

SHEILA LESLIE

ASSEMBLYWOMAN

Washoe No. 27

MAJORITY WHIP



COMMITTEES:

Vice Chair

Ways and Means

Member

Health and Human Services

Taxation

Nevada Assembly

SEVENTY-FIFTH SESSION

May 21, 2009

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Rory Reid, Chairman
Clark County Commissioner
500 Grand Central Parkway
Las Vegas, Nevada 89106

Dear Commissioner Reid:

Given the recent newspaper reports on state-county budget relationships, I thought it might be helpful to personally update you on the status of our discussions here in Carson City as we try to navigate the severe financial downturn our state is experiencing.

By way of background, I am sure you are well aware of the state of our State. While government everywhere is reeling from declining revenues, our state faces the worst shortfall of all: a staggering 44% decline in revenue needed to fund services at current levels. Since the majority of our revenue funds education, we are in a very difficult position.

The Governor proposed a budget which most legislators found unacceptable. He suggested 6% salary cuts for all state employees and teachers, a freezing of all step increases and COLAs, a cut to insurance benefits, the elimination of all teacher training centers, the elimination of the incentive program to attract teachers to at-risk schools (a program developed by Commissioner Giunchigliani), and eliminating children, pregnant women, and autistic children from health insurance --- just to name a few of the Governor's proposed cuts. He also proposed taking funding from Washoe and Clark County, without exploring any way to help make the counties whole.

We believe the Governor's approach is wrong for our state. But if we are to restore funding for critical education and health care programs, we need to secure sufficient funding to do so. A supermajority of legislators appears likely to raise

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revenue in the amount of \$780 million. However, the state still requires nearly \$400 more to avoid further cuts to education.

We know that every local government is facing declining revenues. It is for that reason we asked both Washoe and Clark Counties to give us ideas on how we could collaboratively meet the essential needs of our constituents. We believe it makes no sense to fund local government services and cut education funding for the same constituents.

We spoke to representatives of Washoe County and they suggested that if the state took their .04 property levy and their .05 construction levy, and allowed them to institute a .01 GST levy, they would remain whole. We agreed to do this. We then asked representatives of Clark County numerous times for their ideas, but we were not given any.

A public hearing was then held on the Governor's bill to redirect the county funds on May 18, 2009, (Monday). Here's the exchange between the county representative and several legislators regarding the impact of this bill and other funding decisions affecting Clark County, and potential solutions, as transcribed by our staff:

Sabra Smith-Newby:

For the record, Sabra Smith-Newby, representing Clark County.

Chair Arberry:

You have heard the concerns and comments; would you like to make a response?

Sabra Smith-Newby:

I don't know that we have a response on the IAF proposal. I don't know that we would necessarily be in support of that, although if the Legislature wished to pass it and make it possible for counties to opt in, then that would be something that I think we could be okay with. Otherwise, really, there are funds that would be freed-up and would be otherwise spent somewhere else within the county where there is obviously significant need, and it's not really our intention to necessarily put those into another pot with the state.

Assemblyman Oceguera:

Sabra, I know we've had a similar discussion that we had with Washoe County about trying to come up with something. We certainly are in a tough spot in the state and we are trying everything we can not to affect the counties, but we have, and we feel as though we should try to help you any way we can. Have you come up with any ideas on ways we could help?

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Sabra Smith-Newby:

Certainly we appreciate the predicament that the state is in. We don't have any particular plans to offer you or anything in exchange. It's still our position that we can't support the diversion of tax revenue from local governments, but if the Legislature is to act in that manner, we would hope that you would spread the pain among many local governments and not just target Clark and Washoe. But at this time, we're not prepared to offer anything in exchange for those tax revenues.

Assemblyman Goicoechea:

Sabra, in your comments it sounded like the stimulus money you feel would be already flowing to local government and this would be just a shift back to cover IAF. Is that what I heard?

Sabra Smith-Newby:

Yes, that's our understanding. With the ARRA change in the FMAP that's intended to relieve a bit of the burden for the long-term care rates, so there would be a little bit of savings to the local governments. Now, just like the state government, ARRA funds are intended to relieve a little bit of the burden for Medicaid, thereby freeing-up additional funds that the state may use in education, or in Medicaid, or in any different uses. Our understanding is that the same would happen at the local level, so it would be up to local governments what to do with the funds that were freed-up by that FMAP increase.

