

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON GROWTH AND INFRASTRUCTURE**

**Seventy-Third Session  
May 3, 2005**

The Committee on Growth and Infrastructure was called to order at 1:45 p.m., on Tuesday, May 3, 2005. Chairman Richard Perkins presided in Room 4100 of the Legislative Building, Carson City, Nevada, and, via simultaneous videoconference, in Room 4412 of the Grant Sawyer State Office Building, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Mr. Richard Perkins, Chairman  
Ms. Chris Giunchigliani, Vice Chairwoman  
Ms. Francis Allen  
Mr. Bernie Anderson  
Mr. Tom Grady  
Mr. Lynn Hettrick  
Mrs. Marilyn Kirkpatrick  
Ms. Sheila Leslie  
Mr. Harry Mortenson  
Mr. David Parks  
Ms. Peggy Pierce  
Mr. Scott Sibley  
Ms. Valerie Weber

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

Assemblywoman Bonnie Parnell, Assembly District No. 40, Carson City (part), Washoe (part)

**STAFF MEMBERS PRESENT:**

Susan Scholley, Committee Policy Analyst

Russell Guindon, Deputy Fiscal Analyst  
Keith Norberg, Deputy Fiscal Analyst  
Gregory Sharry, Committee Attaché

**OTHERS PRESENT:**

Dave Dawley, City Assessor, Carson City, Nevada  
Marilyn Brainard, Board Member, Community Associations  
Institute, Nevada Chapter  
Gary Milliken, representing Community Associations Institute,  
Nevada Chapter  
Mary Walker, Legislative Advocate, representing Carson City,  
Douglas County, and Lyon County, Nevada  
Steven Hasson, Planning and Engineering Director, Lyon County,  
Nevada  
Kelly Kite, Chairman, Douglas County Commission, Douglas  
County, Nevada  
Marv Teixeira, Mayor, City of Carson City, Nevada  
Andrew List, Executive Director, Nevada Association of Counties  
John Wagner, President, The Burke Consortium of Carson City  
David Schumann, Independent American Parity of Nevada and  
Nevada Committee for Full Statehood

**Chairman Perkins:**

[Meeting called to order. Roll called.] We have two bills today, and we will open the hearing on Senate Bill 358.

**Senate Bill 358 (1st Reprint): Revises provisions governing assessment of ad valorem taxes and special assessments upon property in common-interest community. (BDR 32-225)**

**Senator Bob Beers, Clark County Senatorial District No. 6:**

Senate Bill 358 addresses a double taxation issue that arises in homeowners association communities. Imagine a homeowners association with ten houses, each worth \$100,000, and a \$100,000 community facility, a combination swimming pool and meeting room. Currently, it is the policy of our taxing authorities to tax each of those \$100,000 houses at their value. The homeowners association will then pay property tax on its \$100,000 commonly owned facility. The only way you could use that \$100,000 commonly used facility is by owning one of the ten \$100,000 houses. The value of the \$100,000 commonly owned facility is then included in the market value of each

of the ten homes. That is the premise of this bill and the matter of policy before you. The house without access to the \$100,000 commonly owned unit would probably sell for \$90,000. With the amenity of the commonly owned facility, the \$90,000 house would increase.

[Senator Beers, continued.] In the districts of the bill sponsors, we have a retirement community with 5 likewise clubhouses scattered throughout 8,000 units. The scale is much bigger, but the underlying public policy is exactly the same. This bill makes it clear that if you have tax at market value, the homes and the homeowners association will have exclusive use of the commonly owned property. You cannot use the commonly owned property unless you own one of the houses. By taxing the house at market value, you have taxed the commonly owned property. In Sun City, the golf courses are open to the public, so they would not qualify for this treatment. The clubhouses, on the other hand, are only open to residents and would qualify for not being taxed again.

**Chairman Perkins:**

How are the property taxes assessed now? Are they assessed through the homeowners association? Who pays them, and how does that affect the homeowner?

