

**BOARD OF COUNTY COMMISSIONERS, WASHOE COUNTY, NEVADA  
SPECIAL MEETING**

MONDAY

11:00 A.M.

APRIL 17, 2006

PRESENT:

**Bob Larkin, Chairman**  
**Bonnie Weber, Vice Chairman**  
**David Humke, Commissioner**

**Amy Harvey, County Clerk**  
**Katy Singlaub, County Manager**  
**John B. Rhodes, Legal Counsel**

ABSENT:

**Jim Galloway, Commissioner**  
**Pete Sferrazza, Commissioner**

The Board met in special session in the Commission Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. Following the Pledge of Allegiance to the flag of our Country, the Clerk called the roll and the Board conducted the following business:

**06-392      AGENDA**

In accordance with the Open Meeting Law, on motion by Commissioner Weber, seconded by Commissioner Humke, which motion duly carried with Commissioners Galloway and Sferrazza absent, Chairman Larkin ordered that the agenda for the April 17, 2006 special meeting be approved.

**PUBLIC COMMENT**

There was no response to the call for public comment.

**06-393      NEVADA COMMISSION ON ECONOMIC DEVELOPMENT –  
STATUTORY INCENTIVES**

Chairman Larkin inquired if staff was seeking a policy on the County's response to incentive applications from qualified businesses.

County Manager Katy Singlaub agreed. She explained part of the challenge was that the timeframe for feedback to the Commission on Economic Development (CED) did not allow staff to bring the discussion of these requests for incentives to the full Board for direction. She noted Commissioner Galloway was unable

to attend the meeting; and he requested the Board hold the discussion concerning the incentives, but postpone the direction to another meeting.

John Hull, Senior Fiscal Analyst, confirmed staff was neutral on the matter; and they were seeking Board direction.

Chuck Alvey, Economic Development Authority of Western Nevada (EDAWN) President/CEO, commented on how incentives work for businesses, the timing around the issue for County staff, legal requirements, and how other local governments manage the issue, as outlined in the staff report dated December 7, 2005. He pointed out a company could receive an abatement by locating in Nevada or by expanding within the State. Mr. Alvey emphasized the business would be provided a discount or a deferral to enable them to move into the community or to expand; however, money would not be given to the companies that qualified for property tax and sales tax abatements/deferrals.

Chairman Larkin compared the economic incentives to entering into a long-term mortgage for the purpose of purchasing a home. Mr. Alvey agreed that would be a similar analogy. He said in time the businesses generate new dollars Nevada would not have received otherwise.

Commissioner Humke inquired if incentives were still needed. Mr. Alvey confirmed they were necessary, and he explained many companies asked if incentives were available. He said usually the incentives were not enough to attract them, but it was enough to keep them at the table to know Nevada had something to offer. He added incentives helped to minimize their costs, and they were effective.

Commissioner Humke asked if there was still talk in the Economic Development Industry about "roller skate" businesses. He explained these were businesses that would receive a tax incentive, collect it until it ran out, and move on. He inquired if State policy could be changed to excuse the local governments from giving the incentives.

Mr. Alvey clarified the State granted the incentives, but they want to know that the local jurisdictions acknowledge that this was happening. He said the CED would not take an incentive forward that they did not feel comfortable with. He stated the CED would vote down an incentive if the County made it known that they did not want the incentives or a particular incentive granted. He commented on the "roller skate" issue and provisions to monitor the matter.

Commissioner Humke declared the incentives work because the companies pay fewer taxes, and they come to Nevada or expand their businesses because of these incentives. He said expansion was an important public policy item because those were generally existing Nevada taxpayers.

Ms. Singlaub informed the Board that Commissioner Galloway requested the following: discussion concerning whether the incentives provided unfair competition for a business that would be competing with existing businesses that were paying the full freight of taxes, any limit on sales tax abatements, whether the abatements were on the County's portion of sales tax revenues, and to consider getting notification to the County of sales tax revenues that could be impacted.

Mr. Alvey remarked unfair advantage was subjective in terms of competition. He said every company could apply for an incentive if they expand or if there was a relocation of the company.

Tim Rubald, CED Executive Director, clarified most of the sales tax revenues go to the local government and only two percent goes to the State. He acknowledged it would take a vote of the people to allow abatement of any portion of that, and currently the statutes provide abatement of all except the two percent. He stated critical aspects of a good incentive program would include not giving cash, auditing the companies, and being willing to take the incentive back if necessary. Mr. Rubald discussed the notification issue and explained the process companies followed to apply for incentives. He confirmed the CED would notify local government anytime an abatement could impact them.

