

**IN THE SUPREME COURT OF THE STATE OF NEVADA**

CITY OF FERNLEY, NEVADA, a  
Nevada municipal corporation,

Appellant,

vs.

THE STATE OF NEVADA ex rel.  
DEPARTMENT OF TAXATION;  
THE HONORABLE DAN  
SCHWARTZ, in his official capacity  
as TREASURER OF THE STATE OF  
NEVADA; and THE LEGISLATURE  
OF THE STATE OF NEVADA,

Respondents.

Supreme Court No.: 66851

District Court Case No.: 12 OC 00168 1B

**JOINT APPENDIX**

**VOLUME 9 PART 4**

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# EXHIBIT 30

# EXHIBIT 30

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON TAXATION**

**Seventy-Sixth Session  
February 22, 2011**

The Committee on Taxation was called to order by Chair Marilyn K. Kirkpatrick at 8:03 a.m. on Tuesday, February 22, 2011, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda (Exhibit A), the Attendance Roster (Exhibit B), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/76th2011/committees/](http://www.leg.state.nv.us/76th2011/committees/). In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Marilyn K. Kirkpatrick, Chair  
Assemblyman Harvey J. Munford, Vice Chair  
Assemblyman Elliot T. Anderson  
Assemblywoman Teresa Benitez-Thompson  
Assemblywoman Irene Bustamante Adams  
Assemblyman John Ellison  
Assemblyman Ed A. Goedhart  
Assemblyman Pete Livermore  
Assemblywoman Dina Neal  
Assemblywoman Peggy Pierce  
Assemblyman Lynn D. Stewart  
Assemblywoman Melissa Woodbury

**COMMITTEE MEMBERS ABSENT:**

Assemblywoman Lucy Flores (excused)

**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

Russell Guindon, Principal Deputy Fiscal Analyst  
Michael Nakamoto, Deputy Fiscal Analyst  
Cyndie Carter, Committee Manager  
Mary Garcia, Committee Secretary  
Olivia Lloyd, Committee Assistant

**OTHERS PRESENT:**

Dino DiCianno, Executive Director, Department of Taxation  
Marian Henderson, Management Analyst II, Administrative Services  
Division, Department of Taxation  
LeRoy Goodman, Mayor, City of Fernley  
Brandi Jensen, City Attorney, City of Fernley  
Joe Mortensen, Chair, Lyon County Board of Commissioners  
Mary Walker, representing Lyon County  
Jeff Page, County Manager, Lyon County  
Dan Newell, City Manager, City of Yerington  
Dan Musgrove, Director, Intergovernmental Relations, Office of the  
County Manager, Clark County  
Carole Villardo, President, Nevada Taxpayers Association  
Lisa Gianoli, representing Washoe County  
Jason King, P.E., State Engineer, Division of Water Resources,  
State Department of Conservation and Natural Resources  
P. Michael Murphy, Clark County Government Affairs, Las Vegas

**Chair Kirkpatrick:**

[Called the meeting to order. Roll was called.] Today, we have to be on the floor by 10:30 a.m. so we have to be on our way by 10:15 a.m. We cannot be late. We are going to begin with a presentation on the consolidated tax (CTX) distribution. Mr. DiCianno, thank you for doing this for us, and welcome to our Committee.

**Dino DiCianno, Executive Director, Department of Taxation:**

Here with me today is Marian Henderson, whom I am going to rely on throughout this presentation in the hope that she will correct me if I make a mistake. You should have received a document (Exhibit C) titled "Consolidated Tax Distribution or, 'Can anyone explain the CTX?'" Those of you listening over the Internet should also be able to access it.

To be very blunt, I am no expert when it comes to the CTX distribution. This is a very complicated process that took months back in 1997 to put together.



If you do not mind, we are going to change the agenda a bit and hear Assembly Bill 47 first, since the subject is fresh in our minds.

**Assembly Bill 47: Requires a base adjustment in the formula for the allocation of certain consolidated tax revenue and an interim legislative study of the current allocation formula. (BDR S-315)**

**LeRoy Goodman, Mayor, City of Fernley:**

We requested this bill be brought before the Legislature for consideration. The bill deals with the CTX distribution base amount in the City of Fernley. We are not talking about the excess distribution.

I want to give you a brief snapshot. Fernley is a city of almost 19,000 people. The city was incorporated in 2001 as a general law city under Chapter 266 of *Nevada Revised Statutes* (NRS). We are the only entity that has come into being by changing from an unincorporated town to an incorporated city since the 1997 consolidated tax study and tax shift.

As Ms. Henderson and Mr. DiCianno pointed out, there is no provision in statute for an adjustment to be made to the CTX base when a town becomes a city. There is a provision, when a town disincorporates, for the county commissioners to determine the CTX base, but there is no provision for the incorporation of a city. When the tax shift was made in 1997, the City of Fernley did not exist. We are a new entity, and this is where the problem lies.

Some of the services the City of Fernley took over are building permits, plan reviews, and the road department. At the time, Lyon County had a 7.777-cent ad valorem road tax, and the amount of money that came from Fernley was put back into the town of Fernley for roads. The county administered that. In 2003, county officials decided they were not going to do that anymore, so they kept that 7.777 cents for the county's general fund ad valorem.

We had to hire a full-fledged city attorney and staff, city clerk, treasurer, municipal court judge and staff. Those are all statutory officers required by *Nevada Revised Statutes* (NRS). For the maintenance and construction of parks, we continued a small agreement with Lyon County for \$60,000 a year, but in effect, we took over total control of the parks. Fernley does have eight parks within the city limits. Police services had been provided through contract with the county; it was agreed the chief of police of Fernley would be the sheriff. We hired a city engineer and staff because we now had to do our

own plan checks, inspections, and so on. Departments had to be created for planning, zoning compliance, codes, animal control, and vector control.

The fire district is a separate entity in Lyon County. It is, under Chapter 473 of NRS, totally separate. In fact, after the city incorporated, but before it took over in the 2001 Legislative Session, Speaker of the Assembly Joe Dini had to introduce a special bill to ensure that the North Lyon County Fire Protection District remained whole. Otherwise, according to Chapter 266 of NRS, the City of Fernley would have been taking over that fire district. It would have been a very small entity with virtually no operating funds. An agreement was made, through the legislative body, that the North Lyon County Fire Protection District would continue to operate and receive its own tax fund. It has its own board of directors who make their own decisions. The fire district is totally independent from the City of Fernley.

The City of Fernley also has a swimming pool district that was set up when Fernley was a town. This is a General Improvement District under NRS 318, and it has a 20-cent tax rate approved by the voters of Fernley. The City of Fernley has nothing to do with that swimming pool district. It is totally separate. These are services we currently provide. We have had several meetings with the Department of Taxation to resolve what we feel is a problem with the base adjustment.

**Chair Kirkpatrick:**

What is the Department supposed to do? I understood you could try to work this out with your county. I am not sure we want Mr. DiCianno or anybody else to have the ability to go in and change things. What were you specifically looking for?

**LeRoy Goodman:**

We were looking to see if an adjustment could be made to the base, and that is why we asked the Department of Taxation. They said they were not able to adjust the base. We would have to go to the Legislature or to court for a base adjustment.

**Chair Kirkpatrick:**

Is there no opportunity to work within your county to do this?

**LeRoy Goodman:**

No, that is a different issue. We are working with the county. There are opportunities within NRS for interlocal agreements. Matters such as the municipal and justice courts could be worked out through an agreement between the county and the city.

**Chair Kirkpatrick:**

If you change the base, does that affect my residents in Clark County? That would be for the whole state, correct?

**LeRoy Goodman:**

Yes, very slightly.

**Chair Kirkpatrick:**

Let us be clear, because I have to go home and tell my constituents that I cut them short on a service for the City of Fernley. I am not sure they will understand that. When you look at the numbers, my constituents actually produce a large part of that revenue.

**LeRoy Goodman:**

That is correct; that is what we are talking about. We have met with the Department of Taxation to see if this could be clarified in person or telephonically. They came to the conclusion this could not happen. This is why we had Assembly Bill 47 drafted, and that is why we are here today.

For some, the question is why Fernley should receive a base adjustment. It would give us a more equitable distribution of the pie. We know the pie does not increase; it is decreasing. The distribution of the consolidated tax to the entities changes every year anyway. By the middle of March, the Department of Taxation has to have those numbers to the local governments so they can continue preparation of their budgets.

The biggest problem we have is that the City of Fernley did not exist in 1997. It was an unincorporated town, which is totally different under *Nevada Revised Statutes* (NRS). It became incorporated by a vote of the people in 2001, under Chapter 266 of NRS. A group of five residents of Fernley, none of whom were on the town board at the time, put together a petition and went through the complete process. They submitted it to the county commissioners. It then went before a vote of the people—where the people of Fernley approved incorporation as a city—and then on to the Committee on Local Government Finance.

On page 15 of our handout (Exhibit D), you will see the per capita and per assessed valuation figures. The chart shows the City of Fernley and various cities and unincorporated towns in Nevada. Fernley is on the chart, but it is at the bottom of the list when it comes to the amounts we get per capita and per assessed valuation. This shows the figures for the current fiscal year (FY) 2010–11.

We receive an actual amount of \$145,600. The City of Winnemucca, with a population less than half that of Fernley and with an assessed valuation of one-third the City of Fernley, receives \$2.9 million in consolidated tax (CTX) distribution. Also in that handout, we have other data on special districts that receive much more money than Fernley, and we are a full-service city. With our contract with the Lyon County Sheriff's Department, we provide everything we need to have. We would obviously not be able to have our own police force because we simply would not have enough money.

Twelve days ago, in the Assembly Committee on Government Affairs, I mentioned we were very much a blue-collar city. We have the Crossroads Commerce Center, with companies like Amazon.com, Inc.; Trex Company, Inc.; and the Sherwin-Williams Company. We are only 15 miles from another big industrial complex, the Tahoe-Reno Industrial Center,

On page 21, I would draw your attention to the FY 1999-2000 consolidated tax distribution. Fernley received \$91,454. On the next page you can see Fernley received \$100,000 in FY 2000-01. You can see the figures for other entities too.

Look, on the next page (Exhibit D, page 25), at Elko County and the four incorporated cities in that county and the three unincorporated towns. Their numbers are distinctly spread apart. If you look back at the City of Fernley on the previous page, this was when we were an unincorporated town. On page 34 of the presentation (Exhibit D) you can see under, Lyon County, the base amounts for each year from FY 1998-99 through FY 2008-09. You will see the numbers for Lyon County, the incorporated City of Yerington, and the unincorporated town of Fernley.

These are printouts from the Department of Taxation and not ones we made up. If you notice, Fernley never changes. We never go up into the incorporated city status. We simply stay as an unincorporated town. That is where we are today. Fernley, according to the format of the report put out by the Department of Taxation, is still considered an unincorporated town.

You can see, on the following pages, the various tax distributions. Fernley's population has more than doubled since it incorporated. In 2001, we had about 7,000 people. Now, we have almost 19,000. Of course, that will change with the new figures the Governor will confirm by the end of this month.

This is an example of why we feel the base amount for the City of Fernley needs to be adjusted. The City of Fernley has never been recognized in this as a city providing services. I agree with what has been said by the Committee

today. It is best to look at consolidating services, doing things together with the county. We are on the county's agenda for March 3 to ask the county for some of the consolidated tax through the proper statute per an interlocal agreement such as the county has with the City of Yerington. The City of Fernley is now asking for that also.

The City of Fernley is 35 percent of the population of Lyon County. It is also 35 percent of the assessed valuation of Lyon County. In the bill, we are asking for a base adjustment to \$5 million. You may ask how we arrived at that figure. There are two ways. If you take the population of the City of Fernley and divide it into the population of Nevada, it comes to just short of 0.6 percent. This year there are \$951 million in the pot. If you take 0.6 percent of \$951 million, that comes out to \$5.4 million. If you do the same with the assessed valuation, it comes out virtually the same. If you look at Lyon County's distribution, the figure for the county itself is \$13 million. If you take 35 percent of that, you come up with \$4.5 million. We just split the difference between \$4.5 million and \$5.4 million and came up with \$5 million, which seemed to be a fair and equitable adjustment to the base. That is what we feel the City of Fernley, with 127 miles of paved streets, 164 square miles of territory, and a population of almost 19,000, deserves. We certainly deserve more than the \$145,000 we are receiving this year.

We are talking about possibly taking over some services from the county. We have talked to them specifically about taking over our cemetery and library to reduce that load on the county. The main reason is we are 50 miles from the county seat. Servicing the City of Fernley with such things as the cemetery, the library, and the senior center becomes onerous for the county simply because of the distance, especially in bad weather.

In 2001, when the City of Fernley was created by a vote of the people and through the proper statutory channels, the consolidated tax (CTX) distribution formula statewide should have been adjusted to recognize the new entity of the City of Fernley.

Before I finish, let me introduce everybody. On my right is our City Manager, Greg Evangelatos. On my left is Mrs. Brandi Jensen, our City Attorney. Mendi Elliott, from Nevada Business Strategies, is our consultant on this matter. In the audience, we also have Mel Drown, our City Finance Officer.

**Chair Kirkpatrick:**

Thank you, and welcome.

**Assemblywoman Neal:**

I listened to everything you said. This is an interesting predicament because everyone is in a position where they do not have a lot of money or do not feel they can replace money they give away. You are asking for \$5 million, yet you stated you are looking at taking on additional services like the cemetery. Does that create the ability to levy some sort of tax on it? What are we doing?

**LeRoy Goodman:**

Levy a tax on cemeteries?

**Assemblywoman Neal:**

I am trying to understand. Chapter 269 of *Nevada Revised Statutes* (NRS) says you can levy taxes for common services provided to contiguous towns. I assumed, when you mentioned you were having discussions about services and which ones you can take on, that the purpose was to be able to levy a tax to bring revenue back to yourselves. I do not understand what you are doing. What is the calculation, and what are you going to get by taking on these services? Could you clear that up for me?

**LeRoy Goodman:**

I will try. By taking on services, we take pressure off Lyon County, since the county seat is 50 miles away. I believe it allows them to continue services for which they are having trouble finding money. Lyon County, like every county and city in the state, is strapped for money. We feel an adjustment to the base is needed, since, for the last ten years, there have been none other than the excess distribution. That does not amount to a whole lot when you get 6 percent of \$140,000. Six percent of \$5 million is a nice amount.

We need some real road work in Fernley, and we do not have any road money. The very little bit we get from the Gasoline Tax, because of the way that formula works, is not enough to do anything. We receive nothing from Lyon County, even though we pay 63 cents in ad valorem rate to the county. The City of Fernley's rate is 35 cents for the city. The ad valorem overlaps, and none of it comes back to the City of Fernley for roads. We take care of our own roads and, quite frankly, we are not able to do that at this point, nor have we ever been.

We feel that for the last ten years other governments—other entities in Nevada—have actually been using some of Fernley's money. There should have been an adjustment made in 2001.

**Chair Kirkpatrick:**

Believe me, North Las Vegas has a better story than anybody. I do not want to get into . . . Mr. Anderson and then Ms. Pierce.

**Assemblyman Anderson:**

I am looking at the fiscal note for Assembly Bill 47 submitted by the Department of Taxation. It says the monies are being relocated within Lyon County. Why did you use the entire state population to determine your \$5 million figure?

**LeRoy Goodman:**

We are using it because we feel the whole pie is where you have to start—the whole \$951 million this year. That pie is distributed among every entity within Nevada, whether it is a special district, a GID, an unincorporated town, a city, or a county. We felt that the distribution of the whole pie was where the adjustment needed to be made.

**Chair Kirkpatrick:**

I have a question for your city attorney. Section 1, line 3, of the bill only talks about Lyon County. Let us be clear about what we are discussing here.

**Brandi Jensen, City Attorney, City of Fernley:**

The intent of the bill is to ensure the adjustment comes from the first tier at the original distribution of the base amount and not at the county level. The reason for that is our change from a town to an incorporated city. In the statutes and provisions of Chapter 360 of *Nevada Revised Statutes* (NRS) there is no provision for having any adjustment made without going through the Legislature.

**Chair Kirkpatrick:**

I am no attorney, and that is why I am asking you. I do not read the first section of this bill as saying what you are saying. In which direction are you headed? If what you are saying is the case, that means the bill needs to be amended right from the beginning. While you are checking on that, I am going to let Ms. Pierce ask her question.

**Assemblywoman Pierce:**

Mister Mayor, is Fernley imposing the maximum allowable rate on property tax?

**LeRoy Goodman:**

We are looking at that in our budget process this year. Two years ago, we were. Last year, the Department of Taxation, because of the dropping assessed valuation, said we could go to 50.18 cents. We are at 35.1 cents. This year

we are looking to move up to that 50.18-cent rate. Keep in mind, though, that the tax increase has been capped at 3 percent, so a raise in the rate does not do us a lot of good.

If I could elaborate on that, when Fernley was incorporated, we had a 15-cent tax rate. In 2003, the City of Fernley decided to raise its tax rate to the maximum allowed then, which was around 22.7 cents. However, that is when the tax increase was capped at 3 percent. Therefore, that increase and subsequent increases have not really had much effect.

We can raise the tax as high as allowable, and the assessed valuation can go up as high as allowable, but someone's tax bill can only go up 3 percent or 8 percent on commercial and industrial property. It is a Catch-22 situation. If you had a nice tax rate before 2003, you are fine.

The people of Douglas County finally decided to raise their tax rate 27 cents, but, as that cap precludes them from generating much more money, it did not do them much good. It will do them good eventually because there is essentially no abatement left due to the decline in assessed valuation. At that time, though, it did very little good. I cannot speak for the city fathers; at that time, I was not a member of the city council or the mayor.

**Chair Kirkpatrick:**

I am trying to make sure we are clear on just what it is we are talking about, so I am going to ask our staff. I know people have to approve these bills when they come out of the Legal Division. Mr. Guindon, can you clarify section 1 for me?

**Russell Guindon, Principal Deputy Fiscal Analyst, Fiscal Analysis Division,  
Legislative Counsel Bureau:**

I am not legal counsel, but having had to deal with the consolidated tax (CTX) distribution, as I read the bill, NRS 360.680 is the base allocation under the second tier of the CTX. The impact of the \$5 million in the bill, as drafted, would only be to the entities within Lyon County. There would not be any impact on any entities outside Lyon County.

I believe the fiscal note prepared by the Department of Taxation showing what the impacts would be from this bill as drafted is accurate. If I am in error, I would ask Mr. DiCianno or someone from his staff to come up and clarify this for us, or they could simply nod their heads from the audience. I see nodding heads.



**Brandi Jensen:**

That has been the confusion since the first discussions of this. It has always been seen as the City of Fernley going after Lyon County's money, and that is inaccurate.

**Chair Kirkpatrick:**

Let us be clear. This is the bill that is before the Legislature. I am not trying to be mean, but it is your responsibility to see that, before your bills get to us, they are drafted correctly or fixed. As legislators, we have to do this all day long. If we are trying to make a point, we have to be clear about what point we are trying to make. If this bill, as drafted, passes, then it and its fiscal note are what we have to live with. Whatever the issue is, I want the bill clear on what it says. Is this what you want? That is a yes-or-no question.

**Brandi Jensen:**

Yes, that is correct. If we need to amend the bill, then that is what we have to do. The intent was to make the adjustment statewide. That is why I was very surprised when I received the fiscal note. That was not our intent, nor has it ever been the discussion with the Department of Taxation.

**Assemblywoman Benitez-Thompson:**

I am trying to determine where the fiscal need is really coming from here. Is the City of Fernley providing substantially more services than it was when it incorporated ten years ago? If so, what are those services? Also, I see a lot of services provided by special districts within Lyon County. Could you also tell us how your citizens benefit from those?

**LeRoy Goodman:**

The services we provide now that we did not provide before are the:

- Road department.
- City attorney.
- City treasurer.
- City clerk.
- Municipal court.
- City engineer and staff.
- Community development department, including planning, zoning, compliance, building permits, plan reviews, and onsite inspections.
- Animal control, through a contract with the county for the use of the animal control facility in Silver Springs.
- Vector control.

These had all been done by Lyon County prior to the City of Fernley incorporating, but now we pay for all of them.

We had a maintenance agreement with Lyon County regarding parks. Since then, though, we have taken over complete maintenance of them. We do receive \$60,000 a year through an agreement with Lyon County for support of the parks because we are Lyon County residents, and Lyon County residents from other places use these parks. I believe the county has a similar agreement with the City of Yerington.

At the time of incorporation, we looked at the possibility of having our own police department. However, with the monies that were there, it was determined that the City of Fernley could not perform police services without substantially increasing taxes, which we could not do because of the tax cap. Nor would it have been really prudent or feasible, as the jail was still 50 miles away in the City of Yerington. The sheriff's department indicated at that time it could provide services in exchange for not turning over any monies.

Those services are not paid for just out of the consolidated tax (CTX). They are also paid for out of ad valorem taxes and other revenues that come into the county and city. These were things we had to take over.

**Chair Kirkpatrick:**

I want to go through the bill because there is a lot more to this bill than what we are talking about. I also want to point out that I have dealt with the CTX issue since 2005. My own city and constituents have no problem throwing me under the bus on this issue, so I definitely want to have this discussion. Everybody has a story.

Let us go back to Monday, March 27, 2000. This was before the Committee on Local Government Finance. The reason I bring this up is that other towns are trying to incorporate, and we are going to have this discussion again. It clearly says here that the Department of Taxation has addressed the issue and sent the county the information. The town of Fernley currently has budgeted approximately \$228,000 in services and supplies. The anticipated revenue stream will be sufficient to provide the same level of operating expenditures. It goes on to say discussions with the Committee for the incorporation of Fernley has revealed the intention of this Committee is to levy the same property tax rate that is now being levied in the town of Fernley. They, meaning the City of Fernley, will negotiate with Lyon County for additional consolidated tax revenue when the time comes to make a final determination regarding the cost of services to be provided.

I have looked at the feasibility studies that were done, and this is from an executive summary of local government finance. A feasibility study is done in order for people to incorporate. This is very clear on what your projected revenues were. There is a discussion, always, about the consolidated sales tax, based on the services that will be provided. This is clear, and it goes on to say it is also the intention of the Committee to contract with the Lyon County Sheriff's Department to continue to provide police protection just as it is being provided now.

I have to think cities go into this with wide open, very clear, very public hearings. I do not have the minutes. I do not think that is necessary. When we talk about term limits and new faces, we have to constantly make a record, and the record was made that the City of Fernley was clear going into it.

I am worried we are going to have a lot of other cities wanting to come into this because they think they will get consolidated sales tax. A bill came out, and they said, "Oh, yes, the county is going to give us this money." We asked if they had talked to the county, because that was not what they were saying. There has to be a better understanding.

I do not disagree that this has to be revisited. Going on to section 3 of your bill, it lists a couple of different things, but my own city complains to me every day, so I do not think this is enough. I do not think this addresses anything dealing with the structure. The structure appears to be working in the good times. It is unfortunate that, in the bad times, everybody realizes it is not enough.

I do not think that, in this study, we have accomplished anything. I do not believe we should waste the public's time doing a study on this. We can do this right here and stay here until midnight tonight. I want to know what we are really trying to get out of this. I have heard today that we need to go back and evaluate some of the services and what happens if we consolidate. If you have something better, I want to hear it. I can call a subcommittee, and I am willing to stay here all night long to have this debate. I am not wasting the public's money to do a study on this.

**Brandi Jensen:**

There are going to be other cities, as you mentioned, who will come before you to be incorporated. The statute is not clear on what the process is for the consolidated tax (CTX) distribution to be adjusted. What is going to happen with these new entities? There is a provision in Chapter 360 of *Nevada Revised Statutes* (NRS), mentioned by Mr. DiCianno and his staff, which is for cities that take on police protection as well as two other additional services mentioned in that Chapter.

The concern is that there are hospital districts, cable districts, and the like receiving four to six times the amount an incorporated city receives, while the services by that city far outweigh the services provided by those special districts. This is for the future, from this point forward, when a city incorporates. There is no administrative remedy. The statute for the appeal process expired before the city even incorporated, so there was no administrative process for the city to go through except for the Legislature. If the solution does not occur here, the city has to go through the courts.

The concern of the study would be what would be done about future cities and what to do with cities that are in that position at this time. Reading from the notes of that past meeting, you mentioned something unfortunate. We are probably the fifth or sixth entity to come before the Legislature asking for a modification to the CTX. The running theme seems to be that there is no process for doing that except through this body.

The base that was made for these original jurisdictions was done from a five-year summary from 1997, when the last amendment was passed. The summary was based on what the base amounts had been for the past five years, and that summary is what is used to determine the base amounts. An entity that did not exist at that time has no base to use. You will continue to have cities in that unfortunate circumstance. Unfortunately, as noted in the information you read, cities become incorporated based on the desires of five citizens, and those five citizens may not understand the complexity of the CTX.

**Chair Kirkpatrick:**

That raises a good point. That is why we do the feasibility study and the entire process leading to incorporation. It is unfortunate, but you have to live with the repercussions of the choices you make. I tell other entities all the time that if they choose to be their own city, I am not changing the rules because they chose to play on their own.

With respect to section 3 of the bill, how many new cities do we think we will incorporate? There will be probably two or three in the next 20 or 30 years. I do not know if that is worthy of a study. We can figure that out tonight. That is no problem. I will stay here and you can all stay with me. We need more meat in this bill. Interim studies cost a lot of money—\$10,000 to \$20,000. I have plenty of time during the current session to have this discussion, and a lot of the Committee members have no problem with staying until the wee hours of the morning to have the discussion.

As I say, interim studies are very expensive. There is a bill now in the Assembly Committee on Legislative Operations and Elections that does the same thing. We have to be very clear about what we want to study, because \$20,000 in my city will mean somebody's job, so I am not going to waste it. On the state level, we can put that \$20,000 into education. I know I am a little rough on you about this, but I am tired of hearing about the CTX; we are having the debate and I am still here.

**Brandi Jensen:**

This started long before the bill draft request was submitted. First you go to the Department of Taxation and make sure you exhaust any administrative remedies there. Then you should go the county to exhaust any administrative remedies there. I talked extensively to the legal counsels of North Las Vegas, as well as the counsels of Washoe County and Reno. Several other jurisdictions had concerns and were considering submitting bill draft requests. The reason I included section 3 was that there appeared to be a theme; we had all discussed asking for an interim study. I understand your concerns.

**Chair Kirkpatrick:**

I do not know if either the Nevada League of Cities and Municipalities or the Nevada Association of Counties (NACO) is represented here in the room, but I am sure they are listening on the Internet. You all need to get together and decide just what you want from a study. I do not disagree that we should revisit this, but we have time to do this during the session if this is all you want. My Committee is one of the hardest working committees, and the members will do whatever it takes. The League of Cities and NACO had better sit down together and figure out what you want a study of, if that is the common theme.

**LeRoy Goodman:**

We can strike section 3. This was something we put in because we felt it was necessary and because another entity—I believe it was North Las Vegas—was bringing forth a similar bill at this time. Sections 1 and 2 are what the bill was originally drafted for. We put the other part in simply to create a mechanism for this to be looked at for future cities that will be coming forth.

We are the only entity that has incorporated since 1997. It is clear there is not a mechanism in statute to make an adjustment when an unincorporated town disappears and a new incorporated city appears. We did not exist in 1997, and the time frame for appeals ended in 1998. By the time we incorporated, we had no remedy.

In our discussion with the Department of Taxation, they said there really was no remedy because that time frame had expired, and we were the oddball. We are

an incorporated city, but we do not receive the consolidated tax (CTX) distribution benefits of an incorporated city. We are left out in the cold, and that is what we are trying to remedy here. In 2001, the City of Henderson received such a remedy of another \$4 million to their base.

**Chair Kirkpatrick:**

Let us be clear, though. I believe Henderson worked with Clark County to do that. I do not think any adjustment was made to the base.

**LeRoy Goodman:**

I am not sure. I do know something was done for the City of Henderson effective July 1, 2001. Their base was adjusted by \$4 million.

We incorporated in 2001, the same year the City of Gabbs disincorporated. The Department of Taxation's spreadsheets still show the City of Gabbs, with a population of 315, as an incorporated city as opposed to an unincorporated town. We are shown as an unincorporated town.

I think this is something that simply fell through the cracks. However, as we found in our meetings with the Department of Taxation, there really is no remedy other than coming to the Legislature with a bill.

**Chair Kirkpatrick:**

In all fairness to the Department of Taxation, we are quick to beat up on them when they make a decision we do not like. They are doing what we in the Legislature tell them.

Thank you for coming. I think the bill needs work, at least in section 1. With that, we are going to go ahead and hear more testimony. I do not see anyone else signed in to speak in support of the bill. However, there are several in opposition. I do not want to pit city against city, but come up four at a time.

**Joe Mortensen, Chair, Lyon County Board of Commissioners:**

We stand in opposition to A.B. 47, the Fernley consolidated tax bill. Assembly Bill 47 does two things. First, it increases the base annual allocation of the consolidated tax (CTX) distribution to the City of Fernley by \$5 million while taking those funds from other local governments in Lyon County. Second, the bill requires a legislative interim study committee to study the CTX formula.

While Lyon County is not opposed to a legislative study of the CTX distribution formula, it is opposed to the \$5 million redistribution of the consolidated tax within Lyon County or on a statewide basis without a statewide study to

determine the effect on the 146 local governments. With me today is Dan Newell, City Manager of the City of Yerington; Lyon County Manager Jeff Page; and our lobbyist, Mary Walker.

At this time, I would like to turn this over to Mary Walker to provide some historical information regarding the CTX allocation between the City of Fernley and Lyon County. Then Mr. Page will discuss the County's budgetary limitations. Mr. Newell and I stand ready to answer any questions you may have.