**Senator Beers:**

Currently, Clark County taxes the homeowners for their market value. Additionally, the commonly owned property is taxed to the homeowners association. I think the bill is a couple hundred thousand dollars, which is taken out of the dues that each of the residents pay each month to fund their homeowners association. Ultimately, it comes out of the homeowner's pocket.

**Chairman Perkins:**

Do we know what the fiscal impact of the bill is to the total collections that will not be made?

**Senator Beers:**

We do not.

**Assemblywoman Giunchigliani:**

I did not realize that in a common-interest community, only those within the parameters of that particular clubhouse are allowed to benefit from that.

**Senator Beers:**

Again, in Sun City, they have three golf courses that are open to the public, so that would be a separate issue.

**Assemblywoman Giunchigliani:**

So they would not realize this tax change, only the portions where there is the co-joining of it. This would say if you have the exclusive benefit of that aperture, you will be assessed because your fair market value is generally increased and valued more. Therefore, that should be the body that pays versus those that do not have access.

**Senator Beers:**

Currently, I would contend that the homeowners are already paying tax for the commonly owned property that only homeowners have access to, because it is reflected in their market value. Then, the commonly owned property is assessed again, a double taxation, which after you chase that up the revenue chain from the homeowners association to the people who are paying dues, they are paying taxes twice. It is a double taxation issue.

**Chairman Perkins:**

In essence, if you did not have the common area, the home would be of lesser value and priced for less on the market.

**Assemblyman Anderson:**

The assessor must look at the current market value through the eyes of the specific common interest community and its last sale to determine what the real market value would be. Could you not use a similar home with similar amenities to determine the market value?

**Senator Beers:**

The market value within the homeowners association would be different for exactly the same house in and outside the homeowners association with comparable commonly owned property. Interestingly enough, most, if not all, of this commonly owned property cannot be sold. It is part of the title. There is no way to determine the market value of a property that cannot be sold.

**Assemblyman Anderson:**

Does the assessor already make the determination based on market value? The proximity to the pool and other amenities might change the cost for residents because they are not identical. They are only similar in regard to the common interest community.

**Senator Beers:**

I had a visit from a group of assessors, which included deputies from both Clark and Washoe County, on this bill. The Washoe assessors wondered what I was talking about, because apparently in Washoe County they assess differently than in Clark County. Clark County goes on market value. The selling price of

similar properties in that neighborhood keeps a common tally that is updated every year, versus every five years in Clark County. In Washoe, they take the land and value the land. They then add on the cost of the building. If the policy choice I am presenting to you is valid, that amount in a homeowners association community would be less than market value. It does not reflect the ownership of the commonly owned property.

**Assemblyman Anderson:**

In Washoe County, would the common interest building be assessed separately and be divided over the dues of the common interest community? In Clark County, they have a computer system that would keep track of this, as opposed to other counties who do not have this equipment; there could be a substantial change. You would not know what type of loss there would be in the other counties within the state.

**Senator Beers:**

Yes. Under this bill, Washoe County would take common-interest community homes and value them at market, based on sales. This is the same way that Clark County does it.

**Assemblyman Anderson:**

Why would you not include all of the common-interest community structures that are exclusively utilized and then divide by the number of properties to come up with a fair share type of concept?

**Senator Beers:**

It is mathematically more involved, but you are suggesting the direction of the original bill that LCB [Legislative Counsel Bureau] came up with. There are two ways to get to what you are suggesting. One is to construct a property value for taxable purposes—the way the Washoe County does it—and do the same thing for the commonly owned property, change the homeowners association, and let them distribute the cost out to the homeowners. I believe that is the way they do it now. That worked fine until Clark County's assessor got aggressive and said we should do fair market value, which inherently includes the value of commonly owned property available for the exclusive use of the homeowners.

**Assemblyman Grady:**

Could you not be causing the people in the other 16 counties to pay more taxes? If a home is appraised at X value, if that value has to include a swimming pool with ten units, the homeowner will have to pay one-tenth of the value on his tax bill. That would go up for the rest of the state.

