gaming and sales tax statutory petitions.*)

LOCAL GOVERNMENT BUSINESS LICENSING EXTENSIONS

State and local leaders are trying to keep pace with a host of services to aid struggling businesses. Along with the state emergency order extending deadlines for permits and licenses local governments are assisting with deadlines concerning business licenses and fees. Listed below are extension of deadlines and policies of the local governments. Businesses are strongly encouraged to contact their local licensing office to address concerns with licensing or payment of fees.

Clark County Business License

- Temporarily suspends late penalties, fees, and other disciplinary actions.
- Penalties and late fees will not be assessed on business licenses that become due during April, May, or June 2020.
- Collaborate with business owners to allow payment plans for renewal fees; and
- No disciplinary action for business license fee payments submitted after the due date.

City of Las Vegas

- Business License Renewals Grace Periods:
 - Essential businesses who had renewal cycles March 1, April 1, and May 1 may pay their renewal fees by June 1 without penalty.
 - Non-essential businesses who had renewal cycles March 1, April 1, May 1, and June 1 may pay their renewal fees by July 1 without penalty.

City of Henderson

- 90 days either from their current expiration date or 90 days after the state of emergency is lifted.

City of North Las Vegas

- A 60-day grace period for flat-fee business license renewals due March 31st.
- A 60-day grace period for multi-jurisdictional contractor business license renewals due April 30th.

Washoe County/City of Reno/City of Sparks

- The City of Reno is offering several options to provide economic relief to Reno business licensees impacted by the COVID-19 public health emergency. The program offers payment extensions and fee reductions to eligible businesses.
- The City of Sparks and Washoe County are working directly with businesses and individuals and on a case by case basis depending on need. Businesses are requested to contact the appropriate jurisdiction for more information.

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is an electronic publication of the
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