**Chair Kirkpatrick:**

Ms. Walker, you handed something out to the Committee. Can you just summarize that for the record?

**Mary Walker, representing Lyon County:**

We provided two pieces of information regarding the brief history of the incorporation of the City of Fernley and the CTX allocation between Lyon County and the City of Fernley. The information includes the minutes of the March 27, 2000, hearing, by the Committee on Local Government Finance (Exhibit E), on the incorporation of the town of Fernley in Lyon County provided by the Department of Taxation. The other piece of information is the City of Fernley Petition for Incorporation (Exhibit F).

Before a city becomes incorporated, the citizens have to come before the Committee on Local Government Finance to determine the financial feasibility of that new entity. I have sat on that Committee for the past 12 years, and I was sitting on that Committee at the time the Fernley incorporation came before us. I would like to read Chair Marvin Leavitt's summary of the discussion of the allocation of the consolidated tax between Lyon County and the City of Fernley, which is on page 22 of the minutes:

When I looked at this, it looked like to me there are several things this is dependent on. Look at the consolidated tax number. We show \$98,000 coming in per the consolidated tax for this entity on a \$212 million assessed valuation and we show \$238,000 to the town of Yerington on a \$38 million assessed valuation. You look at relationships, they are really very different. If you look at the other cities, we also see substantially more coming in from consolidated tax. However, it looks like this proposal anticipates the county providing a number of services rather than the city doing them, and the County providing these services probably makes it somewhat equivalent to what they would otherwise have

a consolidated tax if they had reached some agreement to transfer money to the County instead of services directly.

Therefore, it was always the intent that the City of Fernley would have a lower proportionate share of the consolidated tax in relation to other Nevada cities because the City of Fernley would not be taking over several of the primary services provided by most cities, such as police and fire. In addition, Lyon County continued to provide funding for the City of Fernley Parks Department, even after the city's incorporation.

For the agreement between the City of Fernley and Lyon County, the Department of Taxation, in its financial analysis, provided the information that the City of Fernley would not be taking over any of the services such as police, dispatch, jails, and fire, and that money for parks and recreation would still be coming to the City of Fernley. Therefore, there would be a smaller amount of CTX provided to the City of Fernley in proportion to all the other cities in Nevada because all those other cities provided, either through contract or themselves, police, fire, parks, and those types of services, which the City of Fernley did not.

The bottom line is the money followed the service. If the county kept the service, then the county kept the money. If the new city took over the service, then the city received the additional revenues. That is what the baseline agreement was between the two entities.

The second document I provided you is the 1999 Fernley Petition for Incorporation (Exhibit F). In the petition it states that the Lyon County Sheriff's Department would continue to provide law enforcement services to Fernley instead of the City of Fernley having its own police department, jail, and dispatch. It further states that the fire and rescue services would continue to be provided by the North Lyon County Fire Protection District and not the City of Fernley. Lyon County provides funding to the City of Fernley to administer and maintain recreational facilities and parks.

The petition proposed Lyon County continue its funding for city recreational facilities and parks, and Lyon County still provides that funding in the amount of \$60,000 a year. Also, the amount of the City of Fernley's consolidated tax revenue estimated in the petition was \$87,979, or 5.4 percent of the total revenue of the proposed City of Fernley. The Fernley Petition for Incorporation continues to substantiate the fact that the City of Fernley was never intended to get a substantial amount of consolidated tax (CTX) monies because the county or the local fire district retained much of the services or funding for the services normally provided by the county.



That concludes my brief overview of the history of the distribution of the CTX and services between Lyon County and the City of Fernley. If you have any questions, I would be happy to answer them.

**Assemblyman Anderson:**

I am neither advocating nor opposing this measure. If this was done at the state level, as the mayor wants to do, what would you say about that? I would rather the distribution change at the state level and not just within Lyon County.

**Mary Walker:**

We would still be opposed to that because we believe it is a very complicated formula. There are 146 local governments in Nevada that receive the CTX. If you take the funds from the first tier, then it will affect all 146 entities. If they knew that was a possibility, many of them would be here today. We believe the study is the way to go.

I served on a technical committee for the Legislative Commission when we adopted the consolidated tax, and it took us 18 months. By the time we were done, out of all the local governments in the state, we did not have one in opposition. This is not something you can do in an hour or two.

**Chair Kirkpatrick:**

Ms. Walker, about the fiscal note from Lyon County, we need to make sure our staff has that because we do not have anything on the record.

**Mary Walker:**

I did email the fiscal note to your staff last night after our meeting. I am not sure whether they received it. We did not prepare one ourselves because the Department of Taxation had prepared one. This is the Department of Taxation's fiscal note. It comes from the local governments within Lyon County.

Lyon County would lose \$3.8 million. Yerington would lose \$101,000. The City of Fernley would go from \$145,640 to \$4.2 million. All the other districts, the largest of which are the fire protection districts, would lose around \$200,000. The South Lyon Hospital District would lose \$61,000. Some of these entities are just barely keeping their doors open.

**Chair Kirkpatrick:**

We need a fiscal note from Lyon County and not just the one from the Department of Taxation. Douglas County submitted one. If something is a little bit different, everybody will be quick to blame the Department of Taxation, and I am not going to let that happen. Mr. DiCianno and I have become working

partners since 2007, and I am not going to let him take any swords in the back. Lyon County has to provide its own fiscal note.

**Mary Walker:**

We will do so. We concur with the Department of Taxation's fiscal note, but we will send you one.

**Chair Kirkpatrick:**

Okay, but I still want your own. That way, Mr. DiCianno is off the hook. If one number is off, the county will be quick to throw him under the bus. Everybody does it, and I am not going to let that happen.

**Jeff Page, County Manager, Lyon County:**

To address your concern, our comptroller will get that taken care of posthaste. I provided you with a couple of charts (Exhibit G) that indicate where we are with the CTX over the past few years. This is meant not as a complaint, but merely to show you where we are financially. The CTX is 45 percent of our general fund budget. From 2008–2012, you can see a steady decline over the last several years.

The next chart (Exhibit H) shows the change, over time, in our numbers of full-time equivalent employees and where they are going in the future. Of note, the Board of Commissioners, all elected and appointed department heads, and our two collective bargaining units met on Friday, March 18, to discuss budget cuts and the direction we are going. We were able to solve our budget shortfall of \$1.8 million and also plan for the future endeavor of The Executive Budget, which is shown on the last chart.

This gives you an idea of where we are going with regard to personnel. If this bill were to pass and we were to lose \$4 million, those negative changes in employees and revenue would be further down on the chart in order for us to be able to provide our services.

Mayor Goodman referred to a number of cities in his chart (Exhibit D) regarding money received. The City of Winnemucca, the City of Elko, and the City of Yerington all provide services that the City of Fernley does not provide now, specifically police and fire protection. The City of Yerington is unique in that it does not provide fire protection itself, but has entered into an interlocal agreement with the Mason Valley Fire Protection District. At the time they signed the agreement, they were paying their assessed valuation at what was then the fire district's tax rate. That would mean it was good for a number of years before it was reevaluated and redone.

The City of Fernley did address that they have sent us an interlocal agreement requesting a certain percentage of our CTX funding, but within that request, they mentioned no services they are offering to take over at this time. We will work through that process, and we are more than willing to sit down with the City of Fernley to discuss their concerns about their CTX allocation and providing them funding if they want to take over some services.

**Chair Kirkpatrick:**

Thank you. Are there any questions? I think you are all sorry we had this discussion because no one is saying anything.

**Dan Newell, City Manager, City of Yerington:**

Just very quickly, we stand opposed to this bill as a result of losing nearly 30 percent of our consolidated tax (CTX). Thirty percent does not seem like much, but when you only have \$1 million, it is quite a bit. We do provide our own police service. We have a 40-cent tax rate, but 22 cents of that goes to the fire district. We really only realize 18 cents of our tax. One hundred and one thousand dollars is just too big a pill for us to swallow.

**Chair Kirkpatrick:**

Could you also provide a fiscal note?

**Dan Newell:**

I did.

**Chair Kirkpatrick:**

Did you provide one today? I see one from Douglas County.

**Dan Newell:**

Not today. I provided one on the Internet, and it is exactly the same number.

**Chair Kirkpatrick:**

Okay, let me try to locate that for the Committee. Does anybody have any questions? [There was no response.] Mr. Newell, if I cannot locate that fiscal note, can I contact you to get it? [Mr. Newell replied in the affirmative.] Okay, perfect. Would Mr. Roberts and Mr. Musgrove come up to the witness table?

Is there anyone else? There are two additional seats. If anybody wants to testify in opposition, just come on down.

**Dan Musgrove, Director, Intergovernmental Relations, Office of the County Manager, Clark County:**

Today I am representing the City of North Las Vegas. We appreciate the comments that have been made by the Chair about her city and all the issues we have had over the years. I will try to rectify that.

There is another bill, Assembly Bill 71—our bill—which goes up for a hearing in the Assembly Committee on Legislative Operations and Elections this Thursday. The reason for that is the bill deals only with the study and does not seek to change the tax distribution. I believe this bill, A.B. 47, came before you today because it does involve a change to the CTX formula.

We have gone down this road many times. As has been stated before by Mr. DiCianno and others, the only way to change the formula is to take from one entity and give to another. The pie is only so big.

North Las Vegas has realized that. That is why we have come to the Legislature with a totally different tactic. We believe, because of this new reality that confronts us all—this downturn in economic fortune and growth—that now is the time to sit down and reevaluate the way this is done. It is essential that we look at the formula and how it affects all 146 entities that reap the benefits of that formula.

You also have to take into consideration how all the other taxes work with the CTX. I am sure Ms. Gianoli and Ms. Vilaro sitting next to me, who have much greater legislative history on this, can tell you it was during the 1981 tax shift that the stage was set for the CTX to come before you in later years. This was in the shift from property tax to sales tax and vice versa between the state and local governments.

Here we are, in 2011, with a need for looking at both a base adjustment and the language dealing with growth. That is what we want to do. We have received unanimous support from all the local governments in Clark County. As you heard today, the other counties such as Lyon County and Washoe County all agree that now is the time to look at this. It will be extensive, but most of it will, to a great degree, be local government-generated staff who will work on it with the Legislature's supervision. We hope the Legislature will see fit to pass A.B. 71. We disagree with Lyon County.

**Chair Kirkpatrick:**

You cannot lobby that bill here, so you had better get better arguments for the study before Thursday's meeting of the Assembly Committee on Legislative

Operations and Elections. I am on that Committee, so I will let you off the hook until that meeting.

**Dan Musgrove:**

Absolutely. I will have with me Mr. Steve Hanson, who is one of the few people, along with Mary Walker, Mike Alastuey, and Marvin Leavitt, who were there in the beginning working hard on the study. They will talk to that Committee about why this is important.

With that, we oppose any change to the formula at this time. We do not think it would be in the best interest of the state and all the local governments. That is why I am here today, and I am ready to answer any questions.

**Chair Kirkpatrick:**

Thank you. Does anybody have any questions? [There was no response.]

**Carole Vilardo, President, Nevada Taxpayers Association:**

I am speaking in opposition to the distribution of the \$5 million in this bill. There are a couple of points that need to be reinforced.

First, the statute does not allow for an adjustment. Whether that is right or wrong is for you to decide. If you want to create a provision in statute to allow for an adjustment, that is fine. If you want to create a provision for adjudication further than is currently allowed, that is fine. That is your policy decision. But to say \$5 million should come out of first-tier or second-tier distribution is pulling another number out of a hat with no foundation or basis other than best "guesimates" or arbitrarily choosing what to look at. A lot of that is population, and that was not the original intent.

While I did not serve on the Legislative Committee Studying Local Government Taxes in FY 1996-97, I think I missed only one meeting of all the meetings that Committee held, and I was involved in this. There was a problem, and there was a need to create consolidated tax (CTX) revenue. For example, the state had grown up. Many of the revenue formulas in the six taxes that make up the CTX had been created between 1944 and 1982.

A county got 100 percent of the Cigarette Tax and Liquor Tax. A county with one city split that revenue 50/50 with the city. In a county with more than one city, the county lost all the revenue. With the proliferation of cities, these formulas no longer worked.

The committee looked at the way these distributions were going and said they did not work anymore. That is how the CTX was born. It was born to try to

equalize the distribution of the tax revenues. If you want to change it, that is fine, but then the statute needs to be changed. Those are policy decisions. We have opposed every distribution that was suggested because they were pulling numbers out of a hat.

**Chair Kirkpatrick:**

Are there any questions? I think that, once we get out of here, there are going to be a lot of questions.

**Lisa Gianoli, representing Washoe County:**

Washoe County was initially neutral on the bill prior to testimony that the City of Fernley wants to go statewide on the distribution. We are opposed to that. We are willing to work with anyone on the study and in defining the scope of the study. We do have some concerns about looking at it in isolation, as was stated by the other two persons who testified in opposition. That is our position. Thank you.

**Chair Kirkpatrick:**

Thank you. Does anybody have any questions? Is there anybody else who would like to testify in opposition? [There was no response.] Would anybody like to testify in support of this bill? [There was still no response.] Is there anybody who is neutral on this bill? [No one responded.] We are going to close the hearing on A.B. 47 and open the hearing on Assembly Bill 46.

**Assembly Bill 46: Clarifies the inapplicability of certain partial tax abatements to various assessments relating to the adjudication of water rights and management of water resources. (BDR 32-468)**

**Jason King, P.E., State Engineer, Division of Water Resources,  
State Department of Conservation and Natural Resources:**

The Office of the State Engineer is the author of this bill and urges it be passed as written. Assembly Bill 46 resolves a conflict in the interpretation of the special assessment provided for under *Nevada Revised Statutes* (NRS) 534.040. That section provides that the board of county commissioners must levy a special assessment annually upon all taxable property within an area found by the State Engineer to require supervision in order to pay for the salaries of well supervisors and their assistants.

A conflict has arisen in the interpretation of NRS 534.040. Clark County has interpreted the special assessment established under that statute to be an ad valorem tax subject to abatement under NRS 361.4722 through NRS 361.4724. As a result, in 2008, for example, the amount to be levied was abated in the amount of almost \$192,000. As a matter of fact, our budget for

# EXHIBIT 31

# EXHIBIT 31

**IN THE SUPREME COURT OF THE STATE OF NEVADA**

CITY OF FERNLEY, NEVADA, a  
Nevada municipal corporation,

Appellant,

vs.

THE STATE OF NEVADA ex rel.  
DEPARTMENT OF TAXATION;  
THE HONORABLE DAN  
SCHWARTZ, in his official capacity  
as TREASURER OF THE STATE OF  
NEVADA; and THE LEGISLATURE  
OF THE STATE OF NEVADA,

Respondents.

Supreme Court No.: 66851

District Court Case No.: 12 OC 00168 1B

**JOINT APPENDIX**

**VOLUME 9 PART 3**

Filed By:

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22	Defendant's Opposition to Motion to Retax Costs and Reply to Opposition to Motion for Costs (Cont.)	State of Nevada/Dept Taxation	10/03/14	3929-3947
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19	Opposition to Plaintiff's Motion for Summary Judgment (Cont.)	Nevada Legislature	07/11/14	3292-3512
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20	Reply in Support of Plaintiff's Motion for Summary Judgment Against Defendant Nevada Legislature	City of Fernley	07/25/14	3606-3640
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12	Stipulation and Order Regarding Change of Briefing Schedule and Setting Hearing for Oral Argument	Parties/First Judicial District Court	06/25/14	2046-2048
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1 What do you do?

2 A We start with last year's budget and then I  
3 look at numbers. I look at changes in costs. Some  
4 of the things are contractual, so companies will send  
5 us here's your costs for next year. An example is  
6 Washoe County Crime Lab. One year it'll be \$60,000  
7 and because of our use the next year, it will be  
8 \$95,000, and typically they will give me that  
9 information just prior to budget so I can change  
10 that.

11 As far as personnel, the county usually puts  
12 those numbers together with the number of personnel  
13 that we have now and then the total costs, you know.  
14 They do all that with their programming.

15 Q Okay. When you do that when you're looking  
16 at the county, do you look at growth statistics or do  
17 you look at criminal statistics as to crimes or  
18 things like that when you're considering budgeting,  
19 for example, staffing?

20 A Definitely every year.

21 Q All right. And based on that, then, do you  
22 try to figure out where you'll need more officers or  
23 how many more officers you'll need or how many you  
24 don't need, et cetera?

25 A Yes.

1 Q Okay.

2 A And if I could add something, the other  
3 thing that changes that every year is the economy of  
4 the county. Over the last several years we have lost  
5 staffing county-wide and sheriff's office.

6 Q Okay. How much have you lost?

7 A I've lost 10 positions over the last six  
8 years.

9 Q When you say "positions," are those deputy  
10 positions or just general positions in the sheriff's  
11 office?

12 A There'd been a couple deputy positions and  
13 dispatchers and the rest have been unsworn.

14 Q Okay. And what's unsworn?

15 A Administrative staff.

16 Q Okay.

17 A Special services. We had a community  
18 service officer -- a person -- he wasn't an officer  
19 -- but people that were sentenced in court sometimes  
20 went to him as opposed to going to jail and they had  
21 to perform community service, so that was, you know,  
22 just an example of one of the positions that we've  
23 lost.

24 Q Okay. Do you figure out, for example, when  
25 you're doing your budget as to how much money needs

1 to be spent in each area of the county at all or just  
2 a general number?

3 A Just a general number.

4 Q Do you look at the particular areas of the  
5 county when you're fixing the budget as to numbers  
6 you think you need dollars for certain areas of the  
7 county?

8 A Not specifically.

9 Q Okay. Do you know, for example, in your  
10 budget when you look at Fernley do you think to  
11 yourself I need a certain number of dollars to  
12 provide the services that we need to provide for  
13 Fernley?

14 A No.

15 Q Okay. How do you decide how the money gets  
16 allocated to the different areas of Lyon County?

17 A I have four different budgets. One is the  
18 sheriff's office budget, one is the jail budget, one  
19 is dispatch and one is search and rescue.

20 Q Okay.

21 A And those are all set by the county  
22 commission.

23 Q Okay. Do you propose a budget in each one  
24 of those four areas prior to the county setting them?

25 A Yes.

1 Q And when you're doing -- so it's the jail,  
2 dispatch, search and rescue --

3 A And the sheriff's office.

4 Q -- and the sheriff's office. And the  
5 sheriff's office would be the one where you would  
6 have the staffing of sheriff's deputies that are  
7 provided throughout the county.

8 A Yes. And our administration -- everything  
9 but those three things -- the other three things I  
10 mentioned.

11 Q Okay, good. Do you know how many -- let's  
12 say in the last budget how many sheriff's deputies  
13 were allocated to patrol Fernley?

14 A I could doublecheck. I believe it was 14.

15 Q Okay. 14 total?

16 A Yes.

17 Q All right. And over the period of time that  
18 you've been doing this, has that number changed at  
19 all since you've been sheriff from 2006 forward?

20 A Yes.

21 Q Okay. What way? Up or down?

22 A Up.

23 Q Okay. From what to what?

24 A You know, I can verify. I've looked at the  
25 numbers. I think it was 11 when I started.



1 Q Well, let me ask you, then, As you sit here  
2 now as the sheriff, you don't have any idea without  
3 looking at the patrol schedules to see exactly how  
4 many patrol deputies are out on the streets in  
5 Fernley at any given time. Is that correct?

6 A Oh, I've got a good estimation, sure.

7 Q Okay. As I told you before, I'm entitled  
8 to -- as long as we know it's an estimate, I won't  
9 hold you to it. It's just your estimate.

10 What's your estimate as to how many patrol?

11 A Either three or four at any given time.

12 Q Okay.

13 A And, of course, that can change depending on  
14 if someone calls in sick, goes on vacation. And we  
15 try to keep a minimum staffing but due to budget,  
16 reduced overtime, we're not always able to keep.

17 Q So your idea is it's three to four but it  
18 may be less on some occasions.

19 A It could be, yes.

20 Q Down to two?

21 A Yes.

22 Q One at any point in time?

23 A I'm not aware of one. Not anymore.

24 Q Okay.

25 A That's just not safe.

1 Q And when you're down to maybe two, how often  
2 do you think that happens?

3 A On the schedule not very often.

4 Q Okay. But in reality?

5 A Again, it would be if someone calls in sick  
6 and we can't find a replacement --

7 Q Right.

8 A -- then there may only be two on.

9 Q Okay. Do you know what the population of  
10 Fernley is?

11 A Roughly 19,000.

12 Q Okay. We were talking previously about  
13 those ratios, the officers-to-population ratio.

14 A Right.

15 Q What is your understanding of what the ratio  
16 should be for the city the size of Fernley?

17 A Well, typically -- and this is a national  
18 ratio that I use -- it's 2.0 sworn personnel per  
19 thousand population.

20 Q Okay.

21 A And then for total personnel the number I  
22 always use and the one that's most readily available  
23 out there is 2.5 total personnel per thousand  
24 population.

25 Q So if we're looking at a city the size of

1 Fernley, 19,000, how many deputies should they have  
2 based on that ratio?

3 A Boy, now you've caught me. That should be a  
4 pretty easy --

5 Q Approximately. I'm not good at math either,  
6 so don't feel bad. You're right in my ballpark here.  
7 It's going to be more than 14.

8 A Yes.

9 Q A lot more than 14, "a lot" being a relative  
10 term.

11 A Yes.

12 Q So if we use the 2.0 and you have 19,000,  
13 you're talking about 38.

14 A Yes, that's correct.

15 Q Okay. And then the 2.5 we'll add another  
16 nine, so we're talking about another -- so 47  
17 deputies --

18 A Correct.

19 Q -- for Fernley.

20 A Well, that would be total.

21 Q With administrative.

22 A Total staff.

23 Q Right. During your budgeting process when  
24 you go and do your budget and go to the county, have  
25 you told the county that the number of deputies that

1 you can provide to Fernley is way below this number  
2 that these national ratios and that you use are  
3 showing?

4 A I don't tell them Fernley specifically. I  
5 tell them sheriff's office specifically.

6 Q Okay. And so the county is aware that the  
7 levels of deputies that are available are far below  
8 what these national requirements are.

9 A Definitely.

10 Q What's their response when you tell them  
11 that?

12 A I get the budgets that they give me.

13 Q I understand. But they obviously --

14 A Well, the response is, "We don't have the  
15 money."

16 Q Okay.

17 A And, like I said, in the last several years  
18 we have had staff cut. I am hoping this year we  
19 don't.

20 Q Okay. So when you get in some of these  
21 free-for-alls, this is what you're fighting for, is  
22 more policemen on the streets, more patrol officers,  
23 more deputies so you can meet these ratios that you  
24 need to meet?

25 A More deputies, more non-sworn and more

1 overtime.

2 Q Okay. And have you been successful at all  
3 in getting any of that? It sounds like it's going  
4 the other way.

5 A Early on in my career I was successful with  
6 it, but since the economy has turned and budget --  
7 availability of money in our general fund has  
8 dropped, you know, I've been very unsuccessful in  
9 getting any more personnel. As I've said, we've lost  
10 personnel. It doesn't necessarily mean that my  
11 budget has dropped --

12 Q Right.

13 A -- because there are rising costs every  
14 year.

15 Q Fixed costs?

16 A Yeah. You know, retirement goes up, health  
17 insurance for employees goes up, cost of fuel goes  
18 up. We have built-in steps for the deputies and then  
19 merit increases for the non-sworn personnel. That's  
20 two and a half percent per year. So those costs keep  
21 going up so my budget is increasing slightly but I'm  
22 still using personnel.

23 Q Okay. When you have this number that's so  
24 much -- for example, Fernley -- that's so much lower  
25 than the number of deputies needed, how does that

# EXHIBIT 26

# EXHIBIT 26

OPINION NO. 1996-12 SHERIFFS: Sheriff's duties within a city involve the same express statutory duties as that officer performs elsewhere throughout the county.

Carson City, May 6, 1996

The Honorable John Hanford, White Pine County District Attorney, White Pine County Courthouse, Post Office Box 240, Ely, Nevada 89301

Dear Mr. Hanford:

On December 8, 1995, our office issued a legal opinion upon your request. In that opinion we concluded the sheriff had a duty to keep and preserve peace throughout the county and that such jurisdictional right and duty included performance of such services within an incorporated city located within said county. You have now asked a follow-up question on the same matter.

#### QUESTION

In the absence of an interlocal agreement, what specific mandated duties does the sheriff have to an incorporated city which has neither maintained its own local police force nor formed a metropolitan police force?

#### ANALYSIS AND CONCLUSION

The sheriff holds an office created through the State Constitution. Nev. Const. art. 4, § 32 sets forth in part that the legislature shall fix by law duties and compensation of the sheriff. The sheriff's powers and duties are generally created by expressed legislative enactment, by common law, and by implied powers reasonably necessary to carry out express provisions. *See People v. Buckallew*, 848 P.2d 904, 908 (Colo. 1993).

As noted in our prior legal opinion, the sheriff's authority is county-wide. Thus, the simple answer to your present question is that the sheriff's duties within a city involve the same express statutory duties as the sheriff performs elsewhere throughout the county. The sheriff's duty to provide services within a city is discussed in the case of *State v. Williams*, 144 S.W.2d 98 (Mo. 1940) as follows:

His authority is county wide. He is not restricted by municipal limits. For better protection and for the enforcement of local ordinance the cities and towns have their police departments or their town marshals. Even the state has its highway patrol. Still the authority of the sheriff with his correlative duty remains. It has become the custom for the sheriff to leave local policing to local enforcement officers but this practice cannot

alter his responsibility under the law. Usage cannot alter the law. It is self evident that a custom or usage repugnant to the express provision of a statute is void. A policeman is an officer whose duties have been, for local convenience, carved out of the old duties of constable, and the constables were always part of the general force at the disposal of the sheriff. There is no division of authority into those of the sheriff and the police. Each is a conservator of the peace possessing such power as the statutes authorize. . . . In every county there are a number of peace officers of varying authority. They and the sheriff must work in harmony. In the larger communities where dense population has increased the hardship of proper law enforcement police departments have developed scientific methods of crime detection and prevention. Larger means and a greater number of men are available to a local police department than to the county sheriff. Methods of rapid communication and transit are provided. Under these circumstances the sheriff may leave local enforcement in local hands, but only so long as reasonable efforts in good faith are made to enforce the law.

The courts have taken cognizance of the development of local enforcement agencies. It has been held, and correctly so, that a sheriff may assume that a city police department will do its duty in enforcing the law and hence will not be guilty of any serious neglect of duty if he gives little attention to police matters in such city. But this rule has a proper qualification. If the sheriff has reason to believe that the police force is neglecting its duty it is his duty to inform himself. And if he knows that the police are ignoring or permitting offenses his duty to prevent and suppress such offenses is the same as it would be if there was no municipality and no police force. . . .

*Id.*, at 104-105 (citations omitted). Thus, the sheriff must perform express statutory duties even if those acts are to occur within an incorporated city. The sheriff must keep and preserve the peace. NRS 248.090. The sheriff must serve warrants and process for the courts of the state. Statutes reflect that the sheriff must perform such service of warrants and process even for municipal courts. NRS 5.060; NRS 248.100. Other statutory duties are spread throughout the chapters and are too numerous and varied to be fully described herein.

As stated in our prior opinion, the sheriff is vested with discretion in determining how the limited resources of the office will be used throughout the county.