**Senator Beers:**

I do not think that it would. I think this bill leaves open the ability for the smaller counties to value the commonly owned property. The premise is to take the value of the land in the broad acreage that is bigger than the homeowners association and add the value of the building. Outside of the homeowners association, you have arrived at the market value. Inside of the homeowners association, you are under the market value. In a sense, the homeowners outside of Clark County are paying less than market value on their property tax, but they are also paying dues to their homeowners association, which is being consumed by the taxation on their commonly owned property. It ends up at the same place.

One alternative is to take the value of the homeowners association's commonly owned property and tack it on to the value of the undervalued valuation. You would then arrive at market value. The other alternative is to do this in homeowners associations at fair market value. In doing that, if you go by sales of units within that commonly owned community, you are picking up the value of the commonly owned property.

**Assemblyman Grady:**

I think this may be what Mr. Hettrick's bill addressed in regard to doing appraisals in a like manner. This would probably solve part of this problem.

**Assemblywoman Giunchigliani:**

It would, but we did modify that to deal with the regulatory process. We probably still need to deal with some of this in the uniformity issue—what they use and how often—so we do not have these types of inequities. I think Mr. Hettrick's bill took a step, but it didn't get as far as what Mr. Grady is talking about.

**Dave Dawley, City Assessor, Carson City, Nevada:**

With all due respect to Senator Beers, he kept inferring that the property is based on market value. The land is based on market value, but the property is not. The house is based on replacement costs, less appreciation. I am confused as to how it is being double taxed. We don't tax the property originally at market value.

NRS [*Nevada Revised Statutes*] 361.260 [subsection 1] also states that the assessor has to appraise all property, whether it is owned by a firm, corporation, association, company, et cetera. I think part of the problem with all the counties not being able to do things the same way is that there are so many different situations. In Clark County, Sun City is owned by the homeowners

association, but we do not have that in Carson City. How do you tax that the same way?

[Dave Dawley, continued.] The Nevada Supreme Court made a decision on August 28, 1997, which was for the Summerlin/Sun City community. It said that this is not double taxing. The actual statement in regard to the issue of double taxation says that there is no correlation between one's property increase in value and another's property decrease in value. Homes located near a golf course can enjoy enhanced value from that proximity without impairing the value of the golf course itself. Certainly, a separately owned, for-profit golf course that enhances the value of the surrounding homes could not avoid taxes because it increases the value of the taxes paid on that house. How do you address that situation where you have a golf course that is not owned but has houses on it? They still have to pay the taxes on that golf course. The court also said, "Even if we were to agree that membership in the association constituted an ownership interest in the common element, it is clear, from the double taxation discussion, that such interest was not taxed through the higher value of the home."

Furthermore, if you have a condo association that has an actual ownership on the deed, and there is a 1 percent interest in the common area, I can understand that. With the planned unit development, there is no ownership. How do you get ownership on something that is not deeded? I do not know as far as Sun City is concerned. Most homeowners associations do not have ownership. Yes, you must be a member of it, but that does not automatically grant you ownership to that association. There are a few questions that I would like to see answered.

**Assemblywoman Giunchigliani:**

You are saying that all counties are valuing on the land and then fair market value of the structures.

**Dave Dawley:**

The replacements and improvements are based on replacement costs.

**Senator Beers:**

The land deed requires membership in the homeowners association as a contingency of owning the residence.

**Assemblywoman Giunchigliani:**

Does that mean that they are owners of the commonly owned area?

**Senator Beers:**

I do not know. You cannot own a home without being a member of the association. They are bound together. For property that is reserved for the exclusive use of the homeowners, I would contend that the value is included in the market value of the home.

To the Supreme Court ruling, I would draw your attention to page 1 of this bill. It says, "The Legislature hereby finds and declares that..." I am told by our Legislative Counsel that this is a euphemism to tell the Court that we really mean this. In fact, the Supreme Court found that a law this Legislature had written in [NRS] Chapter 116, which is common-interest communities, and said just what I am saying here. It was unconstitutional and violated the equal taxation provisions of the *Nevada Constitution*. The point of the first page is to correct the Supreme Court in their failure to understand the true nature of common-interest communities: when you value the homes at fair market value, the fact is that the value of the commonly owned property is included in the fair market value of the homes. We were overruled by the Court in finding that these are the same as a non-homeowner-community home. Now we are going back and saying that we were right the first time.