Commissioner Humke pointed out there were problems with timing because the Board was subject to the Open Meeting Law. He inquired if the discussion was about State taxation policy and looking to the future of what the policy was going to be in regard to economic development. He asked why the State should impact those revenues that come primarily to local government. He questioned why there should not be a shift to the modified business tax and the insurance premium tax that both go to the State.

Mr. Rubald acknowledged that would be a discussion of policy the Legislature could take up. He said Nevada currently abated 50 percent of the modified business tax and 50 percent of the property taxes. He noted this was a competitive business, and the State had few abatements compared to competitors.

Commissioner Humke asked if other County Commissions liked the incentives that impacted local government. Mr. Rubald said most of them did because of the new revenue generated for them. He said it was always a positive cash flow situation.

Chairman Larkin commented on Appendix 4 of the staff report. He said this discussion was a reaffirmation of the statewide economic development policy. He added the Board was being asked to grant staff direction to acknowledge these by accepting the information or some modifier. He suggested there was a larger public policy issue that the entire region needed to undertake and that concerned the threshold that the region would accept.

Commissioner Weber read the fiscal impact section of the staff report and commented there was a direct economic impact to the counties. She said there was an upfront cost, yet it would come back in the long run. Mr. Rubald concurred. He stated Nevada would be competitive in the marketplace by enabling EDAWN to do this. Commissioner Weber stated the Board should take action on the matter at this meeting.

Commissioner Weber remarked there were other economic development areas that offered incentives, and companies would go where the incentives were being offered. Mr. Rubald pointed out Nevada was one of six states in the United States that charged sales tax on manufacturing equipment and the only state that had increased its manufacturing job sector in the past two years.

In response to Chairman Larkin, Mr. Rubald explained the fact that CED requested a letter of acknowledgment satisfied the statute. He stated the CED Commissioners were tied into local government and wanted to hear from the entities. He explained it was not uncommon that items would get tabled and a company would have to wait if a letter was not received. He said that was not a good situation if they had millions of dollars riding on the timing of a deal. He noted EDAWN was requesting the Board authorize staff to send out that response. Mr. Rubald added the CED meetings were open to the public, and the Board could speak at a meeting if there was a problem with one of the applicants.

Chairman Larkin commented there was nothing that precluded the Board from acknowledging the request within the 15 days and having staff send another letter after subsequent analysis if an issue was identified. Mr. Rubald pointed out the process ended at the 15-day mark, but staff could voice their concerns over an applicant to the EDAWN staff. Chairman Larkin remarked it would be necessary to flesh out the threshold level internally.

Juanita Cox, area resident, commented on the "roller skate industry" and asked how many stay and for how long. She voiced concerns about big business running small business out of the state due to the incentives.

Commissioner Humke remarked a public policy debate should run across all public entities in Washoe County to look to the future concerning this incentive program. He said he would prefer a new policy that would concentrate on the modified business tax and the insurance premium tax. He stated it would be important to continue the "Train Employees Now" program. He commented the approach that made the most sense was a modified Clark County policy where staff was authorized to analyze the application to see if it met the requirements of the statute and to send in their acknowledgement, implied approval, or to ask for more information. He questioned if this would be burdensome on staff.

Commissioner Humke moved that staff be directed to send a letter supporting an application if the criteria required by the NRS and NAC are met regarding incentives applied for by qualified businesses, and that staff be authorized to go beyond

because the Board would not be able to give it meaningful consideration due to the timeframes. Chairman Larkin seconded the motion.

Ms. Singlaub explained staff had completed these analyses in the past, and it would be an appropriate use of staff time. Mr. Hull confirmed it would not be burdensome because Mr. Rubald and his staff completed most of the analysis, and there was an average of one application a month to manage.

Commissioner Humke commented it would be possible to return to this issue at any time if things were not working to the satisfaction of the Board.

On call for the question, the motion passed on a 3-0 vote with Commissioners Galloway and Sferrazza absent.

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There being no further business to come before the Board, the meeting adjourned at 12:08 p.m.

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**ROBERT M. LARKIN**, Chairman  
Washoe County Commission

**ATTEST:**

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**AMY HARVEY**, County Clerk  
and Clerk of the Board of  
County Commissioners

*Minutes Prepared by  
Lori Rowe, Deputy County Clerk*