FRANKIE SUE DEL PAPA  
Attorney General

By: ROBERT L. AUER  
Senior Deputy Attorney General



# EXHIBIT 27

# EXHIBIT 27

TABLE 1 - SECOND TIER

SECOND-TIER DISTRIBUTION OF REVENUE FROM THE LOCAL GOVERNMENT TAX DISTRIBUTION ACCOUNT (CTX);  
EXCESS DISTRIBUTION FACTORS BY COUNTY: 1-PLUS, NO 1-PLUS, OR INTERLOCAL AGREEMENT

Source: Department of Taxation

FACTOR USED TO DETERMINE SECOND-TIER EXCESS CTX REVENUE DISTRIBUTION SHARE	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Carson City	1 Plus	1 Plus	1 Plus	75%-1 Plus; 25%-No 1-Plus	50%-1 Plus; 50%-No 1-Plus	25%-1 Plus; 75%-No 1-Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	1 Plus - Subsec. 5
Churchill	1 Plus	1 Plus	1 Plus	75%-1 Plus; 25%-No 1-Plus	50%-1 Plus; 50%-No 1-Plus	25%-1 Plus; 75%-No 1-Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	1 Plus - Subsec. 5
Clark	1 Plus	1 Plus	1 Plus	75%-1 Plus; 25%-No 1-Plus	50%-1 Plus; 50%-No 1-Plus	25%-1 Plus; 75%-No 1-Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	1 Plus - Subsec. 5
Douglas	1 Plus	1 Plus	1 Plus	75%-1 Plus; 25%-No 1-Plus	50%-1 Plus; 50%-No 1-Plus	25%-1 Plus; 75%-No 1-Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	1 Plus - Subsec. 5
Elko	1 Plus	1 Plus	1 Plus	75%-1 Plus; 25%-No 1-Plus	50%-1 Plus; 50%-No 1-Plus	25%-1 Plus; 75%-No 1-Plus	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5
Esmeralda	1 Plus	1 Plus	1 Plus	75%-1 Plus; 25%-No 1-Plus	50%-1 Plus; 50%-No 1-Plus	25%-1 Plus; 75%-No 1-Plus	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5
Eureka	1 Plus	1 Plus	1 Plus	75%-1 Plus; 25%-No 1-Plus	50%-1 Plus; 50%-No 1-Plus	25%-1 Plus; 75%-No 1-Plus	1 Plus - Subsec. 7	1 Plus - Subsec. 7	1 Plus - Subsec. 7	1 Plus - Subsec. 7	1 Plus - Subsec. 7	1 Plus - Subsec. 7	1 Plus - Subsec. 7	1 Plus - Subsec. 7
Humboldt	1 Plus	1 Plus	1 Plus	75%-1 Plus; 25%-No 1-Plus	50%-1 Plus; 50%-No 1-Plus	25%-1 Plus; 75%-No 1-Plus	1 Plus - Subsec. 7	1 Plus - Subsec. 7	1 Plus - Subsec. 7	1 Plus - Subsec. 7	1 Plus - Subsec. 7	1 Plus - Subsec. 7	1 Plus - Subsec. 7	1 Plus - Subsec. 7
Lander	1 Plus	1 Plus	1 Plus	75%-1 Plus; 25%-No 1-Plus	50%-1 Plus; 50%-No 1-Plus	25%-1 Plus; 75%-No 1-Plus	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5
Lincoln	1 Plus	1 Plus	1 Plus	75%-1 Plus; 25%-No 1-Plus	50%-1 Plus; 50%-No 1-Plus	25%-1 Plus; 75%-No 1-Plus	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5
Lyon	1 Plus	1 Plus	1 Plus	75%-1 Plus; 25%-No 1-Plus	50%-1 Plus; 50%-No 1-Plus	25%-1 Plus; 75%-No 1-Plus	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5
Mineral	1 Plus	1 Plus	1 Plus	75%-1 Plus; 25%-No 1-Plus	50%-1 Plus; 50%-No 1-Plus	25%-1 Plus; 75%-No 1-Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus
Nye	1 Plus	1 Plus	1 Plus	75%-1 Plus; 25%-No 1-Plus	50%-1 Plus; 50%-No 1-Plus	25%-1 Plus; 75%-No 1-Plus	1 Plus - Subsec. 6	1 Plus - Subsec. 6	1 Plus - Subsec. 6	1 Plus - Subsec. 6	1 Plus - Subsec. 6	1 Plus - Subsec. 6	1 Plus - Subsec. 6	1 Plus - Subsec. 6
Perkins	1 Plus	1 Plus	1 Plus	75%-1 Plus; 25%-No 1-Plus	50%-1 Plus; 50%-No 1-Plus	25%-1 Plus; 75%-No 1-Plus	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5	1 Plus - Subsec. 5
Storey	1 Plus	1 Plus	1 Plus	75%-1 Plus; 25%-No 1-Plus	50%-1 Plus; 50%-No 1-Plus	25%-1 Plus; 75%-No 1-Plus	1 Plus - Subsec. 6	1 Plus - Subsec. 6	1 Plus - Subsec. 6	1 Plus - Subsec. 6	1 Plus - Subsec. 6	1 Plus - Subsec. 6	1 Plus - Subsec. 6	1 Plus - Subsec. 6
Washoe	1 Plus	1 Plus	1 Plus	75%-1 Plus; 25%-No 1-Plus	50%-1 Plus; 50%-No 1-Plus	25%-1 Plus; 75%-No 1-Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus
White Pine	1 Plus	1 Plus	1 Plus	75%-1 Plus; 25%-No 1-Plus	50%-1 Plus; 50%-No 1-Plus	25%-1 Plus; 75%-No 1-Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus	No 1 Plus

NOTES:

1.) At the second-tier of the CTX, the revenue allocated each month to each county at the first-tier is first distributed as a base allocation amount to the enterprise districts, local governments, and special districts in the county, and an excess amount, which is any money remaining after the required base allocation, that is distributed to local governments and special districts based on statutory rules referred to as No 1-Plus and 1-Plus.

Prepared by the Fiscal Analysis Division

Table 1-Second Tier: Page 1 of 3

Case No. 66851  
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PA 489

# EXHIBIT 28

# EXHIBIT 28

# **CONSOLIDATED TAX COLLECTIONS** **REVENUE SUMMARY BY COUNTY** **FISCAL YEAR 1998-99**

COUNTY	BCCRT DISTRIBUTION S	SCCRT IN- STATE COLLECTIONS	SCCRT OUT- OF-STATE COLLECTIONS	CIGARETTE DISTRIBUTION S	LIQUOR DISTRIBUTION S	RPTT	GST	TOTAL
CARSON CITY	3,758,219.23	11,834,942.23	-	466,559.27	63,218.21	220,385.08	1,726,532.78	18,069,856.80
CHURCHILL	1,115,761.03	3,260,441.35	-	219,941.67	29,814.45	81,704.15	740,719.43	5,448,382.09
CLARK	98,314,630.91	313,103,628.54	-	11,082,681.83	1,501,000.82	12,410,929.62	50,639,099.80	487,051,971.53
DOUGLAS	2,332,079.70	7,101,267.64	-	367,585.35	49,790.78	527,846.55	1,568,405.33	11,946,975.35
ELKO	3,261,424.13	10,155,869.30	-	441,819.55	59,862.46	134,972.20	1,955,803.81	16,009,751.45
ESMERALDA	56,084.09	156,717.25	-	13,374.14	1,814.17	1,380.63	105,840.84	335,211.11
EUREKA	680,363.85	2,287,199.92	-	15,249.27	2,067.88	54,328.00	186,996.97	3,206,204.89
HUMBOLDT	1,609,530.00	5,186,025.60	-	162,061.51	21,960.42	25,622.85	932,521.87	7,937,722.25
LANDER	404,865.32	1,229,956.54	-	64,739.82	8,776.77	6,994.91	410,967.29	2,126,300.65
LINCOLN	124,743.39	322,914.49	-	37,974.65	5,146.44	9,975.65	265,317.22	766,071.84
LYON	1,109,372.07	3,042,625.69	-	282,699.82	38,282.51	221,401.40	1,158,266.12	5,852,647.62
MINERAL	225,937.71	603,605.73	-	62,752.10	8,513.32	4,864.20	257,418.94	1,163,092.00
NYE	1,412,016.86	4,189,949.89	-	257,779.59	34,897.00	181,157.46	1,484,900.81	7,560,701.61
PERSHING	278,873.61	793,522.12	-	61,896.51	8,375.39	32,202.87	318,493.33	1,493,363.83
STOREY	223,789.46	689,586.34	-	32,661.03	4,424.37	58,021.23	171,813.89	1,180,296.31
WASHOE	23,605,517.53	74,596,316.52	-	2,846,579.15	385,857.51	2,795,262.80	13,874,550.56	118,104,084.06
WHITE PINE	527,058.51	1,557,020.62	-	98,499.88	13,346.28	11,384.78	549,803.20	2,757,113.26
<b>TOTAL</b>	<b>139,020,267.40</b>	<b>440,111,589.77</b>	<b>51,333,057.29</b>	<b>16,514,855.15</b>	<b>2,237,148.78</b>	<b>16,778,434.38</b>	<b>76,347,451.19</b>	<b>742,342,803.96</b>

BCCRT Distributions include collections from both in-state and out-of-state companies.

Prior to FY 2006 the information for SCCRT out-of-state Collections is only available as a statewide aggregate number.

Cigarette and Liquor taxes are not tracked at the county level. The distribution is based on the percentage of a county's population to the population of the State.

RPTT and GST taxes collected are distributed back to the county of origin.

# CONSOLIDATED TAX COLLECTIONS

REVENUE SUMMARY BY COUNTY

FISCAL YEAR 1999-00

COUNTY	BCCRT DISTRIBUTIONS	SCCRT IN- STATE COLLECTIONS	SCCRT OUT- OF-STATE COLLECTIONS	CIGARETTE DISTRIBUTIONS	LIQUOR DISTRIBUTIONS	RPTT	GST
CARSON CITY	3,804,328.96	12,047,594.70	-	457,443.89	67,110.90	374,015.50	1,984,226.80
CHURCHILL	1,142,094.93	3,394,206.68	-	213,232.34	31,290.67	69,689.55	981,230.39
CLARK	105,977,062.13	340,617,549.75	-	11,173,067.21	1,639,755.63	12,891,944.11	58,876,076.12
DOUGLAS	2,582,265.05	8,013,754.10	-	366,170.41	53,724.93	580,382.00	1,785,922.32
ELKO	3,301,110.41	10,342,841.69	-	435,213.22	63,854.95	141,211.40	2,062,787.33
ESMERALDA	55,222.38	157,331.52	-	12,640.11	1,855.07	1,465.01	111,617.45
EUREKA	798,719.03	2,773,378.97	-	14,851.08	2,180.95	2,462.71	181,624.93
HUMBOLDT	1,466,301.64	4,696,907.00	-	158,301.25	23,222.99	51,597.70	959,575.96
LANDER	356,571.15	1,071,807.01	-	61,905.27	9,080.95	9,781.07	407,572.98
LINCOLN	138,569.37	378,201.86	-	36,956.88	5,421.88	8,639.40	286,907.99
LYON	1,214,695.44	3,434,261.76	-	286,168.03	41,995.38	220,270.05	1,289,473.61
MINERAL	225,609.21	621,093.12	-	58,006.77	8,507.89	6,323.91	290,594.66
NYE	1,479,137.29	4,431,870.83	-	267,140.58	39,219.44	226,421.96	1,524,608.32
PERSHING	270,068.42	760,761.74	-	64,247.66	9,426.36	15,412.02	472,099.46
STOREY	194,294.46	588,383.12	-	32,395.62	4,752.85	61,466.95	180,070.14
WASHOE	24,709,777.26	78,925,300.69	-	2,757,570.15	404,622.42	3,325,852.15	15,601,890.29
WHITE PINE	414,507.47	1,172,718.12	-	96,717.91	14,189.58	24,803.67	589,186.59
TOTAL	148,130,334.60	473,427,962.66	48,903,673.24	16,492,028.38	2,420,212.84	18,011,739.16	87,585,465.34

BCCRT Distributions include collections from both in-state and out-of-state companies.

Prior to FY 2006 the information for SCCRT out-of-state Collections is only available as a statewide aggregate number.

Cigarette and Liquor taxes are not tracked at the county level. The distribution is based on the percentage of a county's population to the population RPTT and GST taxes collected are distributed back to the county of origin.

<u>TOTAL</u>
18,734,720.75
5,831,744.56
531,175,484.95
13,382,218.81
16,347,019.00
340,131.54
3,773,217.57
7,355,906.54
1,916,718.43
854,697.38
6,486,864.27
1,210,135.56
7,968,398.42
1,592,015.66
1,061,363.14
125,725,012.96
<u>2,312,123.34</u>
<u>746,067,742.98</u>
<u>794,971,416.22</u>

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Case No. 66851  
JA 1860

# CONSOLIDATED TAX COLLECTIONS

REVENUE SUMMARY BY COUNTY

FISCAL YEAR 2000-01

COUNTY	BCCRT DISTRIBUTIONS	SCCRT IN- STATE COLLECTIONS	SCCRT OUT- OF-STATE COLLECTIONS	CIGARETTE DISTRIBUTIONS	LIQUOR DISTRIBUTIONS	RPTT	GST
CARSON CITY	4,191,114.06	13,374,861.02	-	456,375.15	64,428.53	300,379.75	2,090,682.59
CHURCHILL	1,149,676.75	3,403,964.56	-	219,514.54	30,989.86	68,212.40	945,295.39
CLARK	111,600,264.35	359,558,074.01	-	11,652,570.18	1,645,046.32	15,107,819.50	63,154,077.03
DOUGLAS	2,802,592.99	8,761,386.98	-	369,384.58	52,147.70	679,845.65	1,891,238.33
ELKO	3,426,751.16	10,751,116.81	-	439,029.05	61,979.74	130,040.05	2,160,964.28
ESMERALDA	32,392.65	75,835.27	-	13,183.01	1,861.09	1,052.02	95,076.51
EUREKA	604,085.06	2,085,888.70	-	16,738.96	2,363.11	7,114.93	162,585.88
HUMBOLDT	1,494,287.04	4,782,974.88	-	156,895.22	22,149.62	43,119.85	868,183.28
LANDER	325,021.47	955,588.56	-	60,797.97	8,583.12	9,224.05	392,033.03
LINCOLN	123,238.75	321,182.38	-	36,860.41	5,203.75	11,765.80	272,826.79
LYON	1,361,723.09	3,929,963.36	-	296,184.17	41,813.66	216,962.90	1,373,777.04
MINERAL	197,707.45	517,989.69	-	55,941.08	7,897.46	3,763.93	249,384.18
NYE	1,570,094.48	4,731,553.67	-	290,980.35	41,079.02	207,420.65	1,688,430.50
PERSHING	276,264.13	777,444.32	-	64,700.83	9,134.11	11,817.53	307,421.82
STOREY	274,782.69	869,612.46	-	32,437.15	4,579.29	38,332.72	204,556.69
WASHOE	25,794,848.99	82,531,249.12	-	2,807,201.42	396,305.37	3,451,291.80	16,502,441.19
WHITE PINE	365,735.26	993,028.85	-	96,704.35	13,652.18	21,198.02	509,961.91
TOTAL	155,590,580.37	498,421,713.64	50,217,541.82	17,065,498.42	2,409,213.93	20,309,361.55	92,868,936.44

BCCRT Distributions include collections from both in-state and out-of-state companies. Prior to FY 2006 the information for SCCRT out-of-state Collections is only available as a statewide aggregate number. Cigarette and Liquor taxes are not tracked at the county level. The distribution is based on the percentage of a county's population to the population RPTT and GST taxes collected are distributed back to the county of origin.

<u>TOTAL</u>
20,477,841.10
5,817,653.50
562,717,851.39
14,556,595.23
16,969,881.09
219,400.55
2,878,776.64
7,367,609.89
1,751,248.20
771,077.88
7,220,424.22
1,032,683.79
8,529,558.67
1,446,782.74
1,424,301.00
131,483,337.89
<u>2,000,280.57</u>
<u>786,665,304.35</u>

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Case No. 66851  
JA 1862



# CONSOLIDATED TAX COLLECTIONS

REVENUE SUMMARY BY COUNTY

FISCAL YEAR 2001-02

COUNTY	BCCRT DISTRIBUTIONS	SCCRT IN- STATE COLLECTIONS	SCCRT OUT- OF-STATE COLLECTIONS	CIGARETTE DISTRIBUTIONS	LIQUOR DISTRIBUTIONS	RPTT	GST
CARSON CITY	4,508,366.63	14,498,990.79	-	426,486.05	62,732.08	430,531.60	2,249,662.64
CHURCHILL	1,122,700.07	3,311,189.36	-	195,193.86	28,712.79	74,769.40	1,062,104.63
CLARK	112,777,856.58	363,835,231.96	-	11,271,620.25	1,658,596.17	17,928,093.48	69,365,763.99
DOUGLAS	2,784,805.97	8,702,888.76	-	336,561.71	49,513.42	718,332.30	2,072,296.43
ELKO	3,294,314.26	10,289,149.50	-	368,088.63	54,141.35	129,828.60	2,026,934.73
ESMERALDA	32,280.92	75,578.02	-	7,941.21	1,168.44	3,478.20	130,816.07
EUREKA	601,476.17	2,076,825.87	-	13,159.18	1,933.62	5,165.12	205,378.87
HUMBOLDT	1,512,191.49	4,847,879.99	-	130,324.16	19,164.80	45,535.60	1,034,233.38
LANDER	289,534.97	831,148.59	-	46,811.61	6,883.34	7,782.84	455,231.07
LINCOLN	125,968.29	331,215.65	-	33,278.76	4,890.63	9,804.30	333,884.63
LYON	1,461,463.44	4,285,057.40	-	282,755.24	41,607.53	309,700.05	1,585,290.82
MINERAL	181,968.97	463,211.78	-	40,573.64	5,963.10	8,177.24	292,299.97
NYE	1,577,107.07	4,759,369.64	-	265,220.25	39,019.73	210,966.58	1,851,606.34
PERSHING	257,600.60	712,391.27	-	54,364.15	7,996.07	6,493.97	408,707.88
STOREY	362,154.07	1,178,066.91	-	27,904.99	4,106.60	25,313.55	232,265.77
WASHOE	26,142,219.62	83,787,082.86	-	2,763,660.31	406,535.17	3,948,692.95	17,697,714.06
WHITE PINE	375,457.97	1,028,422.09	-	73,717.86	10,836.27	7,970.50	624,334.41
TOTAL	157,407,467.09	505,013,700.44	50,029,929.61	16,337,661.86	2,403,801.11	23,870,636.28	101,628,525.69

BCCRT Distributions include collections from both in-state and out-of-state companies.

Prior to FY 2006 the information for SCCRT out-of-state Collections is only available as a statewide aggregate number.

Cigarette and Liquor taxes are not tracked at the county level. The distribution is based on the percentage of a county's population to the population RPTT and GST taxes collected are distributed back to the county of origin.

TOTAL
22,176,769.79
5,794,670.11
576,837,162.43
14,664,398.59
16,162,457.07
251,262.86
2,903,938.83
7,589,329.42
1,637,392.42
839,042.26
7,965,874.48
992,194.70
8,703,289.61
1,447,553.94
1,829,811.89
134,745,904.97
2,120,739.10
806,661,792.47
856,691,722.08

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Case No. 66851  
JA 1864

**CONSOLIDATED TAX COLLECTIONS**  
**REVENUE SUMMARY BY COUNTY**  
**FISCAL YEAR 2002-03**

COUNTY	BCCRT DISTRIBUTIONS	SCCRT IN- STATE COLLECTIONS	SCCRT OUT- OF-STATE COLLECTIONS	CIGARETTE DISTRIBUTIONS	LIQUOR DISTRIBUTIONS	RPTT	GST
CARSON CITY	4,394,993.69	14,108,231.14	-	436,346.35	63,497.02	411,175.60	2,391,987.40
CHURCHILL	1,183,078.31	3,528,356.69	-	200,594.99	29,194.02	100,901.30	1,163,177.43
CLARK	120,720,684.82	392,064,540.73	-	12,043,143.18	1,751,209.79	22,648,700.34	73,764,004.71
DOUGLAS	3,244,436.05	10,330,869.12	-	350,355.14	50,977.20	812,956.65	2,298,806.92
ELKO	3,304,053.86	10,332,105.95	-	374,805.83	54,561.00	151,796.70	2,301,041.98
ESMERALDA	32,629.56	77,057.62	-	8,482.92	1,232.31	3,058.55	134,507.67
EUREKA	640,343.36	2,214,190.71	-	11,899.21	1,735.61	5,189.96	214,333.26
HUMBOLDT	1,488,641.75	4,767,979.83	-	130,108.00	18,934.92	45,185.25	1,074,637.99
LANDER	228,781.45	618,104.58	-	45,934.48	6,692.61	13,038.18	455,543.04
LINCOLN	120,115.76	311,321.71	-	31,050.64	4,519.36	8,478.25	353,108.55
LYON	1,385,602.35	4,023,020.57	-	302,303.37	43,962.78	457,313.45	1,801,886.40
MINERAL	190,665.21	494,995.16	-	38,029.51	5,537.12	8,750.80	310,493.54
NYE	1,635,010.95	4,968,851.03	-	277,337.36	40,351.50	158,193.06	1,996,499.07
PERSHING	248,912.67	683,031.29	-	55,327.15	8,051.81	14,309.45	429,452.53
STOREY	193,543.24	584,125.23	-	29,716.70	4,327.86	59,705.51	246,351.49
WASHOE	27,329,094.08	88,026,609.78	-	2,848,493.61	414,461.38	4,606,711.45	19,263,112.34
WHITE PINE	393,296.52	1,093,194.28	-	70,699.47	10,288.99	25,022.90	635,131.58
<b>TOTAL</b>	<b>166,733,883.63</b>	<b>538,226,585.42</b>	<b>49,708,647.60</b>	<b>17,254,627.91</b>	<b>2,509,535.28</b>	<b>29,530,487.40</b>	<b>108,834,075.90</b>

BCCRT Distributions include collections from both in-state and out-of-state companies.

Prior to FY 2006 the information for SCCRT out-of-state Collections is only available as a statewide aggregate number.

Cigarette and Liquor taxes are not tracked at the county level. The distribution is based on the percentage of a county's population to the population RPTT and GST taxes collected are distributed back to the county of origin.

TOTAL
21,806,231.20
6,205,302.74
622,992,283.57
17,088,401.08
16,518,365.32
256,968.63
3,087,692.11
7,525,487.74
1,368,094.34
828,594.27
8,014,088.92
1,048,471.34
9,076,242.97
1,439,084.90
1,117,770.03
142,488,482.64
2,227,633.74
912,797,843.14

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Case No. 66851  
JA 1866

**CONSOLIDATED TAX COLLECTIONS**  
REVENUE SUMMARY BY COUNTY  
FISCAL YEAR 2003-04

COUNTY	BCCRT DISTRIBUTIONS	SCCRT IN- STATE COLLECTIONS	SCCRT OUT- OF-STATE COLLECTIONS	CIGARETTE DISTRIBUTIONS	LIQUOR DISTRIBUTIONS	RPTT	GST
CARSON CITY	4,626,760.74	14,985,768.61	-	379,421.34	69,243.65	538,672.75	2,654,765.23
CHURCHILL	1,234,634.21	3,744,332.93	-	174,418.71	31,834.93	158,576.65	1,226,213.18
CLARK	139,417,398.10	453,880,046.33	-	10,797,538.01	1,970,977.14	37,669,324.34	84,051,502.15
DOUGLAS	3,767,662.52	12,211,556.15	-	307,248.95	56,080.39	1,098,663.70	2,560,114.31
ELKO	3,450,563.96	11,045,170.28	-	320,843.41	58,545.21	209,146.29	2,627,482.89
ESMERALDA	35,666.39	98,625.64	-	7,761.54	1,416.32	2,597.10	117,077.94
EUREKA	666,350.75	2,316,372.43	-	9,608.07	1,753.65	4,675.55	188,626.04
HUMBOLDT	1,586,571.34	5,199,881.37	-	112,871.67	20,599.13	103,368.61	1,077,795.89
LANDER	248,445.77	743,217.00	-	37,983.11	6,929.56	13,707.51	443,387.07
LINCOLN	127,543.35	356,769.87	-	26,635.97	4,859.86	18,766.55	344,068.30
LYON	1,643,052.48	4,845,593.52	-	271,056.96	49,483.67	746,134.40	2,143,969.69
MINERAL	194,751.15	573,395.17	-	32,432.22	5,918.51	10,537.65	299,570.34
NYE	1,940,162.97	5,987,508.75	-	244,146.34	44,566.41	508,287.74	2,285,419.83
PERSHING	244,274.09	694,040.37	-	47,970.78	8,754.46	18,519.20	376,705.29
STOREY	217,424.94	678,094.04	-	25,265.98	4,611.52	62,806.50	274,036.56
WASHOE	30,001,717.03	97,043,706.31	-	2,500,951.26	456,502.69	6,590,093.40	21,401,623.79
WHITE PINE	422,813.00	1,277,116.96	-	61,213.86	11,170.79	38,307.06	609,981.89
<b>TOTAL</b>	<b>189,825,792.79</b>	<b>615,681,195.74</b>	<b>53,492,115.59</b>	<b>15,357,368.18</b>	<b>2,803,247.89</b>	<b>47,793,185.00</b>	<b>122,682,340.39</b>

BCCRT Distributions include collections from both in-state and out-of-state companies.

Prior to FY 2006 the information for SCCRT out-of-state Collections is only available as a statewide aggregate number.

Cigarette and Liquor taxes are not tracked at the county level. The distribution is based on the percentage of a county's population to the population RPTT and GST taxes collected are distributed back to the county of origin.

TOTAL
23,254,632.32
6,570,010.61
727,786,786.07
20,002,326.02
17,711,752.05
263,144.93
3,187,386.49
8,101,088.01
1,493,670.02
878,643.90
9,699,290.72
1,116,605.04
11,010,092.04
1,390,264.19
1,262,239.54
157,994,594.48
2,420,603.56

1,047,635,245.58

n of the State.

Case No. 66851  
JA 1868

**CONSOLIDATED TAX COLLECTIONS**  
REVENUE SUMMARY BY COUNTY  
FISCAL YEAR 2004-05

COUNTY	BCCRT DISTRIBUTIONS	SCCRT IN- STATE COLLECTIONS	SCCRT OUT- OF-STATE COLLECTIONS	CIGARETTE DISTRIBUTIONS	LIQUOR DISTRIBUTIONS	RPTT	GST
CARSON CITY	4,973,911.47	16,046,408.32	-	377,445.29	67,022.22	586,224.65	2,821,954.08
CHURCHILL	1,448,993.74	4,414,030.92	-	176,229.53	31,296.28	248,232.05	1,312,772.60
CLARK	162,049,967.71	527,310,861.27	-	11,166,279.62	1,980,990.50	49,600,663.08	94,991,566.37
DOUGLAS	4,053,239.42	13,053,475.45	-	313,583.43	55,644.42	1,473,289.69	2,694,444.47
ELKO	3,956,121.72	12,714,369.81	-	312,994.19	55,579.73	283,219.20	2,917,368.65
ESMERALDA	38,254.35	104,629.17	-	7,682.09	1,363.00	6,725.95	128,194.58
EUREKA	895,172.86	3,118,284.31	-	9,758.58	1,731.76	7,512.03	209,695.08
HUMBOLDT	1,883,173.86	6,196,412.88	-	112,435.05	19,965.94	95,256.42	1,210,207.09
LANDER	728,571.79	2,426,791.66	-	36,058.80	6,403.11	18,434.35	484,631.14
LINCOLN	160,298.86	464,080.95	-	25,638.77	4,552.35	81,093.10	385,742.51
LYON	1,988,103.23	5,882,045.41	-	285,452.56	50,615.52	1,101,306.25	2,540,370.99
MINERAL	176,455.24	496,260.54	-	31,916.19	5,669.76	13,473.90	327,933.01
NYE	2,471,227.19	7,719,153.12	-	251,715.31	44,672.36	960,793.25	2,632,542.22
PERSHING	267,411.94	757,366.23	-	47,030.51	8,363.10	40,232.84	410,280.78
STOREY	308,390.84	986,543.16	-	25,534.53	4,534.16	109,365.87	300,753.93
WASHOE	33,297,349.49	107,316,644.34	-	2,556,329.59	453,817.62	8,427,845.80	23,230,383.29
WHITE PINE	614,060.16	1,926,993.00	-	60,406.04	10,726.84	38,787.10	682,511.61
<b>TOTAL</b>	<b>219,310,703.87</b>	<b>710,934,350.54</b>	<b>62,241,950.58</b>	<b>15,796,490.08</b>	<b>2,802,948.67</b>	<b>63,092,455.53</b>	<b>137,281,352.40</b>

BCCRT Distributions include collections from both in-state and out-of-state companies. Prior to FY 2006 the information for SCCRT out-of-state Collections is only available as a statewide aggregate number. Cigarette and Liquor taxes are not tracked at the county level. The distribution is based on the percentage of a county's population to the population RPTT and GST taxes collected are distributed back to the county of origin.

<u>TOTAL</u>
24,872,966.03
7,631,555.12
847,100,328.55
21,643,676.88
20,239,653.30
286,849.14
4,242,154.62
9,517,451.24
3,700,890.85
1,121,406.54
11,847,893.96
1,051,708.64
14,080,103.45
1,530,685.40
1,735,122.49
175,282,370.13
3,333,484.75
<u>1,149,218,301.09</u>
<u>1,211,460,251.67</u>

n of the State.

Case No. 66851  
JA 1870



# CONSOLIDATED TAX COLLECTIONS

REVENUE SUMMARY BY COUNTY

FISCAL YEAR 2005-06

COUNTY	BCCRT DISTRIBUTIONS	SCCRT IN- STATE COLLECTIONS	SCCRT OUT- OF-STATE COLLECTIONS	CIGARETTE DISTRIBUTIONS	LIQUOR DISTRIBUTIONS	RPTT	GST
CARSON CITY	5,212,014.01	16,643,082.32	1,177,314.02	369,525.46	70,673.99	641,568.70	2,905,942.68
CHURCHILL	1,696,275.98	5,174,315.02	508,951.60	171,854.57	32,868.06	340,460.00	1,426,207.47
CLARK	177,191,971.75	572,093,183.73	51,998,607.01	11,347,599.15	2,170,056.52	55,548,166.17	101,384,434.70
DOUGLAS	4,084,567.23	12,931,248.58	1,283,805.03	316,286.97	60,484.88	1,281,280.86	2,796,380.98
ELKO	4,824,328.39	15,574,720.85	2,457,290.08	306,363.06	58,592.43	352,909.70	3,222,246.17
ESMERALDA	44,610.94	120,941.16	19,615.08	7,829.54	1,497.06	6,379.74	140,873.54
EUREKA	1,240,283.22	4,328,471.15	1,273,662.31	9,739.67	1,862.89	15,621.65	226,679.55
HUMBOLDT	2,297,407.72	7,584,183.88	884,468.42	110,213.33	21,077.50	124,884.65	1,334,720.60
LANDER	731,057.10	2,412,348.96	593,185.12	35,325.13	6,755.86	40,764.90	558,826.93
LINCOLN	161,325.25	451,074.85	79,581.64	25,153.16	4,810.69	119,735.00	424,439.18
LYON	2,354,906.71	6,928,087.07	780,572.82	297,711.48	56,923.07	1,278,780.25	2,891,241.93
MINERAL	193,827.49	539,119.77	44,747.34	30,616.57	5,856.18	14,544.85	347,202.29
NYE	2,738,603.03	8,470,554.71	756,695.66	254,059.47	48,578.93	1,203,837.29	2,958,506.55
PERSHING	301,611.47	855,653.77	215,932.04	43,632.85	8,345.10	52,461.33	441,759.98
STOREY	442,173.82	1,441,324.57	496,813.55	25,158.55	4,811.03	135,618.45	319,606.99
WASHOE	36,055,316.36	115,280,424.53	10,853,201.89	2,531,383.57	484,110.63	9,228,478.60	24,605,275.42
WHITE PINE	763,867.42	2,416,038.14	571,246.57	59,184.86	11,318.75	66,014.30	765,035.42
TOTAL	240,334,147.89	773,244,773.06	73,995,690.18	15,941,637.39	3,048,623.57	70,451,506.44	146,749,380.38

BCCRT Distributions include collections from both in-state and out-of-state companies.