**Assemblywoman Giunchigliani:**

Section 1 then overturns the discrepancy Mr. Dawley referred to.

**Dave Dawley:**

You keep referring to the fair market value of the home, and we do not appraise the property on the fair market value. I understand that states like Arizona do have laws like this where you can apply for it, but they appraise their property based on the fair market value, whereas Nevada does not.

**Senator Beers:**

I understand what you are saying, and that is definitely a problem. You have one community that is valuing at fair market value and another that is trying to take the broader land and add to it the replacement value of the building.

**Vice Chairwoman Giunchigliani:**

During the three months of property tax, we were told repeatedly that it was only the land that we were valuing and the structures on top of that. You are saying that when you had your meeting with the Clark County folks, they told you differently.

**Senator Beers:**

They assess based on market value.



**Dave Dawley:**

This may just be for the land on the golf course, but the structures are based on replacement cost. It is not based on market value.

**Senator Beers:**

The earlier example of the golf course doesn't have homes around it, and the entity that owns the golf course will pay the property tax. In Sun City, the three golf courses would still be assessed property tax to the homeowners association, which would be filtered out to the residents as dues, because those particular facilities are not for the exclusive use of the homeowners.

**Assemblyman Mortenson:**

I think Clark County does it by market value, but they do it in a roundabout way. The assessor can only assess the house for its replacement value. He looks at the resale value of something and then sets the replacement value of the house. He then boosts the land so that it meets the market value of the whole bundle. I have been waiting for my house to do some unreasonable jump in price and it never has. I could go to the assessor and say that replacing the house hasn't grown that fast, but it just goes up a bit. The land value, on the other hand, goes crazy. That is the way that we assess by market value without assessing at market value in Clark County.

**Senator Beers:**

Some of these homeowners associations, the one in Elko and the one in Sun City, are huge communities. If you were to just look at the land in a one-mile circle from a particular commonly owned facility, you may still be within the borders of that commonly owned community. That can also influence this if you are trying to separately put a value on the land and then put the home value on top of that. I heard from the Clark County assessor that they determine the market value, subtract the building, and the rest is based on the land. When it is done that way, I believe they are double taxing the homeowners association on property held for the exclusive use of the members.

**Dave Dawley:**

I came across this yesterday. There is a brand-new house in Carson City that is on the market for \$739,000. We went out and measured it; based on the current land sales, the land value is at \$150,000. When you add up everything, the taxable value is \$312,000. I cannot go and add an additional \$300,000 to that land to make up the value and get it close to market value. I think that is the problem. We take the abstraction method, but if it comes out astronomically high, like this example, we wouldn't use those.

**Assemblywoman Allen:**

If this bill passes, there will be no more tax relief for the actual resident on their bill. It will be a tax reduction for the association. Therefore, there will be lower dues and fewer special assessments.

**Senator Beers:**

In the case of the homeowners association that is still working through the transition of being owned and operated by the developer to being owned and operated by the residents, the result would be a slower increase in the dues. They are going through a period now where they have to increase dues substantially to provide the same level of services as the developer.

**Assemblywoman Allen:**

There should be no expected alleviation, though.

**Senator Beers:**

There should be no expectation of a smaller property tax bill for any of those residents, but there should be an expectation of a quicker flattening of the dues.

**Vice Chairwoman Giunchigliani:**

Who sets the dues? Is it done by the board of the association?

**Senator Beers:**

They have an operating budget, and I should disclose that my dad, against my judgment, got himself elected to the board and serves in an unpaid capacity. I have been bringing this bill for six years and he just recently got on the board last year.

They have a board that is elected by the members. They have a budget committee and a staff which includes all of the landscapers, which is close to 300 people.

