WASHOE COUNTY

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CM/ACM	____
Finance	____
DA	N/A
Risk Mgt.	N/A
HR	N/A
Other	N/A

STAFF REPORT
BOARD MEETING DATE: September 23, 2014

DATE: September 16, 2014

TO: Board of County Commissioners

FROM: Al Rogers, Director of Management Services
(775) 328-3606, ARogers@washoecounty.us

THROUGH: John Slaughter, County Manager

SUBJECT: Update and discussion regarding the 28th (2014) Special Session, 2014 Nevada Legislative Interim Committees and Studies, legislation or legislative issues proposed by legislators, or by other entities permitted by the Nevada State Legislature to submit bill draft requests, or such legislative issues as may be deemed by the Chair or the Board to be of critical significance to Washoe County--Management Services. (All Commission Districts.)

SUMMARY

In preparation for the 78th Regular Session of the Nevada Legislature, which commences February 2, 2015, staff continues to review current bill draft requests ("BDRs") that have been submitted to date and developing Washoe County's legislative platform that will be brought before the Board at a later date this fall. In addition, staff is updating the Board of County Commission on the recent 28th Special Session that occurred on September 11th and 12th, 2014.

PREVIOUS ACTION

April 22, 2014 – No action was taken on a presentation and update on Washoe County Government Affairs and Legislative Services.

July 22, 2014 - No action was taken on a presentation and update on Washoe County Government Affairs and Legislative Services.

August 26, 2014 – Board of County Commission voted unanimously to not submit a bill draft request(s) for the 2015 Legislative Session by the deadline of September 2, 2014. No action was taken on a presentation and update on Washoe County Government Affairs and Legislative Services.

BACKGROUND

At the regular scheduled meeting of August 26, 2014, the Board voted unanimously to not submit any Bill Draft Requests on behalf of Washoe County. Staff is continuing to

AGENDA ITEM # 16

monitor Legislative Interim Committees and Studies, current bill drafts being submitted by legislators or by other entities permitted to submit bill draft requests.

Since the last Board update of August 26th, and specifically on September 9th, Governor Brian Sandoval convened the 28th Special Session Legislature to begin on September 10, 2014. The Special Session was convened to immediately address the recent announcement of Tesla to construct a "gigafactory" in Northern Nevada. The legislature was requested by Governor Sandoval to consider the following:

1. Providing incentives in the form of tax abatements and transferable tax credits for businesses that propose to establish in this State and which agree to make a certain amount of new capital investments in this State.
2. Requiring a business receiving such incentives to pay back any tax abatements and tax credits if the eligibility requirements for receipt of the incentives are not satisfied.
3. Authorizing counties and cities to provide certain incentives to a business that proposes to establish a project which meets certain qualifications, including entering into agreements with such businesses to reimburse certain sales and use taxes and to waive fees for licenses and permits for a certain period which must be repaid if the business fails to meet its obligation set forth in the agreement.
4. Reducing the cumulative amount of transferable tax credits allowed to a producer that produces a film, television or other media production in this State.
5. Revising the provisions governing the general tax on premiums to eliminate the credit that is allowed for a domestic or foreign insurer that locates its home office or regional home office in this State.
6. Extending the duration of the Economic Development Electric Rate Rider Program.
7. Authorizing manufacturers of passenger cars which are powered solely by one or more electric motors to sell their vehicles directly to the public and provide services and repairs for such vehicles.

DISCUSSION

The 28th Special Session was completed in less than 48 hours and outcomes included three (3) bills being passed out of the Assembly and one (1) bill coming forward from the Senate. These bills addressed the items requested by the Governor and were approved in both houses on Thursday, September 11th. The impact of these bills to Washoe County appears to have little or no impact at current time. Washoe County did not provide any fiscal notes to the bills but did monitor other entities responses that are attached for review. (Attachment A)

Since May 31, 2014 the Legislature Counsel Bureau had received five hundred and three (503) Bill Draft Requests. The current list contains many of interest to Washoe County including the following:

- Nevada Commerce Tax
- Unmanned Aerial Systems
- Funding for Capital Projects for School Districts

- Medical Marijuana
- Fire and Emergency Services in Washoe County

Staff would like any and all feedback on current Bill Draft Requests topics and other potential issues possibly impacting Washoe County.