Prior to FY 2006 the information for SCCRT out-of-state Collections is only available as a statewide aggregate number.

Cigarette and Liquor taxes are not tracked at the county level. The distribution is based on the percentage of a county's population to the population of the state.

<u>TOTAL</u>
27,020,121.18
9,350,932.70
971,734,019.03
22,754,054.53
26,796,450.68
341,747.06
7,096,320.44
12,356,956.10
4,378,264.00
1,266,119.77
14,588,223.33
1,175,914.49
16,430,835.64
1,919,396.54
2,865,506.96
199,038,191.00
<u>4,652,705.46</u>
<u>1,323,766,768.91</u>

n of the State.

**CONSOLIDATED TAX COLLECTIONS**  
REVENUE SUMMARY BY COUNTY  
FISCAL YEAR 2006-07

COUNTY	BCCRT DISTRIBUTIONS	SCCRT IN- STATE COLLECTIONS	SCCRT OUT- OF-STATE COLLECTIONS	CIGARETTE DISTRIBUTIONS	LIQUOR DISTRIBUTIONS	RPTT	GST
CARSON CITY	5,090,083.32	15,966,514.12	1,279,009.81	354,884.01	71,479.12	519,745.05	2,851,809.62
CHURCHILL	1,637,618.70	4,851,020.42	490,519.89	165,752.78	33,397.44	152,845.00	1,404,094.71
CLARK	179,800,009.87	571,513,079.36	59,610,810.35	11,226,808.06	2,262,692.87	41,467,469.70	106,538,932.94
DOUGLAS	3,863,754.25	11,883,347.78	1,371,125.07	312,604.70	62,990.88	872,122.48	2,904,841.84
ELKO	5,457,272.10	17,593,305.65	3,266,742.64	296,001.63	59,625.47	382,602.00	3,488,874.49
ESMERALDA	84,967.13	255,602.75	33,787.73	7,901.16	1,590.75	10,609.65	135,888.20
EUREKA	1,883,715.91	6,591,484.94	2,133,777.52	9,186.14	1,849.25	13,312.75	214,356.64
HUMBOLDT	2,269,682.86	7,402,981.29	860,605.10	107,762.70	21,711.76	119,291.15	1,387,544.33
LANDER	1,254,080.55	4,231,150.90	663,591.03	34,329.88	6,916.71	36,637.28	581,629.18
LINCOLN	163,391.91	441,261.91	(180,335.23)	24,213.89	4,878.51	42,076.65	441,401.13
LYON	2,114,557.60	5,745,020.32	775,885.53	308,558.23	62,260.86	643,226.10	3,009,704.38
MINERAL	203,196.61	557,000.92	63,633.60	28,474.62	5,728.51	16,353.15	354,562.21
NYE	2,797,996.93	8,422,966.67	920,920.56	259,903.49	52,422.46	504,309.19	3,080,519.05
PERSHING	326,487.84	917,507.43	- 277,895.97	42,018.69	8,466.80	29,054.88	440,524.13
STOREY	397,491.51	1,262,178.20	2,318,858.29	24,992.39	5,035.21	106,037.25	332,703.50
WASHOE	35,787,901.69	112,400,539.69	13,065,693.21	2,474,787.63	498,655.75	6,474,189.70	25,116,588.51
WHITE PINE	909,475.57	2,885,165.08	478,436.32	57,820.38	11,650.01	53,856.00	781,284.77
<b>TOTAL</b>	<b>244,041,684.35</b>	<b>772,920,027.43</b>	<b>87,430,957.39</b>	<b>15,736,000.38</b>	<b>3,171,352.36</b>	<b>51,443,737.98</b>	<b>153,065,259.63</b>

BCCRT Distributions include collections from both in-state and out-of-state companies.  
Prior to FY 2006 the information for SCCRT out-of-state Collections is only available as a statewide aggregate number.  
Cigarette and Liquor taxes are not tracked at the county level. The distribution is based on the percentage of a county's population to the population  
RPTT and GST taxes collected are distributed back to the county of origin.

TOTAL
26,133,525.05
8,735,248.94
972,419,803.15
21,270,787.00
30,544,423.98
530,247.37
10,847,683.15
12,169,579.19
6,808,335.53
936,888.77
12,659,213.02
1,228,949.62
16,039,038.35
2,041,955.74
4,447,296.35
195,818,356.18
5,177,688.13
1,327,809,019.52

n of the State.

Case No. 66851  
JA 1874

# CONSOLIDATED TAX COLLECTIONS

REVENUE SUMMARY BY COUNTY

FISCAL YEAR 2007-08

COUNTY	BCCRT DISTRIBUTIONS	SCCRT IN- STATE COLLECTIONS	SCCRT OUT- OF-STATE COLLECTIONS	CIGARETTE DISTRIBUTIONS	LIQUOR DISTRIBUTIONS	RPTT	GST
CARSON CITY	4,631,250.62	14,567,581.80	1,420,808.13	335,725.25	70,340.92	278,586.55	2,724,689.76
CHURCHILL	1,522,032.67	4,532,708.44	453,364.61	159,060.60	33,321.97	118,631.40	1,379,282.16
CLARK	173,575,880.72	554,416,139.36	54,039,778.49	10,988,198.57	2,304,016.63	28,634,498.74	106,388,128.42
DOUGLAS	3,538,042.54	10,894,067.97	1,143,418.59	301,801.81	63,246.36	674,203.06	2,701,469.70
ELKO	5,175,197.19	16,770,077.95	3,237,709.75	283,355.43	59,415.29	264,875.05	3,727,560.42
ESMERALDA	64,079.06	187,607.48	33,302.32	7,315.97	1,532.23	7,374.40	144,300.63
EUREKA	1,267,362.96	4,424,826.44	1,295,860.37	8,492.22	1,779.23	11,708.56	229,632.49
HUMBOLDT	2,339,888.21	7,708,407.33	979,531.32	103,579.52	21,708.55	108,483.60	1,461,161.41
LANDER	869,328.84	2,892,693.87	1,089,588.23	32,993.77	6,914.86	23,687.95	633,300.18
LINCOLN	143,827.50	384,970.82	100,813.95	23,395.64	4,906.24	27,980.15	432,934.22
LYON	2,065,005.31	5,619,483.66	778,129.27	316,245.66	66,301.32	381,163.20	2,946,762.48
MINERAL	211,071.10	610,837.32	64,610.79	25,571.00	5,357.08	15,099.15	367,781.57
NYE	2,497,661.38	7,430,977.23	906,045.22	262,147.50	54,958.70	357,928.42	2,982,195.81
PERSHING	313,742.34	894,009.81	283,730.67	40,585.45	8,506.08	30,289.08	472,211.27
STOREY	777,583.50	2,615,994.63	(490,050.83)	24,097.09	5,052.90	131,994.40	330,490.11
WASHOE	33,022,270.29	103,921,640.32	13,908,356.32	2,389,130.92	500,768.04	4,587,131.45	24,583,258.68
WHITE PINE	819,971.98	2,600,276.43	838,415.84	55,563.71	11,642.68	62,477.79	822,678.62
TOTAL	232,834,196.21	740,472,300.86	80,083,413.04	15,357,260.11	3,219,769.08	36,716,112.95	152,327,837.93

BCCRT Distributions include collections from both in-state and out-of-state companies.

Prior to FY 2006 the information for SCCRT out-of-state Collections is only available as a statewide aggregate number.

Cigarette and Liquor taxes are not tracked at the county level. The distribution is based on the percentage of a county's population to the population RPTT and GST taxes collected are distributed back to the county of origin.

TOTAL
24,028,983.03
8,198,401.85
931,346,640.93
19,316,250.03
29,518,191.08
445,512.09
7,239,662.27
12,722,759.94
5,548,507.70
1,118,828.52
12,173,090.90
1,300,328.01
14,491,914.26
2,043,074.70
3,395,161.80
182,912,556.02
5,211,027.05
1,261,010,890.18

n of the State.

Case No. 66851  
JA 1876

# CONSOLIDATED TAX COLLECTIONS

REVENUE SUMMARY BY COUNTY

FISCAL YEAR 2008-09

COUNTY	BCCRT DISTRIBUTIONS	SCCRT IN- STATE COLLECTIONS	SCCRT OUT- OF-STATE COLLECTIONS	CIGARETTE DISTRIBUTIONS	LIQUOR DISTRIBUTIONS	RPTT	GST
CARSON CITY	3,938,259.42	12,327,850.02	997,412.28	284,955.50	62,640.47	221,591.15	2,449,057.26
CHURCHILL	1,503,470.29	4,570,603.35	501,279.52	134,114.14	29,477.72	81,285.60	1,302,715.09
CLARK	150,402,116.94	477,169,303.92	51,674,791.94	9,660,726.65	2,124,138.99	22,587,888.99	96,205,747.19
DOUGLAS	2,991,329.51	9,134,000.12	979,330.26	258,426.93	56,805.49	478,338.85	2,454,854.05
ELKO	5,077,828.22	16,545,042.37	2,795,880.28	249,146.58	54,774.98	214,232.70	3,694,862.18
ESMERALDA	49,683.44	141,843.19	19,372.54	6,106.55	1,342.54	3,352.70	148,104.46
EUREKA	1,170,910.56	4,089,608.49	901,799.14	7,270.37	1,600.82	4,468.75	239,578.19
HUMBOLDT	2,403,001.85	7,986,425.12	931,343.53	89,115.88	19,589.96	74,656.45	1,427,378.72
LANDER	1,158,645.21	3,930,767.18	685,769.45	28,486.59	6,266.20	17,012.60	621,458.27
LINCOLN	127,232.57	335,488.86	105,088.59	20,786.03	4,573.98	21,628.75	428,164.28
LYON	1,889,100.67	5,151,760.76	572,436.42	275,997.70	60,672.26	384,711.80	2,682,346.26
MINERAL	192,890.28	562,083.94	91,638.67	21,632.23	4,756.19	8,650.40	370,414.45
NYE	2,247,757.72	6,673,994.77	789,505.07	229,465.43	50,473.11	292,032.85	2,714,076.37
PERSHING	291,703.78	837,731.39	265,939.91	35,024.47	7,702.76	15,463.68	473,686.59
STOREY	294,439.26	921,786.55	103,630.46	21,267.15	4,677.71	97,048.05	316,013.69
WASHOE	27,749,796.49	86,488,133.65	11,295,880.21	2,068,744.89	454,939.34	3,637,856.20	22,385,471.69
WHITE PINE	970,934.77	3,164,971.98	671,689.26	47,434.34	10,430.57	21,000.10	838,960.19
TOTAL	202,459,100.98	640,031,395.66	73,382,787.53	13,438,701.43	2,954,863.09	28,161,219.62	138,752,888.93

BCCRT Distributions include collections from both in-state and out-of-state companies.

Prior to FY 2006 the information for SCCRT out-of-state Collections is only available as a statewide aggregate number.

Cigarette and Liquor taxes are not tracked at the county level. The distribution is based on the percentage of a county's population to the population RPTT and GST taxes collected are distributed back to the county of origin.

TOTAL
20,281,766.10
8,122,945.71
809,824,714.62
16,353,085.21
28,631,767.31
369,805.42
6,415,236.32
12,931,511.51
6,448,405.50
1,042,963.06
11,017,025.87
1,252,066.16
12,997,305.32
1,927,252.58
1,758,862.87
154,080,822.47
5,725,421.21
1,099,180,957.24

n of the State.



# **CONSOLIDATED TAX COLLECTIONS** **REVENUE SUMMARY BY COUNTY** **FISCAL YEAR 2009-10**

COUNTY	BCCRT DISTRIBUTIONS	SCCRT IN- STATE COLLECTIONS	SCCRT OUT- OF-STATE COLLECTIONS	CIGARETTE DISTRIBUTIONS	LIQUOR DISTRIBUTIONS	RPTT	GST
CARSON CITY	3,444,888.27	11,030,343.35	857,329.21	256,602.76	66,850.52	248,614.30	2,156,521.24
CHURCHILL	1,097,035.36	3,326,923.10	415,015.42	120,497.75	31,401.96	73,106.57	1,285,453.36
CLARK	136,904,554.15	445,287,812.72	38,537,364.02	8,782,677.40	2,288,616.02	18,268,852.67	87,552,511.10
DOUGLAS	2,742,406.39	8,646,875.80	723,217.14	232,430.40	60,559.30	483,210.74	2,236,947.85
ELKO	4,614,331.92	15,346,056.16	3,742,546.58	226,570.39	59,069.36	195,807.70	3,510,250.64
ESMERALDA	30,646.47	82,531.66	29,868.04	5,501.46	1,432.52	3,893.75	139,896.93
EUREKA	1,107,359.17	3,911,159.54	770,945.58	6,948.08	1,811.06	7,890.52	225,827.74
HUMBOLDT	2,210,526.67	7,486,695.59	1,417,491.87	80,264.69	20,911.13	62,301.80	1,365,165.47
LANDER	992,075.55	3,406,836.32	442,126.98	26,416.00	6,887.51	12,903.55	806,259.81
LINCOLN	123,278.74	345,477.46	108,766.39	19,424.41	5,061.64	12,435.50	400,821.39
LYON	1,621,828.94	4,578,056.01	492,597.55	247,954.28	64,574.14	325,683.60	2,446,309.49
MINERAL	170,788.35	513,532.18	120,931.22	19,726.44	5,143.06	13,470.60	349,736.39
NYE	2,029,678.78	6,210,540.29	749,632.45	210,944.24	54,952.76	233,934.15	2,453,597.12
PERSHING	245,503.54	719,882.90	241,111.28	32,111.66	8,368.12	11,812.90	455,657.85
STOREY	224,110.87	703,585.74	101,127.84	19,542.82	5,091.72	41,792.50	288,293.83
WASHOE	24,668,766.93	78,957,773.06	9,569,190.15	1,888,790.09	492,091.52	2,767,401.45	21,060,469.01
WHITE PINE	762,679.64	2,508,680.53	557,707.18	43,232.10	11,264.38	22,021.45	778,214.06
<b>TOTAL</b>	<b>182,990,459.74</b>	<b>593,062,762.41</b>	<b>58,876,968.90</b>	<b>12,219,634.97</b>	<b>3,184,086.71</b>	<b>22,785,133.75</b>	<b>127,611,933.28</b>

BCCRT Distributions include collections from both in-state and out-of-state companies.

Prior to FY 2006 the information for SCCRT out-of-state Collections is only available as a statewide aggregate number.

Cigarette and Liquor taxes are not tracked at the county level. The distribution is based on the percentage of a county's population to the population of the state.

TOTAL
18,061,149.65
6,349,433.52
737,722,388.08
15,125,647.62
27,694,632.74
293,770.83
6,031,941.69
12,643,357.22
5,693,505.72
1,015,265.53
9,777,004.01
1,193,328.24
11,943,279.79
1,714,448.25
1,383,545.32
139,404,482.21
4,683,799.34
1,000,730,979.76

n of the State.

Case No. 66851  
JA 1880

# CONSOLIDATED TAX COLLECTIONS

REVENUE SUMMARY BY COUNTY

FISCAL YEAR 2010-11

COUNTY	BCRT DISTRIBUTIONS	SCCRT IN- STATE COLLECTIONS	SCCRT OUT- OF-STATE COLLECTIONS	CIGARETTE DISTRIBUTIONS	LIQUOR DISTRIBUTIONS	RPTT	GST
CARSON CITY	3,657,316.88	11,571,444.43	1,262,877.32	245,994.77	68,951.10	190,054.15	1,939,045.10
CHURCHILL	1,165,047.89	3,482,219.46	452,450.13	116,779.48	32,732.17	368,544.00	1,099,725.50
CLARK	144,608,658.74	467,441,204.55	39,969,820.96	8,529,163.35	2,390,793.88	17,082,378.14	82,716,076.86
DOUGLAS	2,753,700.95	8,425,249.87	755,508.45	222,499.74	62,361.12	502,220.40	2,093,619.52
ELKO	5,618,865.25	18,455,308.16	7,067,076.95	224,517.88	62,935.14	218,530.95	3,581,723.70
ESMERALDA	59,720.60	176,155.63	26,900.64	5,145.26	1,442.12	2,637.25	139,482.06
EUREKA	1,266,169.69	4,419,866.57	851,863.30	6,851.40	1,920.60	3,784.55	247,058.64
HUMBOLDT	2,780,774.31	9,388,898.65	3,382,257.76	77,705.30	21,782.92	59,352.70	1,367,029.70
LANDER	1,074,173.76	3,645,993.60	624,080.08	26,179.89	7,338.26	18,198.95	627,111.59
LINCOLN	155,585.42	438,388.37	132,670.93	19,080.78	5,349.29	15,695.90	385,697.01
LYON	1,642,654.67	4,369,047.19	560,947.53	233,640.51	65,485.79	332,226.95	2,227,422.66
MINERAL	214,780.51	648,772.81	76,038.22	19,515.82	5,470.30	4,413.20	337,889.14
NYE	2,378,027.23	7,356,212.52	858,294.26	201,538.94	56,489.30	213,281.85	2,284,089.70
PERSHING	282,365.86	776,286.75	311,352.26	31,175.48	8,738.50	14,900.42	456,249.59
STOREY	275,520.31	918,152.32	175,131.79	18,767.84	5,260.44	42,676.70	258,260.87
WASHOE	25,039,791.54	80,143,514.56	10,959,466.86	1,818,178.67	509,642.21	2,933,687.90	19,873,233.95
WHITE PINE	1,381,800.41	4,515,690.95	797,630.01	41,697.08	11,687.61	30,707.60	802,510.92
TOTAL	194,354,954.02	626,172,406.39	68,264,367.45	11,838,432.19	3,318,380.75	22,033,291.61	120,436,226.51

BCRT Distributions include collections from both in-state and out-of-state companies.

Prior to FY 2006 the information for SCCRT out-of-state Collections is only available as a statewide aggregate number.

Cigarette and Liquor taxes are not tracked at the county level. The distribution is based on the percentage of a county's population to the population of the state.

<u>TOTAL</u>
18,935,683.75
6,717,498.63
762,738,096.48
14,815,160.05
35,228,958.03
411,483.56
6,797,514.75
17,077,801.34
6,023,076.13
1,152,467.70
9,431,425.30
1,306,880.00
13,347,933.80
1,881,068.86
1,693,770.27
141,277,515.69
<u>7,581,724.58</u>
<u>1,046,418,058.92</u>

n of the State.

Case No. 66851  
JA 1882

# **CONSOLIDATED TAX COLLECTIONS** **REVENUE SUMMARY BY COUNTY** **FISCAL YEAR 2011-12**

COUNTY	BCCRT DISTRIBUTIONS	SCCRT IN- STATE COLLECTIONS	SCCRT OUT- OF-STATE COLLECTIONS	CIGARETTE DISTRIBUTIONS	LIQUOR DISTRIBUTIONS	RPTT	GST
CARSON CITY	1,242,446.62	5,002,060.07	274,657.13	101,103.82	30,856.08	93,552.80	798,946.40
CHURCHILL	418,485.45	1,618,806.88	165,101.45	47,718.83	14,563.39	19,964.45	417,066.04
CLARK	49,053,222.53	202,118,914.81	12,271,732.07	3,564,123.78	1,087,742.03	4,568,774.42	33,222,952.06
DOUGLAS	990,276.31	3,965,689.28	268,458.90	89,141.52	27,205.27	124,398.45	869,042.48
ELKO	2,152,416.40	9,386,963.66	1,199,088.39	94,309.85	28,782.61	96,584.40	1,437,875.41
ESMERALDA	35,827.92	152,663.37	12,410.13	2,072.78	632.58	2,135.10	39,486.10
EUREKA	577,610.59	2,437,905.47	294,091.27	2,912.73	888.94	26,763.00	87,611.60
HUMBOLDT	988,534.30	4,139,566.64	396,328.96	33,243.88	10,145.76	47,993.55	507,851.50
LANDER	447,713.36	1,921,502.63	310,545.47	10,847.16	3,310.47	9,396.75	226,318.31
LINCOLN	49,487.95	194,431.50	33,697.51	8,383.37	2,558.55	1,531.20	136,478.56
LYON	618,789.97	2,193,753.24	224,700.58	94,738.88	28,913.55	105,875.55	898,960.62
MINERAL	110,848.91	463,717.42	23,020.09	8,093.73	2,470.14	2,052.60	116,217.80
NYE	797,744.42	3,222,789.17	560,557.74	82,293.25	25,115.24	42,313.15	872,770.97
PERSHING	147,066.38	620,088.61	113,480.11	12,912.68	3,940.85	6,824.95	144,708.46
STOREY	107,803.70	517,085.46	42,123.37	7,664.71	2,339.21	40,180.25	104,548.03
WASHOE	8,610,258.48	34,310,948.91	3,507,114.79	765,570.40	230,594.02	1,117,990.25	8,014,253.62
WHITE PINE	469,361.90	1,939,052.70	729,567.10	17,203.03	5,250.23	5,231.05	274,530.28
<b>TOTAL</b>	<b>66,817,895.19</b>	<b>274,205,939.82</b>	<b>20,426,675.06</b>	<b>4,932,334.40</b>	<b>1,505,308.92</b>	<b>6,311,561.92</b>	<b>48,169,618.24</b>

BCCRT Distributions include collections from both in-state and out-of-state companies.  
Prior to FY 2006 the information for SCCRT out-of-state Collections is only available as a statewide aggregate number.  
Cigarette and Liquor taxes are not tracked at the county level. The distribution is based on the percentage of a county's population to the population of Nevada.  
RPTT and GST taxes collected are distributed back to the county of origin.

FY 12 to date includes revenue received through the November 2011 roll.

<u>TOTAL</u>
7,543,622.92
2,701,706.49
305,887,461.70
6,334,212.21
14,396,020.72
245,227.98
3,427,783.60
6,123,664.59
2,929,634.15
426,568.64
4,165,732.39
726,420.69
5,603,583.94
1,049,022.04
821,744.73
56,546,730.47
3,440,196.29
<u>422,369,333.55</u>

n of the State.

Case No. 66851  
JA 1884

# EXHIBIT 29

# EXHIBIT 29



**City of Fernley  
MAYOR'S OFFICE**

Mayor & City Council  
Legislative  
Public Policy

February 3, 2011

Mr. Jeff Page, County Manager  
Lyon County Complex  
Yerington, NV 89447

Nikki Bryan, Clerk/Treasurer  
27 S. Main St.  
Yerington, NV 89447

Lyon County Commissioners  
27 S. Main St.  
Yerington, NV 89447

Dear Mr. Page, Ms. Bryan and Commissioners,

Please allow this correspondence as the City of Fernley's formal request to agendaize an item for the next regularly scheduled meeting of the County Commissioners on February 17, 2011. Please agendaize: Discussion and possible approval of an Interlocal Agreement between Lyon County and the City of Fernley relative to the reapportionment of the Consolidated Tax received by the County for distribution to the City of Fernley.

The City is beginning to work on the 2010-2011 budget at this time and the request and approval of this item will have a significant impact upon the City's anticipated budget and continuation of services to be provided to the residents of Lyon County residing within the Fernley city limits.

The City is requesting this agenda item for the following reasons:

1. The City of Fernley provides all services to the residents of Lyon County residing within the incorporated City limits with the exception of law enforcement and fire protection.
2. The City is comprised of 164 square miles.
3. There is 22,944 acres of County land within the City limits.
4. The population of the City is 18,434 roughly 35.22% of the County's population.
5. The City's assessed value is \$437,230,832.00 approximately 35.3% of the County's assessed value.
6. The County receives a share of the Consolidated Tax collected throughout the State, which is distributed to the counties according to a base allocation along with the population of the County and the receipt of taxes of taxes generated within the County of origin.

Creating  
Opportunities

CITY OF FERNLEY  
v. STATE OF NEVADA  
Case No. 66851-1  
CoF JA 1888



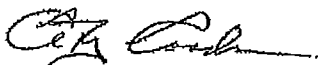
7. The City is responsible for 126.79 miles of streets, to serve the residents of Lyon County residing within the Fernley City limits.
8. The City submitted a Bill Draft Request which resulted in AB 47, which requests a base adjustment for the City and an interim study regarding the current allocation formula.
9. Historically, the County has provided to the City of Yerington \$200,000.00 per year to offset the City's cost of providing services to the residents living within Yerington's sphere of influence, the City of Fernley has not been accorded the same consideration.
10. The County collected and distributed to the City/Town of Fernley 7.77 cents road tax up until 2003. The road tax was subsequently classified as General Fund ad valorem taxes, at which point the County discontinued the allocation to the City. In 2004 the City lost the funds previously allocated to Fernley for the repair, construction and maintenance of streets.
11. The City is requesting a reasonable percentage of the Consolidated Tax received by the County in order for the City to continue to provide road maintenance services to the residents living within the City limits.

I have attached a Power Point presentation (CTX 101) and Assembly Bill 47 for your review.

The Interlocal Agreement will define the scope and terms of the transfer of money from the County to the City.

I am always available for questions and comments regarding the City's business and please do not hesitate to contact me at 775-784-9857.

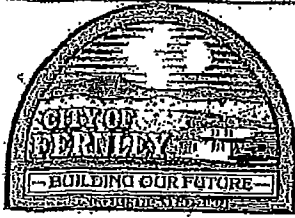
Sincerely,



Leroy Goodman, Mayor

Attachments  
CC: Joseph Mortensen, Chair  
Chuck Roberts, Vice Chair  
Ray Fierro  
Vida Keller  
Virgil Arellano  
Fernley City Council  
Greg Evangelatos, City Manager

CITY OF FERNLEY  
v. STATE OF NEVADA  
Case No. 66851  
CoF JA 18892



**City of Fernley**  
**MAYOR'S OFFICE**

Mayor & City Council  
Legislative  
Public Policy

February 29, 2012

Mr. Jeff Page, County Manager  
Lyon County Complex  
Yerington, NV 89447

Nikki Bryan, Clerk/Treasurer  
27 S. Main St.  
Yerington, NV 89447

Lyon County Commissioners  
27 S. Main St.  
Yerington, NV 89447

Dear Mr. Page, Ms. Bryan and Commissioners,

Please allow this correspondence as the City of Fernley's formal request to agendaize an item for the next regularly scheduled meeting of the County Commissioners on March 15, 2012. Please agendaize: Discussion and possible approval of an Interlocal Agreement between Lyon County and the City of Fernley relative to the reapportionment of the Consolidated Tax received by the County for distribution to the City of Fernley.

The City is beginning to work on the 2012-2013 budget at this time and the request and approval of this item will have a significant impact upon the City's anticipated budget and continuation of services to be provided to the residents of Lyon County residing within the Fernley city limits.

The City is requesting this agenda item for the following reasons:

1. The City of Fernley provides all services to the residents of Lyon County residing within the incorporated City limits with the exception of law enforcement and fire protection.
2. The City is comprised of 164 square miles.
3. There is 22,944 acres of County land within the City limits.
4. The population of the City is 18,886 roughly 36% of the County's population.
5. The City's assessed value is \$442,000,000.00 approximately 36% of the County's assessed value.
6. The County receives a share of the Consolidated Tax collected throughout the State, which is distributed to the counties according to a base allocation along with the population of the County and the receipt of taxes generated within the County of origin.

Creating  
Opportunities

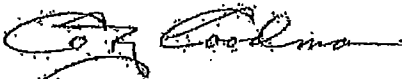
CITY OF FERNLEY  
v. STATE OF NEVADA  
Case No. 66851  
CoF JA 18881

7. The City is responsible for 126.79 miles of streets, to serve the residents of Lyon County residing within the Fernley City limits.
8. The County collected and distributed to the City/Town of Fernley 7.77 cents road tax up until 2003. The road tax was subsequently classified as General Fund ad valorem taxes, at which point the County discontinued the allocation to the City. In 2004 the City lost the funds previously allocated to Fernley for the repair, construction and maintenance of streets.
9. The City is requesting a reasonable percentage of the Consolidated Tax received by the County in order for the City to continue to provide road maintenance services to the residents living within the City limits.

The Interlocal Agreement will define the scope and terms of the transfer of money from the County to the City.

I am always available for questions and comments regarding the City's business and please do not hesitate to contact me at 775-784-9857.

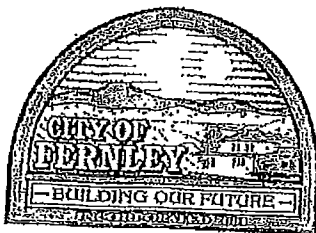
Sincerely,



Leroy Goodman, Mayor

CC: Chuck Roberts Chair  
Ray Ferro, Vice Chair  
Joseph Mortensen  
Vida Keller  
Virgil Arellano  
Fernley City Council  
Fred Turrier, Interim City Manager

CITY OF FERNLEY  
v. STATE OF NEVADA  
Case No. 69851  
CoF JA 18892



**CITY OF FERNLEY**  
**Mayor's Office**

Mayor & City Council  
Legislative  
Public Policy

January 22, 2013

Lyon County Board of Commissioners  
Lyon County Complex  
27 South Main Street  
Yerington, NV 89447

Re: *Consolidated Tax Funds*

Dear Commissioners:

The City of Fernley is requesting to enter into a inter-local agreement with Lyon County for a portion of the Consolidated Tax received by Lyon County. This request is in accordance NRS 277.045.

