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## Chip's SB 308 Testimony

Mister Chairman, Committee members, good evening and thank you for giving me the opportunity to speak to you this evening. I know we have many speakers here today so I'll attempt to keep my comments brief.

As has been stated, the proposal would essentially divert half of all growth in assessed valuation north to Carson City for spending throughout the state. It would apply to all local governments in the state and all taxing districts, such as for unincorporated towns and special districts such as Metro, fire service districts and library districts.

To honestly evaluate the impact of the bill on Clark County, I think it is important to put in context the current financial situation of the County. As Mr. Steven's, the County's Chief Financial Officer, informed the Board this morning at our annual budget workshop, the County's financial analysis shows that we remain in a period of flat revenue growth. A comprehensive financial analysis of Clark County's revenues and expenditures over the last 10 years shows that the tremendous growth Southern Nevada has experienced has not provided any sort of windfall or excess revenues to Clark County. In fact, growth is just barely paying for growth.

Real per capita revenues have been flat during this time period, and the revenues available for countywide services have actually declined. The revenues collected from the unincorporated towns are actually subsidizing those countywide services.

Like the State, Clark County faces its own set of challenges. Last Spring, the County was forced to augment the project budgets of the Regional Justice Center and Detention Center by \$33 million. It was regrettable that an augmentation of the project budgets was necessary, but this had a devastating impact on the county's capital budget program.

In November of last year, Clark County also had to provide a \$38 million subsidy to University Medical Center of Southern Nevada to keep the facility operating. As has been revealed to us through independent analysis from our consultants, the rapid decline in the economic health of UMC is in large part the result of the change in payer mix at the facility, which is also an indication of the overall health of our economy in Southern Nevada. In spite of instituting a

series of aggressive cost containment initiatives including closing some quick cares and laying-off employees, we continue to lose \$3 million a month at UMC. Unfortunately, the County expects to provide another subsidy of \$15 million next fiscal year to keep the facility open and operating.

Clark County has been able to provide this subsidy because of conservative and prudent fiscal policies. As you know, Clark County is required to adopt an annual budget. Unlike the State, we cannot borrow spending authority from the second year of a biennial budget. If revenues are down, we adjust our spending accordingly. We end each fiscal year with budget savings, an ending fund balance that funds our capital program. It essentially serves as our rainy day fund, a fund that occurs through previous, not prospective, budget savings. It is only because of our fiscally conservative practices that these savings have been available to respond to these kind of emergency situations and the county should not be penalized for this false illusion of having "excess money."

Just as the State has had to dip into its "rainy day fund", the County has had to take money out of its capital projects fund normally used to fund infrastructure needs to service our population growth. Funds normally available for needed capital projects have been used to make up sales tax shortfalls, make up paying patient revenue shortfalls at UMC, and to fund completion of the Regional Justice Center. The implementation of our parks master plan for developing areas of the county is currently on hold. Worse yet, existing facilities such as Whitney and Sunrise Community Centers and Sunset Park are badly in need of renovation or replacement with little if any prospect of funding anytime soon.

The entire Board is very concerned about our current financial situation and our ability to meet the service needs of all 1.5 million residents of Southern Nevada in the difficult times that we live in.

Mister Chairman, with your permission, I'd like to introduce my colleague on the Clark County Board of Commissioners, Mary Kincaid-Chauncey, who joins us by teleconference from Las Vegas. Mary is the Chair of the Board.