Assemblyman Ocegueda:

Sabra, I'm having trouble understanding...I'm asking you to come with something that we can help you with because we are having to hurt you, and you're saying you have no ideas?

Sabra Smith-Newby:

What we're trying to say is that we believe that the taxes already levied in Clark County are sufficient to run Clark County. Should the state divert those funds for uses temporarily, then we will have to deal with the ramifications of that. But, it's our intention that in no way do we want to simply raise another tax in order to supplant the funds that were taken.

Assemblyman Ocegueda:

I'm not asking you to raise another tax necessarily. What I'm saying is, is there anything that would ease the pain; that wasn't the implication that we were giving the authority to raise another tax, although we could do that. But, there is certainly probably, thinking outside the box (I hate to use that term), something else that we could do that would ease the burden in some manner.

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Sabra Smith-Newby:

We certainly appreciate your talking with us and trying to find something that would ease the pain; however, what I previously said is still our stance. We don't necessarily support the diversion of revenue. If the revenue is to be diverted, we did propose another plan, an alternate that would take the capital tax. That tax has traditionally gone toward infrastructure and, as you know, we haven't been growing as much as in past years, so for two years that would make the most sense. The 4-cent proposal is out of, ostensibly, the operating fund...our operating tax.

Our operating rate in Clark County is 47-cents, 4-cents of that is roughly 10%. That money comes from local government operations; it comes from people. So, if we were to ask you for anything while you were considering the state budget and how to fill the hole, it would be to consider the capital tax, that plan that we provided to you, which spreads the pain, and as you're asking how to ease the pain, which spreads the pain among many local governments and doesn't target Clark County and doesn't target people. Thank you.

Assemblywoman Buckley:

I do want you to know that if the Legislature goes forward with adopting the one-year freeze on the GST, that's going to yield additional money to Clark County. Do we have the exact figures on that?...I think it's \$8 [million] the first year; I'll get you those exact numbers, but it's going to be between \$10 million and \$20 million of additional revenue, I believe, but I'll get you those exact numbers. I assume you want that? Or, do you not?

Sabra Smith-Newby:

We obviously are at the mercy of the Legislature, so at this point \$8 million would replace what was taken in the Indigent Accident Fund, so we will take whatever we can get, certainly. **(End of transcript)**

Now, imagine my surprise, when on May 19, 2009 (Tuesday), one day after this dialogue in the hearing, I received an email from a reporter asking why the Legislature was not considering ways to help Clark County!

It appears that information may not be reaching all of the Commissioners in a timely manner, and thus I am sending this rather long letter to share our progress with you at this time.

I met with George Stevens on the evening of May 19th (Tuesday) and he presented the "growth" plan. I have no concern recommending that we examine earmarking \$7 million to the county for operating funds from the room tax and transportation

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funds. However, I am not supportive of the county's proposal requesting the Legislature divert \$40 million from the Clark County School District and give it to Clark County instead as education is already dramatically underfunded in our state.

The revenue plan under consideration by the Legislature would provide about \$16 million in funds to Clark County over the biennium through the one year "freeze" of the GST depreciation schedule. I am recommending that we allow you to receive these funds directly, instead of through the usual C-tax distribution methodology, until such time as you have recouped your loss.

I understand that George Stevens has been working with our legal staff on language to accomplish these mutual goals and we will do our best to insert the language in the appropriate bill.

Another item of possible interest to you might be the passage of AB 307, a bill sponsored by Paul Aizley, that should save Clark County an additional \$550,000 a year, per your representatives' testimony, by eliminating the requirement to publish the property tax rolls in the newspaper.

I hope you agree that in order to move the state forward, we need to reject the Governor's budget and develop a plan that moves our state in the right direction. Working together, we can ensure this occurs.

We remain open to any additional ideas Clark County may have in terms of minimizing the effect of these difficult budget decisions on local government and the citizens we all serve.

Finally, I'd like to thank you for your service. I know how difficult it is to serve in elected office during this extraordinary time of financial crisis, and I look forward to working with you to ensure that essential and critical services for our citizens continue to be available at all levels of government. Please don't hesitate to contact me directly should you wish to discuss these issues further or offer any additional ideas for our mutual consideration.

Sincerely,

A handwritten signature in black ink that reads "Sheila Leslie". The signature is written in a cursive, flowing style.

Assemblywoman Sheila Leslie
Washoe District 27