The City is requesting this agreement for the following reasons:

1. City of Fernley is comprised of 164 square miles.
2. Approximately 23,000 acres are County Islands within the City boundaries.
3. Population of 18,831 is 36% of the County population.
4. Assessed valuation of approximately \$435,000,000 is 35% of County total assessed valuation.
5. The County receives a share of the Consolidated Tax collected throughout the State of Nevada, which is distributed according to a formula based on population and assessed valuation.
6. The City is requesting a reasonable percentage of the Consolidated Tax received by the County in order to provide and maintain roads, parks, and essential services to residents of Lyon County living within the Fernley City limits.

The inter-local agreement will define the scope and terms of the fee transfer of funds from County to the City.

I am always available for questions or comments at 775-784-9857.

Sincerely,

LeRoy Goodman, Mayor  
City of Fernley

Cc: Jeff Page, County Manager  
Joe Mortensen, Commissioner, District 4  
Vida Keller, Commissioner, District 2  
Fernley City Council Members

/sm

**IN THE SUPREME COURT OF THE STATE OF NEVADA**

CITY OF FERNLEY, NEVADA, a  
Nevada municipal corporation,

Appellant,

vs.

THE STATE OF NEVADA ex rel.  
DEPARTMENT OF TAXATION;  
THE HONORABLE DAN  
SCHWARTZ, in his official capacity  
as TREASURER OF THE STATE OF  
NEVADA; and THE LEGISLATURE  
OF THE STATE OF NEVADA,

Respondents.

Supreme Court No.: 66851

District Court Case No.: 12 OC 00168 1B

**JOINT APPENDIX**

**VOLUME 9 PART 2**

Filed By:

Joshua J. Hicks, Esq.  
Nevada Bar No. 6678  
BROWNSTEIN HYATT  
FARBER SCHRECK, LLP  
50 West Liberty Street, Suite 1030  
Reno, Nevada 89501  
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*Attorneys for Appellant City of Fernley,  
Nevada*

Index to Joint Appendix  
City of Fernley v. State of Nevada et al., Case No. 66851

Volume Number	Document	Filed By	Date	Bates Stamp Number
1	Affidavit of Service Taxation	City of Fernley	07/02/12	17
1	Affidavit of Service Treasurer	City of Fernley	06/20/12	13-16
23	Amended Memorandum of Costs and Disbursements	State of Nevada/Dept Taxation	10/09/15	4058-4177
7	Answer	State of Nevada/Dept Tax/ Treasurer	02/01/13	1384-1389
7	Answer to Plaintiff's Complaint	Nevada Legislature	01/29/13	1378-1383
23	Case Appeal Statement	City of Fernley	11/07/14	4208-4212
1	Complaint	City of Fernley	06/06/12	1-12
21	Defendant Nevada Legislature's Reply in Support of its Motion for Summary Judgment	Nevada Legislature	07/25/14	3747-3768
21	Defendant's Opposition to Motion to Retax Costs and Reply to Opposition to Motion for Costs	State of Nevada/Dept Taxation	10/03/14	3863-3928
22	Defendant's Opposition to Motion to Retax Costs and Reply to Opposition to Motion for Costs (Cont.)	State of Nevada/Dept Taxation	10/03/14	3929-3947
1	Exhibits to Joinder in Motion to Dismiss	Nevada Legislature	08/16/12	104-220
2	Exhibits to Joinder in Motion to Dismiss (Cont.)	Nevada Legislature	08/16/12	221-332
1	Joinder in Motion to Dismiss	Nevada Legislature	08/16/12	62-103
7	Joinder in Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss	Nevada Legislature	05/06/14	1421-1423
21	Memorandum of Costs and Disbursements	State of Nevada/Dept Taxation	09/19/14	3788-3793
21	Motion for Costs	State of Nevada/Dept Taxation	09/19/14	3776-3788
12	Motion for Partial Reconsideration and Rehearing of the Court's June 6, 2014 Order	City of Fernley	06/18/14	2005-2045
7	Motion for Summary Judgment	City of Fernley	06/13/14	1458-1512
8	Motion for Summary Judgment (Cont.)	City of Fernley	06/13/14	1513-1732
9	Motion for Summary Judgment (Cont.)	City of Fernley	06/13/14	1733-1916
10	Motion for Summary Judgment (Cont.)	City of Fernley	06/13/14	1917-1948
11	Motion for Summary Judgment (Cont.)	City of Fernley	06/13/14	1949-2004
1	Motion to Dismiss	State of Nevada/Dept Tax/ Treasurer	08/03/12	41-58
1	Motion to Intervene	Nevada Legislature	08/03/12	18-40
21	Motion to Retax Costs and Opposition to Motion for Costs	City of Fernley	09/24/14	3794-3845
7	Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss	State of Nevada/Dept Tax/ Treasurer	05/05/14	1414-1420
7	Nevada Department of Taxation and Nevada Treasurer's Reply to Response to Renewal of Motion to Dismiss	State of Nevada/Dept Tax/ Treasurer	05/23/14	1433-1437
12	Nevada Department of Taxation's Opposition to Plaintiff's Motion for Summary Judgment	State of Nevada/Dept Taxation	07/11/14	2053-2224
13	Nevada Department of Taxation's Opposition to Plaintiff's Motion for Summary Judgment (Cont.)	State of Nevada/Dept Taxation	07/11/14	2225-2353

Index to Joint Appendix  
City of Fernley v. State of Nevada et al., Case No. 66851

<b>Volume Number</b>	<b>Document</b>	<b>Filed By</b>	<b>Date</b>	<b>Bates Stamp Number</b>
23	Notice of Appeal	City of Fernley	11/07/14	4205-4207
22	Notice of Entry of Order	Nevada Legislature	10/08/14	4001-4057
23	Notice of Entry of Order	State of Nevada/Dept	10/17/14	4195-4204
7	Notice of Entry of Order Denying City of Fernley's Motion for Reconsideration of Order Dated November 13, 2012	State of Nevada/Dept Tax/ Treasurer	12/19/12	1364-1370
7	Notice of Entry of Order Granting A Continuance to Complete Discovery	City of Fernley	10/19/12	1344-1350
3	Notice of Entry of Order Granting Nevada Legislature's Motion to Intervene	Nevada Legislature	09/04/12	651-657
7	Notice of Entry of Order on Defendant's Motion for Extensions of Time to File Answer	State of Nevada/Dept Tax/ Treasurer	11/15/12	1354-1360
1	Notice of Non-Opposition to Legislature's Motion to Intervene	State of Nevada/Dept Tax/ Treasurer	08/06/12	59-61
2	Opposition to Motion to Dismiss and Motion for Continuance Pursuant to NRCP 56(F)	City of Fernley	08/20/12	331-441
3	Opposition to Motion to Dismiss and Motion for Continuance Pursuant to NRCP 56(F) (Cont.)	City of Fernley	08/20/12	442-625
2	Opposition to Motion to Nevada Legislature's Motion to Intervene	City of Fernley	08/20/12	324-330
13	Opposition to Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss	City of Fernley	07/11/14	2354-2445
14	Opposition to Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss (Cont.)	City of Fernley	07/11/14	2446-2665
15	Opposition to Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss (Cont.)	City of Fernley	07/11/14	2666-2819
16	Opposition to Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss (Cont.)	City of Fernley	07/11/14	2820-2851
17	Opposition to Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss (Cont.)	City of Fernley	07/11/14	2852-2899
4	Opposition to Nevada Legislature's Joinder in Motion to Dismiss	City of Fernley	09/28/12	662-881
5	Opposition to Nevada Legislature's Joinder in Motion to Dismiss (Cont.)	City of Fernley	09/28/12	882-1101
6	Opposition to Nevada Legislature's Joinder in Motion to Dismiss (Cont.)	City of Fernley	09/28/12	1102-1316
17	Opposition to Nevada Legislature's Joinder in Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss	City of Fernley	07/11/14	2900-2941
20	Opposition to Plaintiff's Motion for Partial Reconsideration and Rehearing of the Court's June 6, 2014 Order	Nevada Legislature	07/11/14	3586-3582

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Volume Number	Document	Filed By	Date	Bates Stamp Number
12	Opposition to Plaintiff's Motion for Partial Reconsideration and Rehearing of the Court's June 6, 2014 Order and Countermotion for Order Dismissing Nevada Department of Taxation	State of Nevada/Dept Tax/ Treasurer	07/11/14	2049-2052
17	Opposition to Plaintiff's Motion for Summary Judgment	Nevada Legislature	07/11/14	2942-3071
18	Opposition to Plaintiff's Motion for Summary Judgment (Cont.)	Nevada Legislature	07/11/14	3072-3292
19	Opposition to Plaintiff's Motion for Summary Judgment (Cont.)	Nevada Legislature	07/11/14	3292-3512
20	Opposition to Plaintiff's Motion for Summary Judgment (Cont.)	Nevada Legislature	07/11/14	3515-3567
7	Order (Converting Motion to Dismiss to Motion for Summary Judgment, Setting Briefing Schedule and Dismissing Treasurer)	First Judicial District Court	06/06/14	1451-1457
22	Order and Judgment	First Judicial District Court	10/06/14	3948-4000
7	Order Denying City of Fernley's Motion for Reconsideration of Order Dated November 13, 2012	First Judicial District Court	12/17/12	1361-1363
7	Order Granting A Continuance to Complete Discovery	First Judicial District Court	10/15/12	1341-1343
7	Order Granting in Part and Denying in Part Petition for Writ of Mandamus	Nevada Supreme Court	01/25/13	1373-1377
23	Order Granting Nevada Department of Taxation's Motion for Costs	First Judicial District Court	10/15/14	4190-4194
3	Order Granting Nevada Legislature's Motion to Intervene	First Judicial District Court	08/30/12	648-650
7	Order on Defendant's Motion for Extensions of Time to File Answer	First Judicial District Court	11/13/12	1351-1353
7	Order Pursuant to Writ of Mandamus	First Judicial District Court	02/22/13	1390-1392
21	Order Vacating Trial	First Judicial District Court	09/03/14	3773-3775
23	Plaintiff's Motion to Strike, or Alternatively, Motion to Retax Costs	City of Fernley	10/14/14	4178-4189
21	Plaintiff's Objections to Nevada Legislature's Proposed Order and Request to Submit Proposed Order and Judgment	City of Fernley	10/02/14	3846-3862
7	Pretrial Order	First Judicial District Court	10/10/13	1393-1399
7	Reply Concerning Joinder in Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss	Nevada Legislature	05/27/14	1438-1450
7	Reply in Support of Joinder in Motion to Dismiss	Nevada Legislature	10/08/12	1317-1340
3	Reply in Support of Motion to Intervene	Nevada Legislature	08/24/12	626-635
21	Reply in Support of Plaintiff's Motion for Partial Reconsideration and Rehearing of the Court's June 6, 2014 Order as to Defendant Nevada Legislature	City of Fernley	07/25/14	3709-3746



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<b>Volume Number</b>	<b>Document</b>	<b>Filed By</b>	<b>Date</b>	<b>Bates Stamp Number</b>
20	Reply in Support of Plaintiff's Motion for Summary Judgment Against Defendants Nevada Department of Taxation and Nevada Treasurer	City of Fernley	07/25/14	3674-3708
20	Reply in Support of Plaintiff's Motion for Partial Reconsideration and Rehearing of the Court's June 6, 2014 Order as to Defendant's Nevada Department of Taxation and Nevada Treasurer; Plaintiff's Opposition to Countermotion for Order Dismissing Nevada Department of Taxation	City of Fernley	07/25/14	3641-3673
20	Reply in Support of Plaintiff's Motion for Summary Judgment Against Defendant Nevada Legislature	City of Fernley	07/25/14	3606-3640
21	Reply to Opposition to Countermotion for Order Dismissing Nevada Department of Taxation	State of Nevada/Dept Taxation	08/01/14	3769-3772
3	Reply to Opposition to Motion to Dismiss	State of Nevada/Dept Tax/ Treasurer	08/27/12	636-647
20	Reply to Plaintiff's Opposition to Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss	State of Nevada/Dept Taxation	07/25/14	3583-3605
7	Response to Nevada Department of Taxation	City of Fernley	05/16/14	1424-1432
7	Second Stipulation and Order Regarding Change of Briefing Schedule	Parties/First Judicial District Court	03/17/14	1406-1409
7	Stipulation and Order for an Extension of Time to File Responses to Discovery Requests; Extend Certain Discovery Deadlines and Extend Time to File Dispositive Motions	Parties/First Judicial District Court	04/11/14	1410-1413
7	Stipulation and Order Regarding Change of Briefing Schedule and Plaintiff's Response to Defendant's Motion to Strike Plaintiff's Jury Demand	Parties/First Judicial District Court	02/19/14	1403-1405
12	Stipulation and Order Regarding Change of Briefing Schedule and Setting Hearing for Oral Argument	Parties/First Judicial District Court	06/25/14	2046-2048
7	Stipulation and Order Regarding Defendant's Motion to Strike Plaintiff's Jury Demand	Parties/First Judicial District Court	10/23/13	1400-1402
3	Stipulation and Order Regarding Joinder to Motion to Dismiss	Parties/First Judicial District Court	09/18/12	658-661
23	Transcript of Hearing	Court Reporter	01/07/15	4213-4267
7	Writ of Mandamus	Nevada Supreme Court	01/25/13	1371-1372

1 then for the subsequent budget year, the Department of  
2 Taxation would undertake a review of the circumstances  
3 to determine whether an adjustment in the base was  
4 warranted. He explained if the Department of Taxation  
5 believed this to be the case, a recommendation would be  
6 submitted for additional review to the Committee on  
7 Local Government Finance." I won't read the rest of it.

8 You were not ever a member of the Committee on  
9 Local Government Finance, were you?

10 A. No.

11 Q. What were you talking about here when you were  
12 talking about this decline in the course of the three  
13 fiscal years?

14 A. Do you mind if I take a moment to read some of  
15 the rest of this?

16 Q. Please do, and I think I read the wrong  
17 paragraph. I think I wanted to read the one above it,  
18 which I can do if you want me to.

19 A. That's okay. I can read it.

20 (Witness examined document.)

21 Q. Okay. Did you get a chance to read it?

22 A. Yes. Could you just restate your question?

23 Q. Yes. Here is the reason I was asking. We  
24 were discussing earlier ways that an entity that was in  
25 the C-Tax pool could get an increase, and we discussed

1 how that could happen.

2           There is apparently an actual statutory  
3 provision for a decrease in your base, and is that what  
4 you were referring to in this testimony?

5           A. It would appear that it was, not recalling the  
6 statutory provision that you're referring to.

7           Q. Okay. And that was my next question. Do you  
8 recall what the statute was, what the recommendations  
9 were?

10          A. Not off the top of my head, I don't.

11          Q. Okay. But at least you understand that there  
12 was or there is some statutory provision that allows for  
13 a decrease in the base amount to a C-Tax recipient if  
14 certain criteria are met?

15          A. Yes.

16          Q. But there is no specific statutory criteria in  
17 the C-Tax that allows for an increase if certain  
18 criteria are met?

19          A. Not to my knowledge.

20          Q. And the only increase we know to the base was  
21 Henderson, and that's when their state assemblyman was  
22 the speaker of the assembly?

23          A. There's certainly that one. I believe there  
24 might have been one other, and there may have been more  
25 than that, but by my recollection, I think one of the

1 Clark County entities, the fire service district, I  
2 recall there being some issue about its base that had to  
3 do with that's a special district that overlaps  
4 unincorporated towns, and I believe there was some  
5 additions of unincorporated towns, and I believe they  
6 needed to make some adjustment there.

7 So the notion of adjustments being made to  
8 base, there is at least one, if not two, precedents for  
9 that.

10 Q. Okay. Other than those two, do you know of  
11 any others?

12 A. The only other ones I'm aware of were requests  
13 and not necessarily approvals.

14 Q. And the two you do know of went through the  
15 state legislature, correct?

16 A. Yes.

17 Q. Okay. Just a couple of general questions. I  
18 don't have copies of this. So I'm just going to kind of  
19 read these to you, but we kind of discussed this a  
20 little bit earlier.

21 During the period of 2000 to 2010, Fernley's  
22 population went from 8,543 to 19,368, which was a  
23 gain -- my mathematical skills which are in question --  
24 of 10,825 people over a ten-year period or 126.71  
25 percent increase.

1           During the same period of time, Boulder  
2 City's, for example, population went from 14,966 to  
3 15,023 which was a gain over a ten-year period of 57  
4 people or a .38 percent growth.

5           During that same ten-year period, Fernley's  
6 C-Tax distribution went from \$91,454.19 to \$170,625.04  
7 which was an increase of \$79,170.85, whereas Boulder  
8 City's increase went from \$5,952,931.77 to  
9 \$7,630,395.99, which was an increase of \$1,677,464 and  
10 change.

11           And the reason I'm asking you is in relation  
12 to the fact that the C-Tax is supposed to follow growth  
13 and we just talked about the growth in population of  
14 126.71 percent as opposed to .38 percent between Fernley  
15 and Boulder City, is the formula working correctly where  
16 Fernley has a C-Tax distribution of \$170,000 over --  
17 after whatever, 13 years or whatever it is, and Boulder  
18 City has 7 million dollars, and during that period of  
19 time when Fernley grew by 126 percent, their increase is  
20 only 79,000 and Boulder City's is \$1,600,000?

21           A. This answer may sound odd to you, but the  
22 mathematics of the formula, I think, are working  
23 correctly. Now, whether the mechanics of the formula  
24 itself match up to one's perception of logic could be  
25 something different. You know, the formula is probably

1 correct?

2 A. That's my understanding.

3 Q. Okay. And then when I looked at the numbers  
4 for the fiscal years 2013/2014 and I looked at Elko  
5 County, the Elko Television District is going to get an  
6 estimated distribution of \$163,451.50.

7 I then looked at Fernley and their numbers and  
8 realized that Fernley is going to get \$132,299.91 in  
9 C-Tax distributions, and I was wondering, again, while  
10 it mathematically may be correct, are the objectives of  
11 the C-Tax to get revenues to growth being served when a  
12 television district in Elko is getting \$31,000 more than  
13 a city in Lyon County?

14 A. I'm trying to make sure that I understand the  
15 question there. Are you asking --

16 Q. I can ask the question. The C-Tax, the  
17 objective is to get money to the growth so it could pay  
18 for services for taxpayers. The Elko Television  
19 District after, I mean, how many years, 16 years is  
20 getting \$163,000 and change, and Fernley is getting  
21 \$132,000 for C-Tax.

22 How is the system working when the television  
23 district in Elko is getting \$30,000 more after 16 years  
24 than a city is?

25 A. I think what you're referring to are more

1 perceptions of equity, not necessarily the way that the  
2 mathematics is working.

3 Q. Okay.

4 A. And, again, the growth premium is something  
5 that really occurs on the second tier. So when you're  
6 comparing entities that are within Elko County to  
7 entities that are within Lyon County or Clark County, it  
8 becomes difficult to do because I would -- I would  
9 postulate that that's more a function of their original  
10 bases than it is anything else.

11 Q. And that's what we decided. The base is very  
12 important. Whatever that original base was gigantic.

13 A. Huge.

14 Q. All right. All I'm saying is that -- and I  
15 understand the mathematics makes sense -- but if you're  
16 looking at the objective, which is to make sure that  
17 revenues are going to growth areas so that you can  
18 provide services, it doesn't make a lot of sense, or the  
19 system doesn't seem to be working very well, at least  
20 for Fernley, when a television district is getting  
21 \$30,000 more in C-Tax revenues after 16 years than a  
22 city that provides services to its taxpayers?

23 A. And I think that's difficult to disagree with  
24 the perception of those numbers, and what I would think  
25 that it would argue more for, it comes back to how much

# EXHIBIT 17

# EXHIBIT 17



MINUTES OF THE MEETING OF THE  
LEGISLATIVE COMMISSION'S SUBCOMMITTEE TO STUDY  
LAWS RELATING TO THE DISTRIBUTION AMONG LOCAL GOVERNMENTS  
OF REVENUE FROM STATE AND LOCAL TAXES (S.C.R. 40)  
Las Vegas, Nevada

The first meeting of the S.C.R. 40 Interim Study Subcommittee was called to order by Chairman Ann O'Connell, on Thursday, October 5, 1995, at 9:55 a.m., in Room 4401 of the Grant Sawyer Office Building in Las Vegas, Nevada.

**SUBCOMMITTEE MEMBERS PRESENT:**

Senator Ann O'Connell, Chairman  
Senator Raymond Shaffer  
Senator Jon C. Porter  
Assemblyman Bob Price  
Assemblywoman Joan Lambert  
Assemblyman P.M. Roy Neighbors  
Assemblywoman Jeannine Stroth

**SUBCOMMITTEE MEMBERS ABSENT**

Senator Dean A. Rhodes

**ADVISORY COMMITTEE MEMBERS PRESENT**

Michael Pitlock, Department of Taxation  
Mr. Michael Alastuey, Clark County School District  
Mr. Guy Hobbs, Clark County Controller's Office  
Ms. Mary Henderson, Washoe County  
Ms. Mary Walker, Carson City  
Mr. Marvin Leavitt, City of Las Vegas  
Mr. Steven M. Hanson, City of Henderson

**ADVISORY COMMITTEE MEMBERS ABSENT**

Mr. Gary Cordes, City of Fallon  
Ms. Terri Thomas, City of Sparks

**STAFF PRESENT**

Kevin Welsh, Deputy Fiscal Analyst, Fiscal Analysis Division  
Ted Zuend, Deputy Fiscal Analyst, Fiscal Analysis Division  
Jeanne Botts, Program Analyst, Fiscal Analysis Division  
Kim Marsh Guinasso, Deputy Legislative Counsel, Legal Division  
Terry Cabauatan, Secretary, Fiscal Analysis Division

**OTHERS PRESENT:**

Anne Golonka  
Joan Stockill, League of Women Voters  
Bob Kasner, Clark County Classroom Teachers  
Bob Hadfield, NACO  
Tom Grady, Nevada League of Cities  
Stephanie Tyler, Regional Transportation Commission, Sparks  
Glen Atkinson, UNR  
Connie Anderson, Truckee Meadows Regional Planning  
Bill Isaef, City of Sparks  
Al Bellister, NSEA  
Mary Albers, League of Women Voters  
Marie Klosouhn, Mirage Resorts  
Ruth Mills, League of Women Voters

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JA 1795

LCB03687

But, is there any way that you could contract for the expertise that you would need, if indeed that situation would occur again?"

Michael Pitlock:

"There are some mechanisms built into that legislation that would allow for us to basically contract for whatever kind of expertise is needed to fix the particular problem. It also allows us to call on other agencies to assist in those areas. As an example again in White Pine, because it was a school district, obviously, we needed assistance from the Department of Education and the Committee on Local Government Finance, which I think is the new name, which draws together expertise from all the different kinds of governmental entities also plays a significant role in that process. Through that legislation we can contract for those kinds of services and the local governmental entity is required to pay for them. The problem that we may run into though is that when you're dealing with an entity that is in "severe financial emergency" they probably don't have funds available for that kind of expertise either. So then there was another escape mechanism that would allow the Department to go to Interim Finance [Committee] and attempt to get budget support for those particular kinds of situations. But, over and above the individual circumstances with an individual local governmental entity, just the technical assistance side of it and the monitoring side of it is gonna put a strain on the Department. Again, we're dealing with 250 entities and we're basically looking at the services of just a handful of people within the Department. Again, I would invite any of the members of the working group to add to what I've said, I've tried to incorporate all the discussions that took place."

Senator O'Connell:

"Mike, thank you for an excellent report and I know that Mr. Price has some comments that he wants to add."

Assemblyman Price:

"Well, I was only going to say. So, if I understand what you said, under certain circumstances, you could become the Mayor of Las Vegas?"

Michael Pitlock:

"I guess, in an extreme situation that could happen because right now, I'm the school board of White Pine County."

Senator O'Connell:

"Are there any other questions or comments? Mike, thank you very, very much, that was a great report. Ok, Guy."

Guy Hobbs, Clark County Comptroller, Director of Finance, was joined by Mary Walker, Finance Director of Carson City. Mr. Hobbs presented his account of the discussions of the Counties Study Group.

Guy Hobbs:

"Our topic was also sales tax but at the county level and clearly that led us to a rather lengthy discussion of both SCCRT and BCCRT as the two revenues that affect counties. Clearly, Basic City County Relief Tax poses a number of issues because in most of the counties in the state of Nevada, the counties share in the distribution of that particular revenue. There are, I believe, three counties in the state that do not share in the distribution of Basic City County Relief Tax. So, there were truly some inconsistencies in the way that is being handled throughout the state. Those that come up time and time again over the years in various legislative matters that have come before you and more recently in S.B. 556, where there was some discussion of the Basic City County Relief Tax. SCCRT,

and I think Mr. Pitlock has already covered a great deal of that, is based on another formula re-distribution that ties itself more to assessed valuation and tax rates as they existed in 1980-81. As a consequence, new units of government that come into being after 1980-81 obviously did not have a tax rate in 1980-81 and does have to be dealt with in some other fashion. And so, we've seen over the years bills brought before the Legislature to deal with some of these types of anomalies, like Laughlin, and again more recently, Spring Valley which was created after 1980-81 and Summerlin, which has yet to be created. To try to provide a mechanism for those entities to share in the distribution of those revenues. Again, some of these issues are not new to anybody in this room. They've been dealing with them for some amount of time.

We also chose in the subcommittee to take the approach of going over each of the items on the study group issues and questions list. We also decided to take it from a little bit of a different angle and this may be admittedly idealistic, but we tried to identify a system that would deal with a lot of the problems that were coming up during the course of our discussion. And clearly, the fact that the Basic City County Relief Tax and Supplemental City County Relief Tax, two components of sales tax, the few local governments are being distributed into completely different manners were something that created some concerns. Obviously, if Basic City County Relief Tax is not made available to some of the counties, that's always going to be an issue with some of those counties. If it's based on population and you have a new city incorporated in any of the counties where it's currently being shared, that's going to upset the current equilibrium of revenues being distributed. And that is going to continue to be a problem as long as that formula remains in place. So we took on the lofty goal of trying to come up with one system to deal with the distribution of both components of the current sales tax, SCCRT and BCCRT. And we set forth some objectives that we felt that a new formula should achieve and we will set about after this, trying to actually put some mechanics to the objectives that we've set forth. Let me review with you what some of the objectives were that were identified for such a new scheme.

First, that a new distribution system be revenue neutral, at least at the beginning. Simply put, that means that cities that have come to rely on a certain amount of revenue, towns, counties, special districts and so forth, as a consequence of the new formula should not be financially devastated because of a shift of revenue that they become accustomed to away from them and toward another entity. Over time however, and this is really the second objective, the distribution of those revenues should be allowed to go to areas that are experiencing the growth and/or needs. There needs to be some mechanism to deal with the creation of new entities whether they are towns, cities, special districts. I might add, that we had considerable both ways about the creation of new towns, cities and special districts. We made it a point, and I think this is listed as the 7th objective, I apologize for skipping around, but it really does relate to this area. There really needs to be some criteria established for the creation of new special districts. I believe there was a belief among most of the people on the committee that proliferation of special districts upsets the distribution formulas that we've become accustomed to and probably would have that same effect on any survivor to the current formulas that we might end up coming up with. The same would be true of towns, and again we've dealt with that more recently with Senate Bill 556. And cities certainly have an impact on both sides BCCRT and SCCRT when they're formed. So, probably more so with special districts than cities because I don't want Carole coming up and getting mad at me again about something I said yesterday. There probably needs to be some criteria because the current system actually creates some incentives in some cases, for new special district to be created. Every time a new special district is created, it upsets the apple cart, if you will, in regards to the distribution of the revenues. Everytime that happens it degrades your ability to do reasonable long-term planning. Because in this particular environment, you never know what the system's going to be like from year to year and what the membership of the community of entities sharing in a very finite pie are going to be from year to year.

# EXHIBIT 18

# EXHIBIT 18

**THE 1997 NEVADA LEGISLATURE:**  
**A REVIEW OF LEGISLATIVE ACTIONS ON STATE ISSUES**



**PREPARED BY**  
**RESEARCH DIVISION**  
**LEGISLATIVE COUNSEL BUREAU**  
**JULY 1997**

NEVADA  
LEGISLATIVE COUNSEL BUREAU  
RESEARCH LIBRARY

Case No. 66

**LCB13300**

PRACTICE INCREASES COLLECTIONS AND ENHANCES CUSTOMER SERVICE. ANY FEES, IF PAID BY THE GOVERNMENTAL AGENCY, ARE CONSIDERED A COST OF BUSINESS.

ONCE THESE TAXES HAVE BEEN PAID, THEY ARE DISTRIBUTED, ACCORDING TO VARIOUS FORMULAS, TO THE LOCAL GOVERNMENTS. A LEGISLATIVE STUDY CONDUCTED BEFORE THE 1997 SESSION BEGAN DISCOVERED THAT SOME OF THESE FORMULAS HAVE NOT BEEN AMENDED IN DECADES. AS A RESULT, REVENUES ARE NOT ALWAYS SENT TO THE JURISDICTIONS IN WHICH THE DEMAND FOR SERVICES IS GROWING. THE STUDY RECOMMENDED THAT THE LEGISLATURE ADOPT A NEW FORMULA FOR THE DISTRIBUTION OF TAX REVENUE TO ENTITIES *WITHIN* EACH COUNTY; THIS MEASURE DOES NOT AFFECT THE DISTRIBUTION OF REVENUE TO EACH COUNTY.