**Vice Chairwoman Giunchigliani:**

Let's say the roof on the clubhouse needs to be repaired. That would be budgeted within the operating and maintenance portion of the budget, but the assessment of all of the homeowners, which includes the property tax assessment, should pay for that, or do they get an additional assessment?

**Senator Beers:**

The Legislature, in response to some of the significant difficulties that Sun City has had, started requiring the value of the required capital reserves for each of these homeowner associations. This value is supposed to be used for capital repairs. In Sun City's case, they had a special assessment a year ago to build

this reserve. They are now to the point that they technically fund the repair of the roof on a clubhouse out of their reserve budget rather than the operating budget.

**Assemblywoman Allen:**

I am not sure it is necessary, but I live in a homeowners association community.

**Marilyn Brainard, Board Member, Community Associations Institute (CAI), Nevada Chapter:**

CAI is a national organization that educates and assists homeowners who choose to live in common interest communities and the management professionals providing services to them. In addition, CAI helps residents serving on association boards by defining and clarifying responsibilities contained in NRS 116. I serve on the board of the Wingfield Springs Community Association in Sparks, and today I represent the Legislative Action Committee of CAI's Nevada Chapter.

Currently, 128 associations in our state are members of CAI, including 28 with more than 500 units represented in each. Obviously, we are talking about a lot of property, people, and voters involved in these communities. The Legislative Action Committee looks at pending legislation and discusses it in detail. We strongly support S.B. 358 and urge your Committee to endorse it.

I have heard several variations of assessment in our counties. That does need to be looked at, but I am not prepared to address that issue today. Property tax discussion has been thoroughly vetted in the 73rd Session, and it is probably not over. Approval of S.B. 358 will mean Nevada is viewed by the rest of the country as a progressive and fair trendsetter in eliminating double taxation of residential property. This bill removes taxing of an owner and the association for the common areas. It recognizes that owners are taxed on the value of their units, including the increased value that common areas, aesthetics, and amenities provide. I think we all understand that a 2,000-square-foot home in a neighborhood with an attractive common area is going to fall into a higher value category than a similar 2,000-square-foot home without amenities. The issue appears to be a matter of equity, in that the common area is being taxed separately and the homeowner is paying higher taxes because his home is more highly valued, and part of his association fees help pay the taxes on the common area. I would like to stress that fees connote a voluntary membership in an association.

Please take this opportunity to positively impact the thousands of Nevada residents who live in our planned communities. I believe the issue of the reserve studies has been covered. With our snowfall in the north this winter, I will tell

some associations did have to do assessments because we had not put aside enough for snow removal. It was not one of our normally budgeted items.

**Assemblywoman Pierce:**

How many other states have similar legislation that has been passed?

**Marilyn Brainard:**

One of our attorneys indicated that many jurisdictions are trying to get this legislation in place. I am guessing it would be states like Florida where there are a high number of common-interest communities, but so far, they have not been successful. That is why we are looking upon this with great interest. We think Nevada would be a trendsetter if we were able to bring this favorable action to our homeowners. I would also like to say that not all of us own amenities. We are not impacted, but our fees do pay for the common area property tax.

**Gary Milliken, Legislative Advocate, representing Community Associations Institute, Nevada Chapter:**

I own a condominium, and it is a rental condominium. We have a large, vacant area in the middle. We have had several builders come in and say that they would like to buy the middle section and put more condominiums there. It requires a unanimous vote of every condominium in that development to allow them to do that. We will never get that unanimous vote, but that does relate to the question that everybody does have a say so in that regard.

**Vice Chairwoman Giunchigliani:**

I will close the hearing on S.B. 358, and we will open the hearing on S.B. 169.