FISCAL IMPACT

No fiscal impact at this time.

RECOMMENDATION

Staff recommends the Board of County Commission acknowledge the update regarding the 28th (2014) Special Session, 2014 Nevada Legislative Interim Committees and Studies, legislation or legislative issues proposed by legislators, or by other entities permitted by the Nevada State Legislature to submit bill draft requests, or such legislative issues as may be deemed by the Chair or the Board to be of critical significance to Washoe County.

POSSIBLE MOTION

"Move to acknowledge the update and discussion regarding the 28th (2014) Special Session, 2014 Nevada Legislative Interim Committees and Studies, legislation or legislative issues proposed by legislators, or by other entities permitted by the Nevada State Legislature to submit bill draft requests, or such legislative issues as may be deemed by the Chair or the Board to be of critical significance to Washoe County.

STATE OF NEVADA
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BRIAN L. DAVIE, ***Legislative Services Officer*** **(702) 486-2800**

MEMORANDUM

DATE: September 11, 2014

TO: Members of the 28th Special Session of the Legislature

FROM: Michael Nakamoto, Deputy Fiscal Analyst
Fiscal Analysis Division

SUBJECT: **Fiscal Note for Senate Bill 1**

The following fiscal impact statements have been submitted in response to the Fiscal Analysis Division's requests for a fiscal note on Senate Bill 1.

STATE GOVERNMENT RESPONSES

Governor's Office of Economic Development

While Senate Bill 1 of the 28th Special Session requires the Governor's Office of Economic Development review and report on a number of levels, our agency anticipates these functions can be absorbed by existing staff. Therefore, we believe there will be no fiscal impact.

Brad Mamer, Director of Business Development

Department of Taxation

All costs related to the implementation of this bill can be absorbed; therefore, there is no fiscal impact regarding expenses.

On the revenue side, the Department does not have the information necessary to determine the financial impact of this proposed legislation.

Sumiko Maser, Deputy Director

LOCAL GOVERNMENT RESPONSES

Storey County

Storey County has reviewed the BDR draft language of SB 1 and with specific focus on Sections 18; 31; 33 and 35, and we are comfortable with the provisions of the Bill as drafted. While there is potential that some might see abated revenues addressed in Section 15 as "lost revenue", we believe the potential long term benefits far outweigh the 10 and 20 year initial abatement period impacts and it is only thru legislation like SB 1 that projects of magnitude actually occur. This project alone serves a catalyst that is already driving inquiries and transactions in unprecedented quantities that will not be qualified for SB 1 abatements as well as hopefully others that will meet the established performance benchmarks throughout our State.

We have reviewed and analyzed in depth, GOED's Economic Impact Analysis for Washoe and Storey Counties dated September 14, 2014 by Applied Economics and view their findings and projections as fully on target and based on reasonable and sound factors as they pertain to our County.

Additionally, we greatly appreciate the Legislature's attention to provide the County with enabling authority to design our own local structures based on the unique characteristics of each project and locale.

Please contact the undersigned if further clarification is desired.

Pat Whitten, County Manager

Nevada League of Cities and Municipalities (on behalf of its member cities)

Senate Bill 1 of the 28th Special Session would have a fiscal impact on a local government that hosts a qualified project. The impacts are detailed below, however, the amount of any impact cannot be quantified at this time.

Section 11 of the bill allows for an abatement of all property and local sales and use taxes for a period of ten and twenty years respectively. This would affect the host entity. The authority to grant this abatement is given to the Office of Economic Development in Section 12 of the bill. The Office is required to request a letter of acknowledgement of the request from the affected local government. There is no provision in the bill for local government approval prior to the abatement being granted by the Office.

Section 18 allows a local government to abate all or any percentage of permitting or licensing fees. Again, there would be an impact if these abatements are granted. This provision is permissive and at the discretion of the local government. We appreciate the fact that it is the local government's decision on whether or not to grant the abatement.