SENATE BILL 254 PROVIDES A MECHANISM FOR THE DEPARTMENT OF TAXATION TO POOL AND DISTRIBUTE CERTAIN TAXES TO LOCAL GOVERNMENTS WITHIN EACH COUNTY, EFFECTIVE JULY 1, 1998. THE SPECIFIED TAXES ARE LIQUOR TAX, CIGARETTE TAX, REAL PROPERTY TRANSFER TAX, BASIC CITY-COUNTY RELIEF TAX, SUPPLEMENTAL CITY-COUNTY RELIEF TAX, AND THE BASIC MOTOR VEHICLE PRIVILEGE TAX. THE BILL ALSO AUTHORIZES THE DIRECTOR OF THE DEPARTMENT OF TAXATION TO DESIGNATE ENTERPRISE

DISTRICTS AND PROHIBITS SUCH DISTRICTS FROM USING TAX REVENUE FOR FUTURE BONDING PURPOSES.

THIS MEASURE DOES NOT DECREASE THE AMOUNT OF REVENUE CURRENTLY BEING RECEIVED BY ANY LOCAL GOVERNMENT. IT WILL, HOWEVER, ENSURE THAT FUTURE INCREASES OCCUR IN THOSE AREAS OF HIGHEST DEMAND; THAT IS, AREAS OF RAPID GROWTH.

2. ABATEMENT OF DANGEROUS PROPERTY

TWO MEASURES WERE ADOPTED IN 1997 THAT ALLOW LOCAL GOVERNMENTS TO ADDRESS THE ABATEMENT OF DANGEROUS CONDITIONS ON PRIVATE PROPERTY.

THE FIRST, ASSEMBLY BILL 287, AUTHORIZES A COUNTY TO ADOPT, BY ORDINANCE, PROCEDURES TO ORDER A PROPERTY OWNER TO ABATE NUISANCES ON THE PROPERTY. THE ORDINANCE MUST CONTAIN PROCEDURES TO NOTIFY THE PROPERTY OWNER AND TO AFFORD AN OPPORTUNITY FOR A HEARING. THE MEASURE FURTHER PROVIDES THAT THE BOARD OF COUNTY COMMISSIONERS MAY REQUIRE THE COUNTY TO ABATE THE CONDITION ON THE PROPERTY AND MAY RECOVER RELATED EXPENSES, PROVIDED THE OWNER HAS NOT REQUESTED A HEARING, HAS NOT APPEALED A DECISION IN A HEARING, OR HAS HAD AN APPEAL DENIED.

# EXHIBIT 19

# EXHIBIT 19



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10 E-mail: anichols@ag.nv.gov  
11 *Attorneys for Defendants Nevada Department of Taxation  
12 and Kate Marshall, State Treasurer*

13 **IN THE FIRST JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**  
14 **IN AND FOR CARSON CITY**

15 CITY OF FERNLEY, NEVADA, a Nevada  
16 municipal corporation,

17 Plaintiff,

18 v.

19 STATE OF NEVADA, ex rel. THE NEVADA  
20 DEPARTMENT OF TAXATION; THE  
21 HONORABLE KATE MARSHALL, in her  
22 official capacity as TREASURER OF THE  
23 STATE OF NEVADA; and DOES 1-20,  
24 Inclusive,

25 Defendants,

26 NEVADA LEGISLATURE,

27 Intervener.

Case No.: 12 OC 00168 1B

Dept. No.: I

28 **NEVADA DEPARTMENT OF TAXATION'S SUPPLEMENTAL RESPONSE TO  
PLAINTIFF'S FIRST SET OF INTERROGATORIES TO THE STATE OF NEVADA  
DEPARTMENT OF TAXATION**

29 Defendant, the State of Nevada ex rel. its Department of Taxation, by and through its  
30 attorneys, Catherine Cortez Masto, Attorney General of the State of Nevada, and Senior  
31 Deputy Attorney General Andrea Nichols, hereby responds to City of Fernley's Request for  
32 supplemental responses to Plaintiff's First Set of Interrogatories to the State of Nevada  
33 Department of Taxation.

34 ///

Case No. 66851  
JA 1803

**GENERAL OBJECTIONS**

The Department objects to each and every request in the City of Fernley's correspondence dated March 6, 2014, regarding Nevada Department of Taxation's Response to Plaintiff's First Set of Interrogatories to the State of Nevada Department of Taxation as irrelevant and not reasonably calculated to lead to the discovery of admissible evidence. The only remaining issues in Plaintiff's lawsuit concern whether Nevada's C-Tax system violates the Nevada Constitution. These are issues of law, not fact. Plaintiff's requests do not seek evidence having any tendency to make the existence of any fact that is of consequence to the determination of the action more or less probable than it would be without the evidence, nor are the requests likely to lead to the discovery of admissible evidence. Without waiving this objection or any of its previous objections to Plaintiff's interrogatories, the Department supplements its previous responses as follows.

**SUPPLEMENTAL RESPONSES**

**INTERROGATORY NO. 19:** If you are claiming that C-Tax distributions to Fernley, Nevada are based in any way on the provision of public safety or other government services, please set forth in detail each and every fact which supports such a claim.

**SUPPLEMENTAL RESPONSE TO INTERROGATORY NO. 19:** C-Tax distributions to Fernley, Nevada are not based on the provision of public safety or other government services. However, it is possible that the City of Fernley could seek additional C-Tax revenue pursuant to NRS 360.730 and/or 354.598747 via cooperative agreement with other local governments and/or by assuming the functions of another local government or district.

**INTERROGATORY NO. 20:** Please set forth in detail each and every fact which explains how Fernley, Nevada may receive an increased C-Tax Revenue distribution.

**SUPPLEMENTAL RESPONSE TO INTERROGATORY NO. 20:** The Department previously objected to this request because it calls for a legal conclusion, is irrelevant, and not reasonably calculated to lead to the discovery of admissible evidence.

The request calls for a legal conclusion because the City of Fernley could seek additional C-Tax revenue pursuant to NRS 360.730 and/or 354.598747 via cooperative

# EXHIBIT 20

# EXHIBIT 20

1 IN THE FIRST JUDICIAL DISTRICT COURT  
2 OF THE STATE OF NEVADA, IN AND FOR CARSON CITY

3 --oOo--

4  
5 CITY OF FERNLEY, NEVADA, a  
6 Nevada municipal corporation

7 Plaintiff,

8 vs.

9 STATE OF NEVADA ex rel. THE  
10 NEVADA DEPARTMENT OF TAXATION;  
11 THE HONORABLE KATE MARSHALL,  
12 in her official capacity as  
13 TREASURER OF THE STATE OF NEVADA;  
14 and DOES 1-20, inclusive,

15 Defendants.

16 NEVADA LEGISLATURE,

17 Intervenor.  
18

19 Pages 1 to 175, inclusive.  
20

21 DEPOSITION OF RUSSELL GUINDON

22 Wednesday, November 20, 2013

23 Carson City, Nevada

24 REPORTED BY:

25 Romona Malnerich  
Nevada CCR #269  
California CSR #7526

**CERTIFIED COPY**

Case No. 12 OC 00168 1B

Dept. No. 1

Case No. 66851

JA 1806

1 Q And that's from Kansas?

2 A No, that was from the University of South  
3 Dakota. And then I did graduate work at the University  
4 of Kansas and at Indiana University.

5 Q So you did your graduate work at both those  
6 institutions.

7 A That's correct.

8 Q And what was your graduate work in?

9 A Economics.

10 Q What degree were you seeking? A Master's?

11 A Ph.D.

12 Q Do you have a Master's in anything?

13 A No.

14 Q So you just went past the Master's program  
15 right into the Ph.D.?

16 A Yeah.

17 Q And you're just short your dissertation?

18 A Yes. I completed all field work and all  
19 that, but I did not complete my dissertation. So I'm  
20 what's known as ABD, "all but dissertation."

21 Q Any other education, other than what you just  
22 told me?

23 A No.

24 Q Where are you currently employed?

25 A With the Fiscal Analysis Division of the

1 Legislative Counsel Bureau.

2 Q And how long have you been employed there?

3 A Since the fall of 1999.

4 Q And what's your title in the Fiscal Analysis  
5 Division?

6 A Principal Deputy Fiscal Analyst.

7 Q And what does a Principal Deputy Fiscal  
8 Analyst do?

9 A As a principal deputy fiscal analyst, I'm  
10 responsible for doing tax policy analysis, revenue  
11 forecasting for the economic forum. I staff as well as  
12 supervise the staffing of the taxation committees during  
13 each legislation session. I work with legislators in the  
14 interim and during session with regards to any request  
15 that they might have, primarily focusing on the revenue  
16 and taxation areas but not restricted to that.

17 Q You said one of the things that you do is tax  
18 policy analysis. What is tax policy analysis?

19 A Basically, that's where we staff the taxation  
20 committees. So as bills come through the session, we  
21 would work with the chair and the members of the  
22 committee or any other legislators with regards to  
23 assisting them with any bill that they have or any bill  
24 that's brought forward to them by one of their  
25 constituents for consideration during session. And then

1 lower than the initial base amounts that these other  
2 cities received?

3 A I'm just trying to visualize a table in my  
4 head.

5 Q Sure.

6 A Yes.

7 Q Does that contribute at all to the difference  
8 between what they get now in C-Tax?

9 A Yes. Under the formulas, it would most  
10 likely -- given that those are larger counties with  
11 larger revenues to be distributed, the differences would  
12 be maintained.

13 Q So the two things we've talked about is a low  
14 base and Fernley not providing public safety as being  
15 contributors to the difference in the amount of C-Tax  
16 that they receive versus these other cities that you've  
17 looked at. Is that correct?

18 A If that's what I said, I need to then clarify  
19 a little bit. Yes, it's due to the lower base, but the  
20 C-Tax revenue now is not tied to them providing public  
21 safety. They would have the opportunity, if they  
22 provided public safety, to petition for an adjustment to  
23 the allocation of C-Tax. When the C-Tax was created, it  
24 was about the distribution of revenues that went to the  
25 local governments to provide general government services,

1 A That it's based on the economy?

2 Q Yeah.

3 A By looking at the taxable sales, looking at  
4 the employment numbers, looking at wage and salary  
5 disbursements that occur --

6 Q And you've done that for each county?

7 A Throughout my career with the Legislative  
8 Counsel Bureau, I've had exposure to those numbers.

9 Q And you've done that specifically for  
10 analysis of the C-Tax?

11 A No.

12 Q What I want to know is -- you have millions  
13 of dollars of difference in C-Tax revenues that are paid  
14 to these entities that you talked about -- and I think  
15 you picked the cities -- and Fernley, and what I'm trying  
16 to figure out is what -- not what your feeling about it  
17 is, but what you looked at that you think explains that  
18 difference. The first one you told me about was  
19 provision of public safety, which Fernley does not  
20 provide and these other cities do. Correct?

21 A That's the difference in services that they  
22 provide in their budget, but that's not the reason for  
23 the difference in the C-Tax distributions.

24 And can I just clarify that I didn't pick  
25 those cities, those are the cities that the City of



1 Q So what I'm asking you is, when you looked at  
2 this and were talking about this with Mr. Reel, with your  
3 understanding of the lawsuit, what is your understanding  
4 as to what the difference is between what Fernley is  
5 receiving in C-Tax and the millions of dollars more  
6 that's being received by similar types of cities? Do you  
7 know?

8 A Well, I can tell you why there's the  
9 difference. One, as I stated, it's tied to the amount of  
10 revenue that's available at the first tier of the county  
11 to be distributed. So that's one of the issues; it's the  
12 amount of money that's sitting at the first tier to be  
13 distributed. Then, as we've already discussed and  
14 stated, it's then tied to the initial base amounts that  
15 were established for each entity -- and I'm just gonna  
16 reiterate some of this; I apologize if it's being  
17 redundant.

18 Q No, it's okay.

19 A Those initial base amounts were determined on  
20 what each entity was getting, and I think, as we've  
21 discussed, the cities that we're referencing in relation  
22 to Fernley, they got more money in FY '96 and '97. Thus,  
23 they started with a higher base amount. Again, given the  
24 amount of more revenue to be distributed at the first  
25 tier, compared to Lyon, that difference in the base would

1 be maintained in the distribution.

2           The reason why some of the other local  
3 governments that we're referring to, in comparison to  
4 Fernley -- the reason that their base amounts were lower  
5 is because it was under the distribution formulas  
6 pre-C-Tax. So under the law that was in place for  
7 distributing each of those six revenues at the  
8 intra-county level, within the county level, Fernley was  
9 receiving less of those six revenue sources, compared to  
10 some of the other entities that we're referencing.

11           So that's what drove the initial base amounts  
12 being higher, the way that those six revenues were being  
13 distributed under the law prior to the creation of the  
14 C-Tax and also the amount of money that's available at  
15 the first tier to be distributed to those entities within  
16 each county, based on the statutory formulas in place  
17 before the implementation of the C-Tax. That's what's  
18 driving the difference, because the C-Tax is about  
19 revenue being collected and then distributed to local  
20 government entities.

21           Q       Okay. Anything else that you can think of  
22 that's driving this millions of dollars in difference  
23 between what Fernley receives in C-Tax and these other  
24 cities that you looked at?

25           A       No, I think I've covered it.

1 for this testimony, did you read any of the legislative  
2 history or the testimony or anything on that particular  
3 bill where Henderson was asking for this \$4 million bump  
4 in their base allocation?

5 A Yes.

6 Q Do you remember why they felt they needed a  
7 change in their allocation?

8 A I think, historically, it goes back to --  
9 and just to provide the context, they requested a base  
10 adjustment under the provisions of 254 where you could  
11 request the Department of Taxation to look at it, and the  
12 recommendation that came from the Department of Taxation  
13 to the local government was like \$4 million -- it was  
14 around three million nine hundred and some thousand --  
15 but that recommendation by the Department of Taxation was  
16 not recommended by the Committee on Local Government  
17 Finance. That's from my looking at the record, was the  
18 reason why they came forward to say that, "We believe we  
19 need a \$4 million adjustment." Because they had  
20 originally made their request and Taxation did the  
21 analysis and that's what they thought, but it was not  
22 approved by the Committee on Local Government Finance.  
23 So I think that was one of the factors that they were  
24 using for the amount of the request.

25 Q So let me kind of sidetrack for a second. If

1 encouraged cities to be formed in order to receive  
2 greater revenue for that locality, SB 254 insured that  
3 when a new city is formed, it is not, quote, based upon  
4 how much money the new city will be receiving, but upon  
5 the service level needs of its citizens." Is that a true  
6 statement on behalf of the Legislature?

7 A Yes.

8 Q And lastly, "Thus, SB 254 was enacted based  
9 on, quote, the idea of distributing governmental revenues  
10 to governments performing governmental functions."  
11 Correct?

12 A Correct.

13 Q And on behalf of the Legislature, would you  
14 agree or disagree with the idea that the level of  
15 government services and functions grows as the population  
16 grows?

17 A Yes.

18 Q And in this particular instance, what SB 254  
19 and what the C-Tax is trying to do is to make sure that  
20 the money goes where you have population growth and  
21 service needs.

22 A Yes.

23 Q At the top of that same page, it says, "In  
24 addition, the new formula in SB 254 was intended to  
25 decrease the competition among local governments for tax

1           A       I would say yes, because of the Legislature's  
2 action. When the bill was passed during the '97 session  
3 to implement the C-Tax, the decision was made to create  
4 the interim study of both members from the Legislature as  
5 well as local governments, to monitor and review the  
6 C-Tax and then extend that for another four years. And  
7 then basically, during almost every legislative session  
8 since then, there's been a bill or something on C-Tax  
9 which requires the Legislature to consider and review the  
10 C-Tax.

11           Q       Anything else other than the interim  
12 committees, whatever they do, studies and what not?

13           A       No.

14           Q       And have you ever seen anything from the  
15 interim committee, from the time that the C-Tax was  
16 enacted until today, where they specifically went out and  
17 looked at all the different jurisdictions that are  
18 receiving C-Tax money, to make sure that the money that's  
19 being given to them is sufficient to meet the  
20 governmental services they need to provide for the  
21 populations that they have?

22           A       No, not based on my reading of the historical  
23 record on C-Tax.

24           Q       I may have asked this already, and if I did,  
25 I apologize. Has the Legislature done anything to

1           A       Well, that's under the assumption that the  
2 C-Tax revenues are mapped one to one to providing public  
3 safety. Again, it's one revenue source that goes into  
4 their budget and they use that pool of revenues to  
5 provide their government services. So if everything else  
6 was the same and their budget was spot on and they would  
7 have one million dollars more in revenue that came from  
8 C-Tax that didn't need to be expended, it would fall down  
9 to their reserve for that year and be balanced forward to  
10 the next year.

11          Q       So they would just keep it in their own  
12 general fund and spend it the way they needed to.

13          A       Yes, because it's just another revenue source  
14 going into their budget.

15          Q       So for purposes of C-Tax, if you're saying  
16 "Well, I've got this huge public safety component that  
17 costs me \$5 million," but it doesn't really, that's  
18 neither here nor there to your C-Tax allocation, because  
19 it's based on something completely different.

20          A       Yes, because the C-Tax is just deposited in  
21 the local government's general fund.

22          Q       And the Department of Taxation gets budgets  
23 from local governments, but the Legislature doesn't on a  
24 regular basis?

25          A       They end up getting sent to the Fiscal

1 Analysis Division and we put them in a file drawer, so  
2 that we can make reference to them as needed, based on  
3 legislative requests during a session. So they're not  
4 submitted to, like, the Legislature or compiled in a  
5 document, but, yes, they're submitted to the Department  
6 of Taxation. And then a lot of the local governments end  
7 up submitting them also to the Fiscal Analysis Division,  
8 and I can't tell you from memory whether that's because  
9 of some statutory construct that was out there before.

10 Q But do you use those budgets in any way  
11 regarding the C-Tax?

12 A Yes, we use them periodically, depending on  
13 the legislative request. So could I have a legislative  
14 request related to C-Tax? Yes.

15 Q But as a general day-to-day thing, without  
16 some special request, do you refer to those city budgets  
17 in any way for C-Tax?

18 A No.

19 Q Now, we've talked about the excess and what  
20 not. Are there years that there is no excess?

21 A It statistically could happen, but I can't  
22 answer that question unless we look at Exhibit 2 and look  
23 through every one of them.

24 Q But do you recall any time when there wasn't  
25 an excess?

1	PAGE	LINE	ATTORNEY'S NOTES/CORRECTIONS BY WITNESS
2	27	17	Add the word "and" between the words "population" and "assessed".
3	29	23	Change the word "population" to "population,".
4	35	1	Change the word "staffed" to "staff"
5	35	3	Change the word "staffed" to "staff"
6	66	7	Add the words "me as" between the words "embarrasses" and "a".
7	78	4	Change "260" to "360".
8	83	23	Change "tax commission" to "Tax Commission".
9	91	1	Change the word "services" to "revenue".
10	97	2	Change "inter" to "intra".
11	109	6-8	The sentence beginning with "So" and ending with "that?" should be noted as a question (Q).
12	109	8-9	The sentence beginning with "Yes." and ending with "that." should be noted as an answer (A).
13	112	3	Change "assembly taxation" to "Assembly Taxation".
14	116	10	Add "S.B." between the words "of" and "254".
15	118	25	Change "tax commission" to "Tax Commission".
16	119	8	Change "tax commission" to "Tax Commission".
17	119	19-20	Change "tax commission" to "Tax Commission".
18	119	24	Change "tax commission" to "Tax Commission".
19	125	7	Change "143." to "143,000."
20	136	8-9	Change "red book" to "Redbook".
21	146	6	Replace the word "in" with "and".
22	152	21	Replace the word "waves" with "weights".
23	152	24	Delete the word "No".



# EXHIBIT 21

# EXHIBIT 21

Joshua J. Hicks, Nevada Bar No. 6679  
Clark V. Vellis, Nevada Bar No. 5533  
BROWNSTEIN HYATT FARBER SCHRECK, LLP  
50 West Liberty Street, Suite 1030  
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Brandi L. Jensen, Nevada Bar No. 8509  
Fernley City Attorney  
OFFICE OF THE CITY ATTORNEY  
595 Silver Lake Blvd.  
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*Attorneys for the City of Fernley, Nevada*

**IN THE FIRST JUDICIAL DISTRICT COURT**

**OF THE STATE OF NEVADA IN AND FOR CARSON CITY**

CITY OF FERNLEY, NEVADA, a  
Nevada municipal corporation,

Plaintiff,

v.

STATE OF NEVADA ex rel. THE NEVADA  
DEPARTMENT OF TAXATION; THE  
HONORABLE KATE MARSHALL, in her  
official capacity as TREASURER OF THE  
STATE OF NEVADA; and DOES 1-20,  
inclusive,

Defendants,

NEVADA LEGISLATURE,

Intervenor.

Case No.: 12 OC 00168 1B

Dept. No.: I

**NOTICE OF DEPOSITION OF THE PERSON MOST KNOWLEDGEABLE OF  
THE NEVADA LEGISLATURE**

**TO: The Person Most Knowledgeable of the Nevada Legislature; and,**

**TO: Kevin Powers, Esq., Legislative Counsel Bureau, Attorney for the Nevada**

**Legislature.**

///

///

BROWNSTEIN HYATT FARBER SCHRECK, LLP  
50 WEST LIBERTY STREET, SUITE 1030  
RENO, NEVADA 89501  
(775) 382-2101

1 PLEASE TAKE NOTICE that at 9:30 a.m. on Friday, November 8, 2013, at the law  
2 offices of Smith & Harmer, Ltd., 502 North Division Street, Carson City, Nevada 89703,  
3 Plaintiff City of Fernley, Nevada will take the oral deposition of the Person Most  
4 Knowledgeable of the Nevada Legislature regarding the subject(s) set forth below, upon oral  
5 examination, pursuant to Rule 26 and Rule 30 of the Nevada Rules of Civil Procedure, before a  
6 Notary Public or before some other officer authorized by the law to administer oaths.

7 Oral examination will continue from day to day until completed, You are invited to  
8 attend and cross-examine.

9 **SUBJECT MATTER: See Attachment "A".**

10 DATED this 14<sup>th</sup> day of October, 2013.

11 BROWNSTEIN HYATT FARBER SCHRECK, LLP

12  
13 By: 

14 Joshua J. Hicks, Nevada Bar No. 6679  
15 Clark V. Vellis, Nevada Bar No. 5533  
16 50 West Liberty Street, Suite 1030  
17 Reno, Nevada 89501  
18 Telephone: 775-622-9450

19  
20 *Attorneys for the City of Fernley, Nevada*  
21  
22  
23  
24  
25  
26  
27  
28

**ATTACHMENT "A"**  
**to Notice of Deposition for PMK for the Nevada Legislature**

CITY OF FERNLEY, NEVADA, a Nevada municipal corporation, Plaintiff,  
v.  
STATE OF NEVADA ex rel. THE NEVADA DEPARTMENT OF TAXATION; THE HONORABLE  
KATE MARSHALL, in her official capacity as TREASURER OF THE STATE OF NEVADA; and  
DOES 1-20, inclusive, Defendants,  
NEVADA LEGISLATURE, Intervenor

Case No.: 12 OC 00168 1B  
Dept. No.: I

**SUBJECT MATTER:**

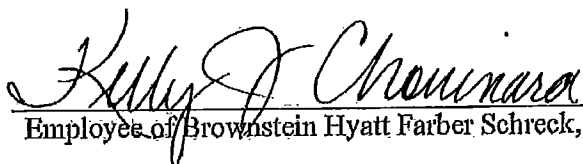
1. The local government tax distribution account or C-Tax system and the collection and distribution of taxes created pursuant to and defined by NRS 360.660.
2. The relationship between C-Tax distributions and local government service levels including any studies or investigations conducted into the relationship between C-Tax distribution of local government service levels by the State Legislature, the sufficiency of any distributions for any service level requirements by local governments, review of service levels in relation to C-Tax distributions made by the State Legislature and/or the relationship between spending levels on public safety and receipt of distributions of C-Tax revenues.
3. Relationship between C-Tax distributions and government services provided by C-Tax recipients.
4. Any adjustment or request for adjustment to the C-Tax distribution of a C-Tax recipient and the basis for any such decisions.
5. The method of obtaining an adjustment by a C-Tax recipient.
6. The use of C-Tax distributions for particular services by any C-Tax recipient.
7. The criteria utilized to set, and the continual setting of, allocations of C-Tax distributions to C-Tax recipients.
8. History of enactment and enforcement of C-Tax and SB 254.
9. Legislative oversight of C-Tax since its enactment.
10. Application and implementation of C-Tax since its enactment.
11. Any and all cooperative agreements between C-Tax recipients since the enactment of said C-Tax.
12. Review and analysis of local government budgets in relation to distributions to C-Tax recipients since enactment of the C-Tax.
13. Your Answer to Plaintiff's Complaint and the factual basis of your affirmative defenses 1-6.
14. Any and all communications between you and the City of Fernley Incorporation Committee.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that I am an employee of BROWNSTEIN HYATT FARBER SCHRECK, LLP, and that on this 14<sup>th</sup> of October, 2013, I caused to be served via electronic mail and U.S. Mail, a true and correct copy of the above foregoing **Notice of Deposition of the Person Most Knowledgeable of the Nevada Legislature** properly addressed to the following:

Brenda J. Erdoes, Esq.  
Kevin Powers, Esq.  
kpowers@lcb.state.nv.us  
J. Daniel Yu, Esq.  
dan.yu@lcb.state.nv.us  
Legislative Counsel Bureau  
401 South Carson Street  
Carson City, Nevada 89701

Andrea Nichols, Esq.,  
5420 Kietzke Lane, Suite 202  
Reno, Nevada 89511  
anichols@ag.nv.gov

  
Employee of Brownstein Hyatt Farber Schreck, LLP

# EXHIBIT 22

# EXHIBIT 22

1 Joshua J. Hicks, Nevada Bar No. 6679  
Clark V. Vellis, Nevada Bar No. 5533  
2 BROWNSTEIN HYATT FARBER SCHRECK, LLP  
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6 Brandi L. Jensen, Nevada Bar No. 8509  
Fernley City Attorney  
7 OFFICE OF THE CITY ATTORNEY  
595 Silver Lace Blvd.  
8 Fernley, Nevada 89408

9 *Attorneys for the City of Fernley, Nevada*

10 **IN THE FIRST JUDICIAL DISTRICT COURT**  
11 **OF THE STATE OF NEVADA IN AND FOR CARSON CITY**

12 CITY OF FERNLEY, NEVADA, a  
Nevada municipal corporation,

13 Plaintiff,

14 v.

15 STATE OF NEVADA ex rel. THE NEVADA  
16 DEPARTMENT OF TAXATION; THE  
17 HONORABLE KATE MARSHALL, in her  
official capacity as TREASURER OF THE  
18 STATE OF NEVADA; and DOES 1-20,  
inclusive,

19 Defendants,

20 NEVADA LEGISLATURE,

21 Intervenor.

Case No.: 12 OC 00168 1B

Dept. No.: I

22 **AMENDED NOTICE OF DEPOSITION OF THE PERSON MOST**  
23 **KNOWLEDGEABLE OF THE NEVADA LEGISLATURE**

24 **TO: The Person Most Knowledgeable of the Nevada Legislature; and,**

25 **TO: Kevin Powers, Esq., Legislative Counsel Bureau, Attorney for the Nevada**  
26 **Legislature.**

27 ///

28 ///

BROWNSTEIN HYATT FARBER SCHRECK, LLP  
50 WEST LIBERTY STREET, SUITE 1030  
RENO, NEVADA 89501  
(702) 382-2101

1 PLEASE TAKE NOTICE that at 9:30 a.m. on Wednesday, November 20, 2013, at the  
2 law offices of Smith & Harmer, Ltd., 502 North Division Street, Carson City, Nevada 89703,  
3 Plaintiff City of Fernley, Nevada will take the oral deposition of the Person Most  
4 Knowledgeable of the Nevada Legislature regarding the subject(s) set forth below, upon oral  
5 examination, pursuant to Rule 26 and Rule 30 of the Nevada Rules of Civil Procedure, before a  
6 Notary Public or before some other officer authorized by the law to administer oaths.

7 Oral examination will continue from day to day until completed. You are invited to  
8 attend and cross-examine.

9 **SUBJECT MATTER: See Attachment "A".**

10 DATED this 18<sup>th</sup> day of October, 2013.

11 BROWNSTEIN HYATT FARBER SCHRECK, LLP

12  
13 By: 

14 Joshua J. Hicks, Nevada Bar No. 6679  
15 Clark V. Vellis, Nevada Bar No. 5533  
16 50 West Liberty Street, Suite 1030  
17 Reno, Nevada 89501  
18 Telephone: 775-622-9450

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*Attorneys for the City of Fernley, Nevada*



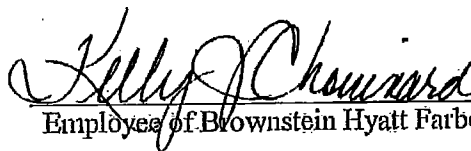
BROWNSTEIN HYATT FARBER SCHRECK, LLP  
50 WEST LIBERTY STREET, SUITE 1030  
RENO, NEVADA 89501  
(702) 382-2101

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I am an employee of BROWNSTEIN HYATT FARBER SCHRECK, LLP, and that on this 2nd day of October, 2013, I caused to be served via electronic mail and U.S. Mail, a true and correct copy of the above foregoing **Amended Notice of Deposition of the Person Most Knowledgeable of the Nevada Legislature** properly addressed to the following:

Brenda J. Erdoes, Esq.  
Kevin Powers, Esq.  
kpowers@lcb.state.nv.us  
J. Daniel Yu, Esq.  
dan.yu@lcb.state.nv.us  
Legislative Counsel Bureau  
401 South Carson Street  
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Andrea Nichols, Esq.,  
5420 Kietzke Lane, Suite 202  
Reno, Nevada 89511  
anichols@ag.nv.gov

  
Employee of Brownstein Hyatt Farber Schreck, LLP

**ATTACHMENT "A"**  
**to the Amended Notice of Deposition for PMK for the Nevada Legislature**

CITY OF FERNLEY, NEVADA, a Nevada municipal corporation, Plaintiff,  
v.  
STATE OF NEVADA ex rel. THE NEVADA DEPARTMENT OF TAXATION; THE HONORABLE  
KATE MARSHALL, in her official capacity as TREASURER OF THE STATE OF NEVADA; and  
DOES 1-20, inclusive, Defendants,  
NEVADA LEGISLATURE, Intervenor

Case No.: 12 OC 00168 1B  
Dept. No.: I

**SUBJECT MATTER:**

1. The local government tax distribution account or C-Tax system and the collection and distribution of taxes created pursuant to and defined by NRS 360.660.
2. The relationship between C-Tax distributions and local government service levels including any studies or investigations conducted into the relationship between C-Tax distribution of local government service levels by the State Legislature, the sufficiency of any distributions for any service level requirements by local governments, review of service levels in relation to C-Tax distributions made by the State Legislature and/or the relationship between spending levels on public safety and receipt of distributions of C-Tax revenues.
3. Relationship between C-Tax distributions and government services provided by C-Tax recipients.
4. Any adjustment or request for adjustment to the C-Tax distribution of a C-Tax recipient and the basis for any such decisions.
5. The method of obtaining an adjustment by a C-Tax recipient.
6. The use of C-Tax distributions for particular services by any C-Tax recipient.
7. The criteria utilized to set, and the continual setting of, allocations of C-Tax distributions to C-Tax recipients.
8. History of enactment and enforcement of C-Tax and SB 254.
9. Legislative oversight of C-Tax since its enactment.
10. Application and implementation of C-Tax since its enactment.
11. Any and all cooperative agreements between C-Tax recipients since the enactment of said C-Tax.
12. Review and analysis of local government budgets in relation to distributions to C-Tax recipients since enactment of the C-Tax.
13. Your Answer to Plaintiff's Complaint and the factual basis of your affirmative defenses 1-6.
14. Any and all communications between you and the City of Fernley Incorporation Committee.