**Senate Bill 169: Authorizes boards of county commissioners of smaller counties to use money in infrastructure fund for certain projects, facilities and activities. (BDR 32-147)**

**Mary Walker, Legislative Advocate, representing Carson City, Douglas County, and Lyon County, Nevada:**

NRS 377 currently allows counties the ability to implement a quarter-cent sales tax for infrastructure. Senate Bill 169 merely expands the authority of a county whose population is less than 100,000. These funds could be extended for two additional things. One would be for the operation and maintenance of flood control and solid waste, and the second would be for the construction or renovation of facilities having cultural or historical value.

[Mary Walker continued.] Senate Bill 169 does not implement any additional taxes. It only adds to the types of uses that the sales tax can be used for. Many rurals have not implemented this sales tax simply because the list of uses is too restrictive. We are requesting this list of uses to be expanded for the rural communities for the things that we need. I would like to note that Clark and Washoe Counties have both implemented their NRS 377 sales tax, but none of the rurals have. Currently, Washoe County is able to use their sales tax for the ongoing expenses of operation and maintenance of flood control. The rurals are just asking for similar treatment. Operation and maintenance of flood control and disposal of solid waste is very expensive, and the smaller communities need help, not only in the construction cost, but the operation and maintenance.

The second part of this bill is to expand the use of the currently authorized sales tax for the construction or renovation of facilities having cultural or historical value. This would not only help in some of our historical projects, but it would give the necessary funding to complete the V&T [Virginia & Truckee] Railroad project from Virginia City to Carson City. I would like to add that Carson City's interest in S.B. 169 is in the construction and renovation of the historical and cultural facilities, not the storm drainage portion. Carson City had an advisory question on the ballot last November to determine how the people wanted to fund storm drainage; the voters chose the user fees or sales tax. Carson City has already implemented those fees to pay for storm drainage, and they do not need the sales tax for storm drainage. They need it for the V&T Railroad.

[Three letters were submitted in support of the bill ([Exhibit B](#)).]

**Assemblywoman Giunchigliani:**

This is for all counties under 100,000, and it would be up to one-quarter of a cent?

**Mary Walker:**

It would be up to one-quarter cent. For Carson City, they are only looking at one-eighth of one cent for the V&T Railroad, but it is in here as "not to exceed one-quarter of a cent." We can go below that if we so chose.

**Assemblywoman Bonnie Parnell, Assembly District No. 40, Carson City (part), Washoe (part):**

I am here to join with the community in support of S.B. 169. The V&T Railroad has been an exciting reconstruction. We see it as one of our few ways to expand tourism and grow regional economic development in this area. Carson, Douglas, Washoe, Storey, and Lyon all have an interest in this. I am pleased that this restricts the expansion to cultural or historical value. We have been

looking forward to the completion of the V&T, and this would allow for the expansion of that project.

**Vice Chairwoman Giunchigliani:**

I think the V&T did a ballot some time back.

**Mary Walker:**

Maybe 15 years ago, there was a question about a quarter-cent sales tax, and it lost in Carson City by 97 votes. This would be a one-eighth of a cent instead of one-quarter and would go to additional historical things.

**Vice Chairwoman Giunchigliani:**

I asked you earlier about it competing with schools, but if the schools ever bothered to ask for it, there would be no money for them to apply for it.

**Mary Walker:**

Yes. This has been in statute for at least 10 years. They have not requested it, but, the list is also so narrow. It is a rural self-sufficiency bill.

**Steven Hasson, Planning and Engineering Director, Lyon County, Nevada:**

This is a rural self-sufficiency bill that we are asking you to entertain for expansion purposes. I am here on behalf of Lyon County asking you to consider passage on S.B. 169. That bill would amend the language found in NRS 377B.100. If the language is modified, it would provide Lyon County and the other counties the opportunity to apply the sales and use tax proceeds available for public infrastructure to operation and maintenance costs associated with projects necessary to the management of floodplains or the prevention of floods.