Sections 31 through 36 of SB 1 allow local governments to create economic diversification districts whose boundaries are the geographic boundaries of the qualifying project and pledge the proceeds of sales and use taxes not abated by the Office of Economic Development to the lead participant of the qualified project. The allowable uses of these revenues are defined in Section 33. The creation of a district would have an impact on the host local government. The decision to create an economic diversification district, and abate local government taxes, is that of the host local government and, again, we appreciate this fact.

Wes Henderson, Executive Director

cc: Rick Combs, Director, Legislative Counsel Bureau
Brenda Erdoes, Legislative Counsel
Mark Krmpotic, Senate Fiscal Analyst
Cindy Jones, Assembly Fiscal Analyst
Russell Guindon, Principal Deputy Fiscal Analyst

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MEMORANDUM

DATE: September 11, 2014

TO: Members of the 28th Special Session of the Legislature

FROM: Michael Nakamoto, Deputy Fiscal Analyst
Fiscal Analysis Division

SUBJECT: **Fiscal Note for Senate Bill 1 – Additional Responses**

Subsequent to the issuance of the fiscal note on Senate Bill 1, the following fiscal impact statements were submitted to the Fiscal Analysis Division:

LOCAL GOVERNMENT RESPONSES

Clark County

- As to the current project up North, it does not appear Clark County will be negatively impacted financially.

- Clark County has concerns with regard to current / (unknown) future projects receiving property tax and sales tax abatements for projects built in Clark County:

    - Given the history with the building of mega resorts, there is definitely the potential of projects being built in Clark County that may fall within the parameters of the SB threshold of $3.5 Billion investment. We are concerned/unsure of what the impacts will be:
        - Retroactive implementation of current projects (specifically the Genting project at the site of the old Stardust) would

have a significant impact on revenues yet to be received or already received and spent that may need to be refunded.

- There will be a significant fiscal impact with regard to property tax abatements as Clark County currently receives 46% of the overlapping tax rate for general operating, police and fire services and the Clark County School District receives approx. 44% of the overlapping rate. Abatements will reduce the amount of property tax dollars received by Clark County and the Clark County School District.
- There will be a significant fiscal impact for sales tax abatements. Clark County's portion of the Consolidated Tax (CTX) formula is approx. 52%. Sales tax abatements will reduce the amount of CTX dollars received by Clark County.

- Another concern with SB1 is that projects in incorporated cities within Clark County may approve projects without the Board of County Commissioner approval. Because of the overlapping jurisdictional relationship of the County with the incorporated cities, there will be an impact on revenues received by the County. Specifically, there will be an impact on:
  - Property Taxes (Countywide rate)
  - Calculation of sales tax through the Consolidated Tax formula where percentage to County may be decreased

Nevada Association of Counties (on behalf of its member counties)

While SB 1 would have a fiscal impact on a county that hosts a qualified project, the amount of any impact cannot be quantified at this time.

Jeff Fontaine, Executive Director

cc: Rick Combs, Director, Legislative Counsel Bureau
Brenda Erdoes, Legislative Counsel
Mark Krmpotic, Senate Fiscal Analyst
Cindy Jones, Assembly Fiscal Analyst
Russell Guindon, Principal Deputy Fiscal Analyst

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MEMORANDUM

DATE: September 11, 2014

TO: Members of the 28th Special Session of the Legislature

FROM: Michael Nakamoto, Deputy Fiscal Analyst
Fiscal Analysis Division

SUBJECT: **Fiscal Note for Assembly Bill 1**

The following fiscal impact statement was submitted by the Public Utilities Commission in response to the Fiscal Analysis Division's request for a fiscal note on Assembly Bill 1.

> The Commission would incur the costs of holding a rulemaking to adopt the necessary changes to Section 9 of the attached regulation. Given the prescriptive language of the Bill, the rulemaking would likely entail only the one workshop and one hearing required by NRS 233B. The Commission would have to pay the costs of hiring a court reporter and publishing a notice. These costs can be absorbed by the Commission; therefore, no fiscal impact.
>
> Donna Skau
> Public Utilities Commission of Nevada

Attachment (2 Pages)

cc: Rick Combs, Director, Legislative Counsel Bureau
Brenda Erdoes, Legislative Counsel
Mark Krmpotic, Senate Fiscal Analyst
Cindy Jones, Assembly Fiscal Analyst
Russell Guindon, Principal Deputy Fiscal Analyst

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