# EXHIBIT 23

# EXHIBIT 23



**MINUTES OF THE MEETING  
OF THE  
LEGISLATIVE COMMISSION'S  
STUDY TO DEVELOP ENABLING LEGISLATION  
FOR THE CREATION OF INCORPORATED TOWNS  
(Assembly Bill 381, Chapter 538, *Statutes of Nevada 2001*)  
March 25, 2002  
Pahrump, Nevada**

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The second meeting of Nevada's Legislative Commission's Study to Develop Enabling Legislation for the Creation of Incorporated Towns for the 2001-2002 interim was held on Monday, March 25, 2002, at 10 a.m., in Pahrump, Nevada. Pages 2 and 3 contain the revised "Meeting Notice and Agenda."

**COMMITTEE MEMBERS PRESENT IN PAHRUMP:**

Assemblyman Douglas A. Bache, Chairman  
Senator Ann O'Connell  
Senator Michael Schneider

**COMMITTEE MEMBERS EXCUSED:**

Assemblyman David E. Humke  
Assemblyman P.M. "Roy" Neighbors

**COMMITTEE MEMBER ABSENT:**

Senator Jon C. Porter

**LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:**

David S. Ziegler, Principal Research Analyst, Research Division  
M. Scott McKenna, Principal Deputy Legislative Counsel, Legal Division  
Kennedy, Senior Research Secretary, Research Division

Responding to a question by Mr. Spellberg on population densities, Mr. McKenna explained that although population density is something that is looked at if the proposed incorporated town will be located in Clark or Washoe County, the fact that a proposed incorporated town is in a county other than Clark or Washoe would not prevent such a town from incorporating. Pursuant to subsection 4 of section 5 of the draft (relating to requirements for the area to be incorporated as a town), population density is not looked at if the area to be incorporated is in a county whose population is less than 100,000 (such as Douglas County).

#### ***Marvin Leavitt***

Marvin Leavitt, citizen, Overton, Nevada, and a member of the Advisory Committee to the A.B. 381 Subcommittee, acknowledged the financial difficulties of incorporating a town. He said the solution would relate to how the consolidated tax issue was resolved, including any distributions from that tax. He noted that establishing a GID is not an easy task now because the rules are more stringent. He cautioned that allowing incorporated towns access to consolidated taxes would only result in extracting funds from another local government. He suggested that new levels of government have access to consolidated taxes only if they provide all four basic public services.

Mr. Leavitt suggested additional topics for discussion by the subcommittee, including: (1) addressing GIDs with boundaries greater than the proposed area of incorporation; (2) eliminating the "proliferation of single purpose governments," which receive a guaranteed amount of funding but provide limited services; and (3) developing a general purpose government.

### **DISCUSSION OF OTHER ISSUES CONCERNING INCORPORATED CITIES AND UNINCORPORATED TOWNS IN RELATION TO THE INCORPORATION OF TOWNS IN NEVADA**

There was no discussion on this topic.

### **PUBLIC TESTIMONY**

The following citizens contributed to public testimony:

#### ***Lee Hanes***

Lee Hanes, coordinator, Pornography Only In Zone (P.O.I.Z.), Las Vegas, said most governments do not effectively represent all aspects of society because they are too large, too geographically dispersed, too economically contradictory, and too culturally diverse. As a result, it is his perception that there are different standards within communities throughout

# EXHIBIT 24

# EXHIBIT 24



BRIAN SANDOVAL  
Governor  
ROBERT R BARENGO  
Chair, Nevada Tax Commission  
WILLIAM CHISEL  
Executive Director

STATE OF NEVADA  
DEPARTMENT OF TAXATION

Web Site: <http://tax.state.nv.us>

1650 College Parkway, Suite 115  
Carson City, Nevada 89706-7937  
Phone: (775) 684-2000 Fax: (775) 684-2020

LAS VEGAS OFFICE  
Grant Sawyer Office Building, Suite 1300  
555 E. Washington Avenue  
Las Vegas, Nevada 89101  
Phone: (702) 486-2300 Fax: (702) 486-2373

RENO OFFICE  
4600 Klezke Lane  
Building L, Suite 235  
Reno, Nevada 89502  
Phone: (775) 687-9999  
Fax: (775) 688-1303

HENDERSON OFFICE  
2650 Paseo Verde Parkway, Suite 180  
Henderson, Nevada 89074  
Phone: (702) 486-2300  
Fax: (702) 486-3377

December 20, 2011

Mr. Joshua J. Hicks  
Attorney at Law  
Brownstein Hyatt Farber Schreck, LLP  
9210 Prototype Drive, Suite 250  
Reno, Nevada 89521-8982

Dear Mr. Hicks:

You have requested an advisory opinion from this office regarding the distribution of Consolidated Tax ("C-Tax") to the City of Fernley. As you have indicated, the C-Tax system was set up in 1997 to provide an equitable distribution of six different tax streams to Nevada's local governments, enterprise districts and special districts. The City of Fernley was a township at the time the C-Tax was implemented and was incorporated as a City in 2001. Your questions relate to the Department's role in determining the appropriate distribution of C-Tax and are as follows:

Question One: Does the Department have any discretion to amend the Tier 1 C-Tax distribution to Lyon County? If so, what is the process for such an amendment?

No, the Department does not have any discretion to amend the Tier 1 C-Tax distribution to Lyon County. The basis for the distribution of each of the six tax types to counties is set by statute as follows:

1. Cigarette Tax. NRS 370.260, distributed to counties by population.
2. Liquor Tax. NRS 369.173, distributed to counties by population.
3. Government Services Tax. NRS 482.181, distributed to county of origin.
4. Real Property Transfer Tax. NRS 375.070, distributed by the county of origin.
5. Basic City County Relief Tax. NRS 377.055, distributed to county of origin.
6. Supplemental City County Relief Tax. NRS 377.057, distributed according to statutory formula.

The distribution of each Tier 1 C-Tax is set by statute. The Department does not have any power to amend or change the formulas set in statute for the distribution of Tier 1 C-Tax to Lyon County.

Question Two: Does the Department have any discretion to amend the Tier 2 Base C-Tax distribution to Fernley? If so, what is the process for such an amendment?

No, the Department does not have any discretion to amend the Tier 2 Base C-Tax distribution to Fernley. The distribution of Tier 2 Base C-Tax is set by statute in NRS 360.680(2). It states in pertinent part:

Except as otherwise provided in NRS 360.690 and 360.730, the Executive Director, after subtracting the amount allocated to each enterprise district pursuant to subsection 1, shall allocate to each local government or special district which is eligible for allocation from the Account pursuant to NRS 360.670 an amount from the Account that is equal to the amount allocated to the local government or special district for the preceding fiscal year, minus any excess amount allocated pursuant to subsection 4, 5, 6, 7 of NRS 360.690 multiplied by 1 plus the percentage change in the Consumer Price Index (All Items) for the year ending on December 31 immediately preceding the year in which the allocation is made.

If a local government assumes functions of another local government or district, there is a means in NRS 354.598747 for adjusting the base amounts received. The Department follows the formula presented in NRS 354.598747(1)(a)(1) and (2). Unless the City of Fernley assumes the functions of another local government or district, the Executive Director is required to distribute the Tier 2 Base C-Tax pursuant to the formula in NRS 360.680(2). The Department does not have the power to amend or change the distribution of the Tier 2 Base C-Tax to Fernley.

Question Three: Does the Department have any discretion to amend the Tier 2 Excess C-Tax distribution to Fernley? If so, what is the process for such an amendment?

No, the Department does not have any discretion to amend the Tier 2 Excess C-Tax distribution to Fernley. The provisions for distribution of the Tier 2 Excess C-Tax are found in NRS 360.690(4) through (9). These sections provides the formula to be used by the Executive Director if, after distribution of the Tier 2 Base C-Tax, there are funds remaining in the account for further distribution.

Question Four: Is Fernley eligible to receive an adjustment pursuant to the provisions of NRS 360.740, as a municipality created after July 1, 1998?

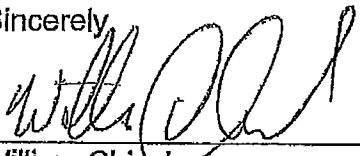
NRS 360.740 authorizes a newly created local government to receive an additional allocation of Tier 2 Base C-Tax. At the time the City of Fernley was created in 2001, it had the option of taking on police protection and two additional services (fire protection; construction, maintenance and repair of roads; or parks and recreation). At the time of its creation, Fernley



Mr. Joshua J. Hicks  
Page 3

had the option of taking on these services and receiving an additional allocation. Fernley did not opt to assume police protection. At this time, if Fernley assumes additional services it may be eligible for an adjustment of its C-Tax distribution pursuant to NRS 354.596747. In accordance with NAC 360.200 (2), this opinion may be appealed to the Nevada Tax Commission.

Sincerely,

  
\_\_\_\_\_  
William Chisel  
Executive Director

WC:

# EXHIBIT 25

# EXHIBIT 25

1 IN THE FIRST JUDICIAL DISTRICT COURT  
2 OF THE STATE OF NEVADA  
3 IN AND FOR THE COUNTY OF CARSON CITY

4 -o0o-

5  
6 CITY OF FERNLEY, NEVADA,  
7 a Nevada municipal corporation,

**CERTIFIED COPY**

8 Plaintiff,  
9 vs.

Case No. 12 OC 00168 1B  
Dept. No. I

10 STATE OF NEVADA ex rel. THE  
11 NEVADA DEPARTMENT OF TAXATION;  
12 THE HONORABLE KATE MARSHALL,  
13 in her official capacity as  
14 TREASURER of the STATE OF  
15 NEVADA; and DOES 1-20,  
16 inclusive,

17 Defendants.  
18  
19 \_\_\_\_\_/

20 Pages 1 to 76, inclusive.  
21  
22

23 **DEPOSITION OF ALLEN VEIL**  
24  
25 \_\_\_\_\_

Thursdays, March 13, 2014  
Fernley, Nevada

23 REPORTED BY: CHRISTINA AMUNDSON  
24 CCR #641 (Nevada)  
25 CSR #11883 (California)

1 Q Could you trace me your career from 1990 to  
2 the present.

3 A I made an error. I started in March of 1990  
4 with the sheriff's office. I was a deputy for nine  
5 months and I was promoted to the substation  
6 commander, which was sergeant at that time, in Mason  
7 Valley so I was in charge of patrol in Mason Valley  
8 and Smith Valley.

9 In 2000 I was promoted to field services  
10 commander, so I was in charge of everything with the  
11 sheriff's office, all operations other than dispatch  
12 and the jail. In 2003 that title was changed to  
13 captain but the assignment was not changed.

14 Q Okay.

15 A And then I was elected in November of 2006  
16 to be sheriff and I'm still here --

17 Q Okay.

18 A -- until the end of this year.

19 Q Now, prior to 1990 what did you do?

20 A I worked for the Yerington Police Department  
21 for eight years, '82 through '90.

22 Q Okay.

23 A And prior to that I went to University of  
24 Nevada, but seasonally I worked for Nevada State Park  
25 and Lawn.

1 Q Okay. Your time as a deputy sheriff, that  
2 nine months, where did you serve that?

3 A In Mason Valley.

4 Q Okay. Have you ever patrolled or been in  
5 charge of a substation in Fernley?

6 A No.

7 Q Okay. But as the field service commander,  
8 you were in charge of Fernley as --

9 A Yes.

10 Q -- a result of everything in Lyon County?

11 A That's correct.

12 Q Okay. So you're familiar with the Sheriff's  
13 Department's presence in Fernley from approximately  
14 2000 forward?

15 A Well, and probably before then just because  
16 it's, you know, one agency. So there were times that  
17 I actually did work up here a day at a time but not  
18 actually on the schedule.

19 The other thing that we did for -- if I  
20 remember right -- about a year is we tried to have  
21 our sergeants in -- which are now lieutenants -- but  
22 the sergeants were put on shifts as opposed to  
23 working specific substations and we tried that for  
24 about a year. So I was a graveyard watch commander.  
25 so that means I had the entire county.

1 Q Okay. So you're familiar with Fernley?

2 A Yes.

3 Q And you're familiar with the Sheriff's  
4 Department's presence in Fernley?

5 A Yes.

6 Q Okay. And Fernley incorporated at some  
7 point in time, correct? Are you aware of that?

8 A Yes.

9 Q Do you remember when that was?

10 A I believe it was 2003.

11 Q And were you involved with the Sheriff's  
12 Department's oversight of Fernley prior to the  
13 incorporation?

14 A Just as I told you, as the field services  
15 lieutenant.

16 Q Okay. So you're familiar with the policing,  
17 the sheriff's presence in Fernley as a township and  
18 then after incorporation as a city?

19 A Yes.

20 Q Okay. We were talking earlier that you're  
21 getting prepared now to do your budget. In fact, one  
22 of the documents that we were discussing -- you're  
23 going to leave the box with us so we can go through  
24 and figure out which ones we need to copy -- but the  
25 document you need back is your budget presentation.

1 Is that correct?

2 A That's correct.

3 Q As the sheriff are you then in charge of  
4 putting together your own budget or is the budget  
5 provided to you by the county?

6 A That's a kind of a double-edged question  
7 there.

8 Q That's why I asked it.

9 A I put together my own budget and I submit my  
10 own budget.

11 Q Okay. And then what happens to it?

12 A Then it is looked at by the county manager  
13 and the comptroller and they make their  
14 recommendations to my budget.

15 Q Okay.

16 A Then I discuss it with them. We discuss the  
17 differences in opinion on what is needed or what may  
18 not be needed. Typically we come to some kind of an  
19 amiable conclusion to that. And then they submit to  
20 the county commissioners what they believe the budget  
21 should be.

22 Q Okay.

23 A And then later on I appear before the county  
24 commission and present the budget as I see fit.

25 Q Okay.

1 A Over the past several years that process has  
2 changed a little bit, depending on the year.  
3 Sometimes the leadership team -- and that's typically  
4 the elected officials and the appointed officials --  
5 we will discuss budgets during leadership team and a  
6 little give and take and recommendations from each  
7 other, and it's nothing formal but we try to come to  
8 some kind of conclusion.

9 In other years we don't do that at all and  
10 it's just a big round-table with everyone before the  
11 commissioners and it's just depending on the year.

12 Q When you say "everyone," you mean all the  
13 departments get there and --

14 A Yes.

15 Q -- it's a free-for-all?

16 A It's a free-for-all, exactly right. 30, 35  
17 people and it's all presented before the  
18 commissioners all at once but, you know, over the  
19 period of two or three days.

20 Q Let's go back. The first budget that comes  
21 out is your budget that you put together based on  
22 what you think the needs are for the sheriff's  
23 department for Lyon County.

24 A Correct.

25 Q Tell me what you do to go about doing that.



**IN THE SUPREME COURT OF THE STATE OF NEVADA**

CITY OF FERNLEY, NEVADA, a  
Nevada municipal corporation,

Appellant,

vs.

THE STATE OF NEVADA ex rel.  
DEPARTMENT OF TAXATION;  
THE HONORABLE DAN  
SCHWARTZ, in his official capacity  
as TREASURER OF THE STATE OF  
NEVADA; and THE LEGISLATURE  
OF THE STATE OF NEVADA,

Respondents.

Electronically Filed  
May 20 2015 10:26 a.m.  
Tracie K. Lindeman  
Clerk of Supreme Court

Supreme Court No.: 66851

District Court Case No.: 12 OC 00168 1B

**JOINT APPENDIX**

**VOLUME 9 PART 1**

Filed By:

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*Attorneys for Appellant City of Fernley,  
Nevada*

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Volume Number	Document	Filed By	Date	Bates Stamp Number
1	Affidavit of Service Taxation	City of Fernley	07/02/12	17
1	Affidavit of Service Treasurer	City of Fernley	06/20/12	13-16
23	Amended Memorandum of Costs and Disbursements	State of Nevada/Dept Taxation	10/09/15	4058-4177
7	Answer	State of Nevada/Dept Tax/ Treasurer	02/01/13	1384-1389
7	Answer to Plaintiff's Complaint	Nevada Legislature	01/29/13	1378-1383
23	Case Appeal Statement	City of Fernley	11/07/14	4208-4212
1	Complaint	City of Fernley	06/06/12	1-12
21	Defendant Nevada Legislature's Reply in Support of its Motion for Summary Judgment	Nevada Legislature	07/25/14	3747-3768
21	Defendant's Opposition to Motion to Retax Costs and Reply to Opposition to Motion for Costs	State of Nevada/Dept Taxation	10/03/14	3863-3928
22	Defendant's Opposition to Motion to Retax Costs and Reply to Opposition to Motion for Costs (Cont.)	State of Nevada/Dept Taxation	10/03/14	3929-3947
1	Exhibits to Joinder in Motion to Dismiss	Nevada Legislature	08/16/12	104-220
2	Exhibits to Joinder in Motion to Dismiss (Cont.)	Nevada Legislature	08/16/12	221-332
1	Joinder in Motion to Dismiss	Nevada Legislature	08/16/12	62-103
7	Joinder in Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss	Nevada Legislature	05/06/14	1421-1423
21	Memorandum of Costs and Disbursements	State of Nevada/Dept Taxation	09/19/14	3788-3793
21	Motion for Costs	State of Nevada/Dept Taxation	09/19/14	3776-3788
12	Motion for Partial Reconsideration and Rehearing of the Court's June 6, 2014 Order	City of Fernley	06/18/14	2005-2045
7	Motion for Summary Judgment	City of Fernley	06/13/14	1458-1512
8	Motion for Summary Judgment (Cont.)	City of Fernley	06/13/14	1513-1732
9	Motion for Summary Judgment (Cont.)	City of Fernley	06/13/14	1733-1916
10	Motion for Summary Judgment (Cont.)	City of Fernley	06/13/14	1917-1948
11	Motion for Summary Judgment (Cont.)	City of Fernley	06/13/14	1949-2004
1	Motion to Dismiss	State of Nevada/Dept Tax/ Treasurer	08/03/12	41-58
1	Motion to Intervene	Nevada Legislature	08/03/12	18-40
21	Motion to Retax Costs and Opposition to Motion for Costs	City of Fernley	09/24/14	3794-3845
7	Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss	State of Nevada/Dept Tax/ Treasurer	05/05/14	1414-1420
7	Nevada Department of Taxation and Nevada Treasurer's Reply to Response to Renewal of Motion to Dismiss	State of Nevada/Dept Tax/ Treasurer	05/23/14	1433-1437
12	Nevada Department of Taxation's Opposition to Plaintiff's Motion for Summary Judgment	State of Nevada/Dept Taxation	07/11/14	2053-2224
13	Nevada Department of Taxation's Opposition to Plaintiff's Motion for Summary Judgment (Cont.)	State of Nevada/Dept Taxation	07/11/14	2225-2353

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23	Notice of Appeal	City of Fernley	11/07/14	4205-4207
22	Notice of Entry of Order	Nevada Legislature	10/08/14	4001-4057
23	Notice of Entry of Order	State of Nevada/Dept	10/17/14	4195-4204
7	Notice of Entry of Order Denying City of Fernley's Motion for Reconsideration of Order Dated November 13, 2012	State of Nevada/Dept Tax/ Treasurer	12/19/12	1364-1370
7	Notice of Entry of Order Granting A Continuance to Complete Discovery	City of Fernley	10/19/12	1344-1350
3	Notice of Entry of Order Granting Nevada Legislature's Motion to Intervene	Nevada Legislature	09/04/12	651-657
7	Notice of Entry of Order on Defendant's Motion for Extensions of Time to File Answer	State of Nevada/Dept Tax/ Treasurer	11/15/12	1354-1360
1	Notice of Non-Opposition to Legislature's Motion to Intervene	State of Nevada/Dept Tax/ Treasurer	08/06/12	59-61
2	Opposition to Motion to Dismiss and Motion for Continuance Pursuant to NRCP 56(F)	City of Fernley	08/20/12	331-441
3	Opposition to Motion to Dismiss and Motion for Continuance Pursuant to NRCP 56(F) (Cont.)	City of Fernley	08/20/12	442-625
2	Opposition to Motion to Nevada Legislature's Motion to Intervene	City of Fernley	08/20/12	324-330
13	Opposition to Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss	City of Fernley	07/11/14	2354-2445
14	Opposition to Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss (Cont.)	City of Fernley	07/11/14	2446-2665
15	Opposition to Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss (Cont.)	City of Fernley	07/11/14	2666-2819
16	Opposition to Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss (Cont.)	City of Fernley	07/11/14	2820-2851
17	Opposition to Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss (Cont.)	City of Fernley	07/11/14	2852-2899
4	Opposition to Nevada Legislature's Joinder in Motion to Dismiss	City of Fernley	09/28/12	662-881
5	Opposition to Nevada Legislature's Joinder in Motion to Dismiss (Cont.)	City of Fernley	09/28/12	882-1101
6	Opposition to Nevada Legislature's Joinder in Motion to Dismiss (Cont.)	City of Fernley	09/28/12	1102-1316
17	Opposition to Nevada Legislature's Joinder in Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss	City of Fernley	07/11/14	2900-2941
20	Opposition to Plaintiff's Motion for Partial Reconsideration and Rehearing of the Court's June 6, 2014 Order	Nevada Legislature	07/11/14	3586-3582

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Volume Number	Document	Filed By	Date	Bates Stamp Number
12	Opposition to Plaintiff's Motion for Partial Reconsideration and Rehearing of the Court's June 6, 2014 Order and Countermotion for Order Dismissing Nevada Department of Taxation	State of Nevada/Dept Tax/ Treasurer	07/11/14	2049-2052
17	Opposition to Plaintiff's Motion for Summary Judgment	Nevada Legislature	07/11/14	2942-3071
18	Opposition to Plaintiff's Motion for Summary Judgment (Cont.)	Nevada Legislature	07/11/14	3072-3292
19	Opposition to Plaintiff's Motion for Summary Judgment (Cont.)	Nevada Legislature	07/11/14	3292-3512
20	Opposition to Plaintiff's Motion for Summary Judgment (Cont.)	Nevada Legislature	07/11/14	3515-3567
7	Order (Converting Motion to Dismiss to Motion for Summary Judgment, Setting Briefing Schedule and Dismissing Treasurer)	First Judicial District Court	06/06/14	1451-1457
22	Order and Judgment	First Judicial District Court	10/06/14	3948-4000
7	Order Denying City of Fernley's Motion for Reconsideration of Order Dated November 13, 2012	First Judicial District Court	12/17/12	1361-1363
7	Order Granting A Continuance to Complete Discovery	First Judicial District Court	10/15/12	1341-1343
7	Order Granting in Part and Denying in Part Petition for Writ of Mandamus	Nevada Supreme Court	01/25/13	1373-1377
23	Order Granting Nevada Department of Taxation's Motion for Costs	First Judicial District Court	10/15/14	4190-4194
3	Order Granting Nevada Legislature's Motion to Intervene	First Judicial District Court	08/30/12	648-650
7	Order on Defendant's Motion for Extensions of Time to File Answer	First Judicial District Court	11/13/12	1351-1353
7	Order Pursuant to Writ of Mandamus	First Judicial District Court	02/22/13	1390-1392
21	Order Vacating Trial	First Judicial District Court	09/03/14	3773-3775
23	Plaintiff's Motion to Strike, or Alternatively, Motion to Retax Costs	City of Fernley	10/14/14	4178-4189
21	Plaintiff's Objections to Nevada Legislature's Proposed Order and Request to Submit Proposed Order and Judgment	City of Fernley	10/02/14	3846-3862
7	Pretrial Order	First Judicial District Court	10/10/13	1393-1399
7	Reply Concerning Joinder in Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss	Nevada Legislature	05/27/14	1438-1450
7	Reply in Support of Joinder in Motion to Dismiss	Nevada Legislature	10/08/12	1317-1340
3	Reply in Support of Motion to Intervene	Nevada Legislature	08/24/12	626-635
21	Reply in Support of Plaintiff's Motion for Partial Reconsideration and Rehearing of the Court's June 6, 2014 Order as to Defendant Nevada Legislature	City of Fernley	07/25/14	3709-3746

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<b>Volume Number</b>	<b>Document</b>	<b>Filed By</b>	<b>Date</b>	<b>Bates Stamp Number</b>
20	Reply in Support of Plaintiff's Motion for Summary Judgment Against Defendants Nevada Department of Taxation and Nevada Treasurer	City of Fernley	07/25/14	3674-3708
20	Reply in Support of Plaintiff's Motion for Partial Reconsideration and Rehearing of the Court's June 6, 2014 Order as to Defendant's Nevada Department of Taxation and Nevada Treasurer; Plaintiff's Opposition to Countermotion for Order Dismissing Nevada Department of Taxation	City of Fernley	07/25/14	3641-3673
20	Reply in Support of Plaintiff's Motion for Summary Judgment Against Defendant Nevada Legislature	City of Fernley	07/25/14	3606-3640
21	Reply to Opposition to Countermotion for Order Dismissing Nevada Department of Taxation	State of Nevada/Dept Taxation	08/01/14	3769-3772
3	Reply to Opposition to Motion to Dismiss	State of Nevada/Dept Tax/ Treasurer	08/27/12	636-647
20	Reply to Plaintiff's Opposition to Nevada Department of Taxation and Nevada Treasurer's Renewal of Motion to Dismiss	State of Nevada/Dept Taxation	07/25/14	3583-3605
7	Response to Nevada Department of Taxation	City of Fernley	05/16/14	1424-1432
7	Second Stipulation and Order Regarding Change of Briefing Schedule	Parties/First Judicial District Court	03/17/14	1406-1409
7	Stipulation and Order for an Extension of Time to File Responses to Discovery Requests; Extend Certain Discovery Deadlines and Extend Time to File Dispositive Motions	Parties/First Judicial District Court	04/11/14	1410-1413
7	Stipulation and Order Regarding Change of Briefing Schedule and Plaintiff's Response to Defendant's Motion to Strike Plaintiff's Jury Demand	Parties/First Judicial District Court	02/19/14	1403-1405
12	Stipulation and Order Regarding Change of Briefing Schedule and Setting Hearing for Oral Argument	Parties/First Judicial District Court	06/25/14	2046-2048
7	Stipulation and Order Regarding Defendant's Motion to Strike Plaintiff's Jury Demand	Parties/First Judicial District Court	10/23/13	1400-1402
3	Stipulation and Order Regarding Joinder to Motion to Dismiss	Parties/First Judicial District Court	09/18/12	658-661
23	Transcript of Hearing	Court Reporter	01/07/15	4213-4267
7	Writ of Mandamus	Nevada Supreme Court	01/25/13	1371-1372

1 calculated based on a five-year average percentage change  
2 in assessed valuation added to a five-year average  
3 percentage of change in population. That number -- this  
4 is a really complicated question that you're asking me.

5 Q Good. I finally asked one.

6 A But that's basically the factor that is used to  
7 generate that calculation. I don't know that I can recall  
8 the entire thing without having it in front of me.

9 Q Okay. But in any case, assessed value and  
10 population growth are factors in how the excess is  
11 distributed?

12 A Yes.

13 Q Okay. And the reason I'm asking the question is  
14 because I'm trying to figure out in relation to a base  
15 amount, when you set the base, is population and assessed  
16 value considered in setting the base originally for the  
17 local governments, local towns and cities?

18 MS. NICHOLS: Objection. Assumes facts. The  
19 Department doesn't set the base.

20 BY MR. VELLIS:

21 Q Do you know what went into it?

22 A It's my understanding that population and  
23 assessed value are not considered.

24 Q Okay. And as the Department, do you have any  
25 understanding of why that was not considered for the base

1 but is for the excess?

2 MS. NICHOLS: Objection. Calls for speculation.

3 BY MR. VELLIS:

4 Q Just your understanding.

5 A I don't know.

6 Q I don't want you to guess. If you don't know,  
7 don't guess. Okay?

8 A I don't know why.

9 Q Okay. So as the Department of Taxation you  
10 don't know why population and assessed value was not  
11 considered when they set the base or why it's used for the  
12 excess?