The reason we are asking for this expanded authority is to ensure that Lyon County is poised to address its public infrastructure needs as best as we can. Given the fact that we are now, according to the United States Census Bureau, the fastest growing county in the West and the seventh-fastest in America, we need to use our limited financial resources to maximum utilization in order to keep up with growth demands. If we do not, we will certainly fall behind. Use of sales and use tax proceeds for operation and maintenance costs associated with floodplain management or floodplain prevention is important, because the Walker and Carson Rivers that flow through our county are prone to flooding. Washoe County now has this authority, and Lyon County is asking to be provided the same consideration so that we can properly attain growth related to infrastructure demands and flood-impact issues in a proactive manner. Understanding that growth is coming to our county, any ability to expand our

resource base should have a net positive effect in being able to accommodate the public.

**Vice Chairwoman Giunchigliani:**

Have you levied any of the sales tax at this point?

**Steven Hasson:**

We have not.

**Vice Chairwoman Giunchigliani:**

It seems to me that for any of the counties, it is upon approval of the Board of County Commissioners.

**Steven Hasson:**

It would be passed by resolution. Effectively, you are providing some enabling language that affords us wider discretions.

**Vice Chairwoman Giunchigliani:**

If you have the implementation for flood control, would this allow you to be able to make that grant?

**Steven Hasson:**

I think they are complementary and not exclusive.

**Kelly Kite, Chairman, Douglas County Commission, Douglas County, Nevada:**

I will give you two examples specific to Douglas County about why this would be helpful. First, we require developers to mitigate drainage problems on any project they put in. The problem therein is that once they mitigate it, we have no place to put it. Currently, our drainage system is the ranch land in Douglas County and the Carson River. We have no money to implement a drainage system or maintain one if we had it. This would be a huge advantage to that.

Secondly, about 10 or 12 years ago, Douglas County was granted free title to the Dangberg Home Ranch. Residents raised approximately \$60,000 to turn that into a museum/park situation. We, as the County Commission, had to deny that because \$60,000 would have opened the building for the museum/park situation, but we could not operate on it. We could not make a road to it or make the 80-acre requirements, so we had to pass on the offer. It ended up in suits at the Supreme Court and finally ended up in arbitration. We ended up taking the \$60,000 that the public had raised to loan the State of Nevada Parks Division enough money to get started on developing the park. That was six years ago. This year, with the help of the State and bond money, we were able to start gathering artifacts to get it back to where it was 10 years ago. Now we

are back to square one. At this point, it would not help with the Dangberg Ranch, but the \$60,000 that was raised by the public has only gotten it up to the shape it was in when it was given to us. Again, this is enabling legislation and the residents would have to vote on this. If we have to wait another two years, we may be back with another Dangberg situation.

**Marv Teixeira, Mayor, City of Carson City, Nevada:**

This is the most pivotal bill, in regard to the V&T, that we will ever see. In 1992, the preliminary survey was prepared for the Overman Pit Project. In 1993, the Nevada Legislature created the Tri-County Railway Commission: Carson City, Douglas County, and Storey County. It has since been expanded to 5 counties with the inclusion of Washoe and Douglas. We all have a stake in this. In 2005, we broke ground and awarded the bid for the Overman Pit. That was 13 years ago, and we got it rolling this year. The reason it got rolling was because Carson City put 2 cents of its room tax revenue and bonded so we could get this going. This project goes way beyond Carson City and Storey County. It is a signature for Nevada. Our website takes hits from 36 different countries. This is one of the most famous short-line railroads in the world. Finally, we have momentum. That project will be completed in August or September of this year. We have \$800,000, through an ADA [Americans with Disabilities Act of 1990] grant obtained for us by Senator Reid, and then we are out of money. The project will stop again.

This is a \$37 million project. We have spent \$10 million thus far, and we have bought our first piece of stock. This project will run on steam. This bill will allow us to put in a one-eighth of a cent sales tax and one more cent of room tax, which the Carson City Convention and Visitors Bureau wants to do. That will allow us to bond \$15 million. In our recent meeting with Senator Harry Reid, I would like to tell you what he had to say: "The V&T Railroad is a Nevada treasure. Restoring this important symbol of Nevada's history will draw tourists from around the world. Because the project is a priority for Storey County, Carson City, and all of Nevada, I am committed to helping make this vision a reality." I will take the man at his word, and this will happen if we can get this bill passed.

When you come back here in 2009, we are all going to be able to get on the railroad. Also understand that you just capped 3 percent on property taxes. The critical issue is that if we are going to maintain our level of service in local government, we had better start working outside of that envelope. We must spend the money here to make the return. If we do not, we are going to have to cut the level of service to our communities. We are trying to be proactive and say that we have the political will if you have the political will. Please enable Carson City to take the right step to give a wonderful symbol back to this state.



**Assemblyman Grady:**

We heard that something needed to be done about this last session, and I think this is a prime example of us helping ourselves to improve our quality of life in the rurals. I fully support this endeavor.

**Andrew List, Executive Director, Nevada Association of Counties (NACO):**

My executive committee indicated their support for this bill as a measure that can help rural areas help themselves. While none of these rural counties have projects that are specifically identified, they do like this measure. If something does come up relative to renovation of facilities having cultural or historical value, the measure will be there to give them some flexibility in the face of declining property tax revenues. NACO does support this bill.

**John Wagner, President, The Burke Consortium of Carson City:**

We are against this bill. On page 1, it says "No effect on local government." I do not see how it cannot be an effect on local government if you are going to be raising taxes. I think there is a fiscal note there. On page 3, lines 7 and 8, I have no problem with this whatsoever. I think the county should be able to operate and maintain the projects that they have going, but I take exception to lines 13 and 14. It says, "Construction or renovation of facilities having cultural or historical value." Who determines what is historical?

We had the previously mentioned vote in 1994. Carson City voted no. Lyon County voted no. Storey County voted yes, and they are the only ones that implemented any kind of taxation for this. In 2004, we had a ballot issue in Carson City to raise one-eighth of a percent sales tax on infrastructure. The people voted 58 percent no. When it comes to taxes, the people vote no. The *Nevada Appeal* also had a vote on the Internet. It asked the people if they supported raising taxes for the V&T Railroad, and 54 percent said no. I do not think the people in Carson City want to raise their sales taxes for any reason. If we are going to raise the taxes, we should put it on the ballot and let the people vote again.

When this would take effect on July 1, I would expect the city to have hearings about raising that tax. As soon as they do, we are going to have to go through the initiative measure and put it on the ballot. This will slow down the bonding because no one will be doing bonding with anyone if they think there will be litigation involved. This is possibly the only chance the people are going have to vote on it. I would be fine if they put it to a vote, but I do not think that will happen.

**David Schumann, Independent American Party of Nevada; and Nevada Committee for Full Statehood:**

We have a mixed view of this. On page 1, lines 11 and 12, the existing law allows for the "management of floodplains, the prevention of floods, the disposal of solid waste, and construction or renovation of school facilities." If we start getting into what is on lines 12 and 13 of page 3 regarding cultural and historical facilities, we recently had an experience in Douglas County where our superiors in county government wanted to put up a cultural center. When we had a vote on it, the vote was no. Do we really need a cultural center? If you take it out of the hands of people, you have a tax that will pile up. This particular cultural center was not exactly the Taj Mahal, but it was grandiose. I could see the money being dissipated on little things like this. When the schools see an increase of numbers, the money will not be there.

**Vice Chairwoman Giunchigliani:**

I will close the hearing on S.B. 169.

**Chairman Perkins:**

We will recess until 3:30 p.m. at which time we will reconvene as a Joint Committee with Senate Taxation. [Recessed at 2:51 p.m.]

RESPECTFULLY SUBMITTED:

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James S. Cassimus  
Transcribing Attaché

APPROVED BY:

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Assemblyman Richard Perkins, Chairman

DATE: \_\_\_\_\_

**EXHIBITS**

**Committee Name:** Committee on Growth and Infrastructure

**Date:** May 3, 2005

**Time of Meeting:** 1:45 p.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	<b>A</b>		Agenda
S.B. 169	<b>B</b>	Mary Walker / Legislative Advocate representing Carson City, Lyon and Douglas Counties	Three letters in support of S.B. 169