13 A Correct.

14 Q Okay.

15 MS. NICHOLS: Just to clarify, does the  
16 legislature set the base?

17 MR. VELLIS: Objection. You're not here to ask  
18 questions. When I'm through you can ask all the questions  
19 you want to.

20 MS. NICHOLS: I'll make a note.

21 BY MR. VELLIS:

22 Q When you discussed it with Fernley and you  
23 looked at what Fernley's base was, did you as the  
24 Department have an understanding about how Fernley arrived  
25 at the base amount that they had?

1 A Fernley didn't arrive at the base amount that  
2 they had.

3 Q That was a bad question. You're right.

4 What I'm trying to ask you is as the Department  
5 when you look at -- when Fernley comes and talks to you  
6 and shows you their base, do you know how Fernley's base  
7 was originally set?

8 A It was set by the SB-254 committee.

9 Q So it wasn't by you guys, the Department of  
10 Taxation?

11 A No.

12 Q Okay. Do you know what the SB-254 committee did  
13 or looked at in order to set the base for Fernley?

14 A Yes.

15 Q You do? Tell me what you know.

16 A They looked at the previous revenue sources and  
17 tried to maintain revenue neutrality.

18 Q Okay. Did at any time, as you're going through  
19 your analysis, see Fernley's base and the base of any  
20 other city as -- did the Department of Taxation have any  
21 feeling that that looked like it was significantly off  
22 compared to comparable cities?

23 MS. NICHOLS: Objection. Assumes facts and  
24 calls for speculation.  
25



1 BY MR. VELLIS:

2 Q I'm just asking as the Department, did you ever  
3 look and say that one looks completely different?

4 A No, we didn't.

5 Q Okay. And that's not something you would do?

6 A I look at each and every number to make sure  
7 that it's mathematically and statutorily correct.

8 Q Okay. And that's good. So that's the way you  
9 look at it. But as to comparison with other similar  
10 cities, localities with populations and assessed value,  
11 that's not something you're concerned with?

12 A No, I'm not.

13 Q "You" being the Department?

14 A No.

15 Q Okay. Does the Department have any  
16 understanding about who would look at something like that  
17 if it seemed to be disproportionate?

18 A I don't know that there's a provision in the  
19 statute. When local governments have questions about  
20 their distributions, they call the Department to get  
21 clarification.

22 Q Okay. But you're just going to clarify whatever  
23 the formula sets out in the numbers, right?

24 A Yes.

25 Q Okay. If they called for clarification and

1 somebody calls up saying gee, my number was completely  
2 different and lower than somebody else's, what does the  
3 Department do with a complaint like that? Do they send  
4 them on somewhere else or does it just dead-end right  
5 there?

6 A That's something that would come through Local  
7 Government Finance and Terry Rubald's group. I wouldn't  
8 be involved in that.

9 MS. NICHOLS: If we could be off the record for  
10 just a minute.

11 (Discussion off record.)

12 BY MR. VELLIS:

13 Q As the Department of Taxation, do you know what  
14 sources local governments use to finance their services  
15 and their operations?

16 A I have some knowledge of that. Terry Rubald's  
17 group works with local government budgets.

18 Q All right. So if I wanted to ask questions  
19 about how local governments finance what they're doing,  
20 their services, I should ask Terry Rubald?

21 A Yes.

22 Q Okay. When the local governments -- I'll stick  
23 with those -- have their base amounts set, that was set  
24 not by the Department of Taxation. Correct?

25 A Correct.

1 Q It was set by?

2 A The SB-254 Committee, the Committee on Local  
3 Government Finance.

4 Q And did the Department of Taxation have any  
5 input on those bases that were originally set?

6 A I don't know.

7 Q Okay. Do you have any understanding about how  
8 that was done and what the negotiation was about how much  
9 the base was for particular cities?

10 A No, I don't know.

11 Q Speaking on behalf of the Department of  
12 Taxation, do you have any thought on whether or not --  
13 strike that.

14 Does the Department of Taxation concern itself  
15 with the importance of the original setting of the base?

16 A I'm not sure what you mean, do we concern  
17 ourselves with the importance of it.

18 Q The original base was set. That's your original  
19 base. That goes on in perpetuity, correct?

20 A Yes.

21 Q And that's a pretty important number when you  
22 first get it, isn't it?

23 A Yes.

24 Q And it's going to go on that way ~~for eternity~~  
25 unless it changes, correct?

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*Attorneys for the City of Fernley, Nevada*

**IN THE FIRST JUDICIAL DISTRICT COURT**

**OF THE STATE OF NEVADA IN AND FOR CARSON CITY**

CITY OF FERNLEY, NEVADA, a  
Nevada municipal corporation,

Plaintiff,

v.

STATE OF NEVADA ex rel. THE NEVADA  
DEPARTMENT OF TAXATION; THE  
HONORABLE KATE MARSHALL, in her  
official capacity as TREASURER OF THE  
STATE OF NEVADA; and DOES 1-20,  
inclusive,

Defendants,

NEVADA LEGISLATURE,

Intervenor.

Case No.: 12 OC 00168 1B

Dept. No.: I

**PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT**

**VOLUME 2**

REC'D & FILED

2014 JUN 13 AM 11:57

ALAN GLOVER

BY ~~G. Cooper~~ CLERK

# EXHIBIT 16

# EXHIBIT 16

1 IN THE FIRST JUDICIAL DISTRICT COURT  
2 OF THE STATE OF NEVADA IN AND FOR CARSON CITY

3 CITY OF FERNLEY, NEVADA, a )  
4 Nevada municipal )  
corporation, )

5 Plaintiff, )

6 vs. )

7 STATE OF NEVADA ex rel. THE )  
8 NEVADA DEPARTMENT OF )  
TAXATION; THE HONORABLE )  
9 KATE MARSHALL, in her )  
official capacity as )  
10 TREASURER OF THE STATE OF )  
NEVADA; and DOES 1-20, )  
inclusive, )

11 Defendants, )

12 NEVADA LEGISLATURE, )

13 Intervenor. )

**Certified Copy**

Case No.  
12 OC 00168 1B

16 DEPOSITION OF GUY HOBBS

17 Taken on Tuesday, December 17, 2013

18 At 9:35 a.m.

19 At 100 North City Parkway

20 Suite 1600

21 Las Vegas, Nevada

24 Reported by: Marilyn Speciale, CRR, RPR, CCR #749

25 Job No. 8315



1 California, and we were researching options for the  
2 state.

3 Q. Okay.

4 A. All very glamorous work.

5 Q. Beauty is in the eyes of the beholder, I  
6 guess.

7 A. Yes, I suppose.

8 Q. Now, what was your actual position? What were  
9 you called?

10 A. At?

11 Q. At UNLV during this period, '78 to '80.

12 A. Research associate.

13 Q. Okay.

14 A. Senior research associate, something like  
15 that.

16 Q. Okay. And then after that, where did you go?

17 A. 1980 to Clark County.

18 Q. And what did you do for Clark County?

19 A. At the very beginning, it was a management --  
20 budget analyst position which moved fairly quickly into  
21 a senior budget analyst position and then moved to  
22 director of budget and financial planning within a  
23 couple of years.

24 Q. Okay.

25 A. And then within about another year to chief



1 financial officer, which was a combination of  
2 comptroller and director of budget and finance, and I  
3 was with Clark County through December 31, 1995.

4 Q. Okay. So from 1980 until 1995, you started as  
5 a budget analyst. What did the budget analyst do?

6 A. Oh, at that time, we had assigned  
7 responsibilities for various departments. Each of the  
8 budget analysts had various departments that they were  
9 responsible for helping guide through the budget  
10 process. I had a handful of those. I think there were  
11 all of three budget analysts in Clark County at that  
12 time.

13 Q. Okay.

14 A. That work didn't change that much through the  
15 senior budget analyst part of it, although I took on  
16 more responsibilities for doing things like all of the  
17 revenue estimates for the county and more technical  
18 matters.

19 Q. And then chief financial officer, explain to  
20 me basically what you did there, if you can.

21 A. Well, having overall responsibility for the  
22 budget, the development and administration of the budget  
23 as well as all other financial functions of the county,  
24 which would have included, you know, all of the normal  
25 accounting functions, payroll, accounts receivable,

1 accounts payable, financial planning, debt and capital  
2 administration, again continuing the glamour.

3 Q. Okay. And in 1995, where did you go?

4 A. At the end of 1995, so January of '96, I left  
5 Clark County and formed the company that I'm now still  
6 with, Hobbs, Ong, O-n-g, & Associates.

7 Q. And what does Hobbs, Ong & Associates do?

8 A. We specialize in public finance issues which  
9 can be best described -- I'm asked this all the time,  
10 and I have quite a difficulty with it.

11 Q. You're under oath now, though.

12 A. Yes. No, no, I'm not sure it's going to make  
13 any difference.

14 A big part of what we do is we're involved  
15 with the capital planning and debt structuring, debt  
16 issuance for a number of clients throughout the State of  
17 Nevada.

18 Do you want client examples or more  
19 definition?

20 Q. Yes, if you can, definitions and client  
21 examples would be great.

22 A. If an entity needs to finance a capital  
23 project, they will consult with us, "How do we go about  
24 doing that?" Obviously, it takes revenue to leverage  
25 the revenue. Sometimes they have the revenue.

1 to the extent that there are people who are on one side  
2 of an issue or another and the numbers favored one side  
3 or the other, I think that's a fair assessment to make,  
4 but the purpose of the testimony that we provided wasn't  
5 necessarily to advocate on one party's part versus  
6 another party's part, and in the years since, even  
7 though I have a lot of respect for those who spend time  
8 lobbying, as technical types and as a company who feels  
9 it's important to maintain technical objectivity, we try  
10 to avoid that.

11 Q. After you left the county, who or what  
12 entities did you lobby for, in the broadest terms we're  
13 using that or how you've explained it.

14 A. It's kind of an interesting evolution after  
15 Clark County. Before I left Clark County -- and I think  
16 this goes to the heart of things that you're interested  
17 in --

18 Q. Okay.

19 A. -- there was a committee, and I wish I could  
20 remember all of the dates and the name or the number of  
21 the legislation. For some reason SB or SCR 40 sticks in  
22 my mind, but Senator O'Connell had a group put together  
23 that was an interim group to study matters relating to  
24 taxation, and that spanned at least -- at least three  
25 interims between regular sessions of the legislature.

1 I was on the technical committee and shared  
2 the technical committee for at least two or three of  
3 those interims, and that was both pre leaving Clark  
4 County and post leaving Clark County. So I continued in  
5 that role after I left Clark County, it being determined  
6 that I had been appointed as an individual, not because  
7 of my position with Clark County. So I continued that  
8 type of work, and, again, how you define that is --

9 Q. Okay. And I understand that, and when we're  
10 using the term lobbying, I understand how you've  
11 explained it. What I'm trying to understand is what  
12 kind of entities did you do that kind of work for after  
13 you left Clark County?

14 A. The only entity that I can remember paying  
15 us -- this is to the best of my recollection --

16 Q. Sure, absolutely.

17 A. -- since this has been a number of years ago,  
18 the City of Henderson provided a small monthly stipend  
19 during -- it might have been the '97 session.  
20 Ostensibly that was to provide technical support to the  
21 City of Henderson on legislative matters that may come  
22 up, and essentially what that means in my world, if we  
23 get a technical bill that we don't understand, we're  
24 sending it over to you for you to read it, pour through  
25 it and tell us if it does something to us.

1 It was all formulaic, and I suppose one of the  
2 other questions you have to ask yourself is how current  
3 are any of those mechanics with the needs of the time.

4 Q. And that's what you were asking back then?

5 A. Those were the kinds of questions that those  
6 of us that dealt with administering these kinds of  
7 things would naturally have.

8 Q. Okay. So how did you -- did someone contact  
9 you to be on the committee, or how did you get involved  
10 in this SCR 40 committee, the technical committee?

11 A. Specifically that committee, I don't recall  
12 how that happened, but it wasn't uncommon for me to be  
13 on such committees.

14 Senator O'Connell, I think, was -- I don't  
15 know if this is speculative or not, but my recollection  
16 is she likely had something to do with my taking a  
17 coordinating role with the technical working group.

18 Q. Who else was on that, and what did you call  
19 it, technical group or advisory group, or was there more  
20 than one group or --

21 A. There was a legislative committee, and we were  
22 the technical committee in support of the legislative  
23 committee.

24 Q. And who was on that technical committee, if  
25 you recall, or as best you can recall, I should say.

1 A. As best I can recall. Well, I mean, the  
2 normal cast of characters. Marvin Leavitt, who is  
3 somebody I had a lot of discussions with these things  
4 about throughout the years.

5 Q. Okay.

6 A. Mike Alastuey, I believe, who was with Clark  
7 County School District, another person whose knowledge  
8 in these areas, particularly from the school district  
9 side, is second to none. Some northern people. Mary  
10 Walker.

11 Q. Who is Mary Walker?

12 A. Mary at that time would have been CFO for  
13 Carson City.

14 Terri Thomas, who I believe was CFO for the  
15 City of Sparks, and there may have been one or two  
16 others.

17 Q. Okay.

18 A. John Sherman, I believe. John was the CFO for  
19 Washoe County, and while there may have been people  
20 whose names were formally a part of the committee, the  
21 committee was never closed to any of the other CFO or  
22 those types who wanted to have involvement in it.

23 Q. Okay. But you were the chairman of this  
24 committee?

25 A. I was the chair of that committee. My only

1 question in my mind is, I know I was chair, but I'm not  
2 sure which of the three or so sessions I acted as chair.  
3 I believe I acted as chair for two of the three  
4 sessions.

5 Q. Okay. And who took over from you in the other  
6 session?

7 A. I believe after I was done with it -- and I'm  
8 not sure what this says -- they didn't renew the  
9 committee, it being expensive to have such. I'd like to  
10 think that's the reason.

11 Q. You said it went through three sessions. So  
12 from what period of time? Do you know?

13 A. I'm thinking it was probably '95 through  
14 '99ish, and, again, that's speculation on my part.

15 Q. It's approximate?

16 A. Yes, approximate.

17 Q. All right. And what were -- what were the  
18 direction to the technical committee from the  
19 legislative committee as to what they wanted you to do?

20 A. They wanted us to look at revenue distribution  
21 issues between and among local governments. That was  
22 largely the charge. So that would have included  
23 property tax issues, which I do remember spending time  
24 on, the sales tax, the SCCRT, supplemental City/County  
25 relief tax, basic City/County relief tax issues and

1 distribution issues. We dealt with a number of other  
2 related issues.

3 Q. Okay. Were the related issues aside from  
4 the -- and the C-Tax consolidated tax -- I'm going to  
5 use the term C-Tax since it's easier. Is that okay?

6 A. Yes.

7 Q. All right. Did you make recommendations as  
8 technical committee regarding these other taxes,  
9 property taxes, gasoline taxes, anything like that,  
10 other than the C-Tax to the legislative committee?

11 A. We likely did. As a part of the '97 session,  
12 the focus was really on what -- the genesis of the  
13 C-Tax, if you will. In '95 and '90 -- whenever else we  
14 had -- I remember one particular -- one particular  
15 interim was dominated by discussion of fuel tax  
16 distribution, motor vehicle fuel tax distribution, and I  
17 believe there were some recommendations made on that as  
18 well that was completely unrelated to the C-Tax, but  
19 that's a considerably difficult topic in and of itself  
20 and remains such today.

21 Q. Well, let's just focus in on the C-Tax, and  
22 you used the term genesis of the C-Tax, and so that's  
23 kind of where I want to start is the genesis.

24 How did the C-Tax get built, get put together  
25 by the technical committee? Can you trace it for me?



1 A. Well, this is going to be all to the best of  
2 my recollection --

3 Q. Absolutely. The whole deposition is to the  
4 best of your recollection.

5 A. -- of 1996. So let's see. A number of us,  
6 and certainly myself included, felt that, again, the  
7 various methods that were being used to deliver these  
8 revenues needed another look. Whether those actually  
9 channeled revenues fairly from one local government to  
10 another or that sort of thing was very much on people's  
11 minds.

12 And one of the other things that was  
13 particularly on my mind was the fact that the little  
14 skirmishes that would arise from time to time between  
15 entities -- and down here in Clark County I can give you  
16 perfect examples.

17 The City of Las Vegas would be pushing for,  
18 you know, something, you know, perhaps related to  
19 annexation, which always had to do with more revenue.  
20 Clark County might push back and say, "Well, you guys  
21 are receiving all the cigarette and liquor and basically  
22 the City/County relief tax. We receive none of that,  
23 and that's not fair." And then the fight would break  
24 out, and it seemed to me it was sort of silly and  
25 counterproductive for those fights to break out over the

1 same things over and over and over again.

2 And so that coming up with a uniform method of  
3 distributing similar types of excise tax revenues would  
4 be a sensible thing to do --

5 Q. Okay.

6 A. -- and that's what led to the discussions of  
7 how do we go about doing this, what revenues should be  
8 included in the mix.

9 Q. Okay.

10 A. Obviously, it wasn't named C-Tax at that point  
11 in time, but what revenues could be -- should be a part  
12 of that, and there was some discussion about, you know,  
13 obviously the six that are a part of it and other  
14 revenues that could have been a part of it but were  
15 excluded for one reason or another, like fuel tax was  
16 excluded because there are some peculiarities with fuel  
17 tax that wouldn't have lent that to being a part of  
18 this.

19 There are a number of other related issues.  
20 As you go through all of this, how much of it should be  
21 based on the point of origin of where the revenues are  
22 earned or some other mechanism for channeling those  
23 revenues back to the local governments.

24 You have first-tier and second-tier issues.

25 How do you get the revenues to the 17 counties? What

1 then do you do with the revenues once they're allocated  
2 to the 17 counties, to the various local governments and  
3 agencies that may be a part of that? And there are at  
4 least a couple hundred of those kinds of subentities  
5 within the state, and they vary a great deal.

6 So the amount of time from the genesis of the,  
7 "Hey, we need to talk about this and see if there's a  
8 better way of doing it" to working through all of the  
9 details took a considerable amount of time.

10 Q. Okay.

11 A. I mean, I can give you another example of  
12 something that is sort of peculiar that strikes out.

13 Q. Sure.

14 A. You know, down in Clark County, we're  
15 dominated by unincorporated towns and cities. We have  
16 the cities that we have, and then we have a bunch of  
17 unincorporated towns, and even people that live down  
18 here rarely know when they're in a city versus an  
19 unincorporated area, but it's a very fundamental thing  
20 for revenue distribution.

21 In Douglas County, I don't believe they have  
22 very many unincorporated towns, but they probably have  
23 two-thirds of what I would call general improvement  
24 districts or special districts that exist in the entire  
25 state. It's a completely different makeup in Douglas

1 County of how they go about delivering services and the  
2 entities through which they do that. You have to work  
3 through those details because at the end of the day,  
4 you're trying to devise one formula to fit all needs  
5 across the state.

6 Q. Right.

7 A. And there are a gazillion other weird examples  
8 of things that, "Really, that exists?"

9 And one of the -- one of the big questions  
10 again, you know, once you start working through  
11 identifying all of the different variations that you  
12 have, which is a huge part of it -- and we had rural  
13 representatives and northern representatives, so we had  
14 plenty of input from those folks -- now, what are your  
15 objectives?

16 Now, this is something that's driven as much  
17 or more by the legislative folks than the technical  
18 folks who are sitting there putting together fascinating  
19 spreadsheets from week to week. Now you need to go get  
20 some policy direction from those folks.

21 Q. And did you do that?

22 A. Yes, and one of the approaches I generally  
23 take with this kind of thing, because I've done this a  
24 few times in my career, is before we just start running  
25 numbers willy-nilly, which is extremely time consuming,

1 what are the principles or the guidelines or the  
2 objectives of what we want to get to.

3 Q. What is your recollection of what they were  
4 for this technical committee, the SCR 40 committee?

5 A. One of the biggest ones was that in the first  
6 year of the C-Tax, that it be -- or at least at the base  
7 -- that it be revenue neutral, and by that I mean  
8 wouldn't necessarily upset the current revenue receipts  
9 of the various local governments that receive those  
10 revenues. That is always a huge decision with a lot of  
11 implications.

12 Q. Okay. And why was that -- what was your  
13 understanding about why that was an important objective  
14 to this?

15 A. Now, this is less speaking on my own behalf as  
16 opposed to speaking on the group.

17 Q. Sure.

18 A. The group's feeling about it.

19 Q. Okay.

20 A. That if you come up with some new formula and  
21 it all of a sudden means you are going to receive 20  
22 percent less and she's going to receive 20 percent more,  
23 what is really going to happen to you and your ability  
24 to deliver services. So there are going to be winners  
25 and losers, and this state is not known for local

1 governments having a lot of latitude as far as being  
2 able to do things on their own from a taxation  
3 perspective.

4 So how do you deal with the potential of all  
5 of those adverse -- those potential adverse outcomes?  
6 The winners are going to be very happy. The losers are  
7 going to be very unhappy. So how do you minimize some  
8 of that?

9 Q. Okay. So and the way to do that then was to  
10 just make the -- and this was for the base, the first  
11 base?

12 A. Okay.

13 Q. And what was the base? What was that supposed  
14 to be, when you came up with a base amount?

15 A. Well, in its most aggregated form, the base  
16 would be the aggregate of all of those revenue sources  
17 from the basic and supplemental City/County relief tax,  
18 cigarette, liquor, the other two. That's your big pot.

19 Now, the first thing to do is get it to the 17  
20 counties, get that distributed to the 17 counties, and  
21 as I recall, the revenue neutrality part of that was  
22 fairly important. So -- and this is, again, to the best  
23 of my recollection.

24 Q. Sure, absolutely.

25 A. But mechanically among the counties, it was

1 Q. Okay.

2 A. Do I think those statistics are the definitive  
3 way of showing exactly what per-capita revenue  
4 generation and needs are? I look at them as descriptive  
5 statistics more than meaningful statistics, if you will.

6 Q. If you have an area, though, that has a  
7 significant population growth and a significant assessed  
8 value growth over a period of time, does that generally  
9 in this calculation indicate that there's going to be a  
10 need for more services in that kind of an area?

11 A. In and of itself, you would certainly come to  
12 that conclusion.

13 Q. Okay. On the objectives -- we're back to  
14 those -- is it fair to say then that what they were  
15 trying to do when they first set this out, since they  
16 wanted to be revenue neutral, is just to keep the status  
17 quo of what everybody had entering the first year of the  
18 C-Tax?

19 A. Yes.

20 Q. And that's what is meant by revenue neutral,  
21 and so when you set the base for everybody, whether it  
22 was a first tier or second tier or whatever tier and  
23 whatever the entity was, it was going to be the status  
24 quo from what they had gotten so they could go forward  
25 and feel comfortable they had what they had walking into

1 the system?

2 A. You've avoided -- yes, you've avoided the  
3 shock effect of other huge changes, and probably there  
4 is a political element there, too, as far as getting the  
5 votes to do something and having everyone somewhat  
6 comfortable with it. But that's outside of my pay  
7 grade.

8 Q. Okay. What you're referring to is that  
9 probably if somebody was losing money, the politicians  
10 weren't going to vote for this thing?

11 A. I would imagine there's a high correlation  
12 there but --

13 Q. Okay.

14 A. So that was one objective.

15 Q. Right. And the base that you would give under  
16 the C-Tax -- I'm kind of going off track a little bit  
17 here -- but that base then stayed with whatever that  
18 entity was throughout until, for example, today?

19 A. Well, it's certainly a part of their makeup  
20 today, much the same as the bases in 1997 are a function  
21 of the bases from 1980 and '81, when the tax shift took  
22 place, which were also then a function of what happened  
23 in 1979. So you have these bases that have perpetuated  
24 over the years, and whether they were all right or all  
25 wrong is subject to a lot of debate.



1 Q. What do you mean?

2 A. Well, again, you have bases that have their  
3 origins in 1979 and 1981.

4 Q. Right.

5 A. That is how many years ago, 30 something.  
6 It's a long time ago.

7 Q. Right.

8 A. Things have changed over 30 years in this  
9 valley and throughout the state. They clearly have  
10 changed. How meaningful are those bases today?

11 But all of the numbers that we deal with today  
12 have their origins in those bases. In other words, when  
13 the tax shift took place, reduced property tax revenue  
14 put the larger sales tax pieces into place. A local  
15 government then between those two revenue sources got X  
16 amount of revenue. That was their base going forward.

17 Then that would be increased or modified each  
18 year up through 1997. The base from 1981 was still very  
19 much a part of what happened. So the revenue neutrality  
20 in '97 reflected everything that took place before that.

21 The main argument for doing something like  
22 that is at least things are perceived to be in  
23 equilibrium.

24 Q. But going forward, let's say, from 1997, when  
25 the C-Tax was instituted until today, I mean, you've

1 there was a competing objective to reduce competition  
2 among local governments.

3 Q. Okay. And how did they go about doing that  
4 with the C-Tax formula?

5 A. Well, once the bases were all set -- in the  
6 base year, a hundred percent of the revenue was a part  
7 of the base. So there wasn't any excess revenue, and  
8 I'm sure you've heard those terms by now, right?

9 Q. Right, absolutely.

10 A. As the years went on, you know, and you rolled  
11 your base up from year to year, the actual revenue  
12 production from those six revenues would exceed the  
13 combination of all of the bases. So there would be a  
14 certain amount of excess then to distribute according to  
15 what you can see are somewhat complicated formulas.

16 Q. Okay.

17 A. The channeling of that excess, because it was  
18 largely based on growth and population and assessed  
19 value once again, you could argue that at least the  
20 excess was being moved more to those areas that were  
21 experiencing more rapid growth. So have you satisfied  
22 that objective? In a way.

23 Q. Okay.

24 A. At the same time, by not allowing -- by not  
25 necessarily allowing for a new local government, if you

1 appeal, change your base. So that was available for a  
2 new entity to do.

3 The other thing is that -- and this was one I  
4 thought was particularly important -- that on the second  
5 tier of the revenue distribution, that to the extent  
6 that two or more of the local governments felt that they  
7 should share revenue in a manner different than what the  
8 formula prescribed, they could do that. They simply  
9 needed to file something with the Department of  
10 Taxation, and they could deviate from it.

11 So in -- and I believe that's actually been  
12 done. I know that was done in Clark County between  
13 Mesquite and the cities and the county. I know that's  
14 been used --

15 Q. Okay.

16 A. -- and it was something that potentially could  
17 have been, if not for other political features,  
18 something that possibly could have been used in --  
19 that's Lyon County, right?

20 Q. Yes.

21 A. That possibly could have been used there. I  
22 understand why it may not have been, but it was an  
23 available tool.

24 Q. Explain that to me. How could it have been  
25 used, and what is your understanding of why it wasn't

1 used?

2 A. Well, if Fernley and Lyon County came together  
3 and they agreed that, "Yes, Fernley, you've grown, and  
4 you should get more of this revenue," then they could  
5 have done that, and they could have shared the revenue  
6 differently.

7 Now, I've never been a party to any of the  
8 discussions between Fernley and Lyon County at all, but  
9 I could only suspect that Lyon County had less of a  
10 willingness for saying, "Yeah, that sounds like a really  
11 good idea."

12 Q. Well, you and me both, because wouldn't that  
13 require then Lyon County to give up some of the money  
14 that it spends to Fernley?

15 A. Yes. Yes. But at the same time, if Fernley  
16 is now providing services that Lyon County formerly  
17 provided -- and, again, this was the basis of the whole  
18 theory of this alternative sharing mechanism -- if  
19 Fernley is now doing the things that Lyon County used to  
20 do, and I don't pretend to know what Fernley necessarily  
21 does, but let's by way of example say that they picked  
22 up the police component, and Fernley now has less of a  
23 requirement on the county sheriff's side --

24 Q. Correct.

25 A. -- that would have been a rational thing for

1           A. If they can't come to such an agreement with  
2 Lyon County and if they can't otherwise make an appeal  
3 to the Department of Taxation, and I believe the appeal  
4 they could have made was a one-time appeal, I believe.

5           Q. All right. But after that one-time appeal,  
6 we're 13 years down the line. Is there any process for  
7 them to appeal it at that point in time if that  
8 situation I just described happens?

9           A. By the best of my recollection, within the  
10 C-Tax law, I don't know of that, unless something has  
11 been put in or amended in the last three or four  
12 sessions.

13          Q. And here is the other question. What if you  
14 get a situation, the same situation, we have Lyon  
15 County, we have Fernley. Fernley doesn't take on any  
16 new services, but Fernley has a significant increase in  
17 both population and assessed value and has additional  
18 services they need to provide. What do they do then to  
19 try to pay for those services through gaining additional  
20 C-Tax?

21          A. Let me ask you to rephrase because at the  
22 beginning I thought you said that they didn't take on  
23 any more responsibility.

24          Q. Right. That's what I'm saying. Under a  
25 situation if you just had Fernley sitting where Fernley

1 is and Fernley has its base, and whatever that base is  
2 stayed and they've gotten whatever little incremental  
3 changes to it, but Fernley, for example, grows during a  
4 ten-year period by 126 percent in population, grows by  
5 over a hundred percent in assessed value. In fact, it's  
6 the top in both areas in the state. So now it's a  
7 population that has more than doubled. It's got  
8 assessed values that are over a hundred percent growth.  
9 So they have, I think, additional services, but they're  
10 still getting the same amount of C-Tax, and they haven't  
11 taken on any additional services. Is there any way for  
12 them to get additional C-Tax in order to pay for these  
13 new services?

14 A. Again, unless there's something -- to the best  
15 of my knowledge -- unless there is something that has  
16 been amended into what the original C-Tax laws had, then  
17 it would seem that if they've exhausted their appeal to  
18 the Department of Taxation and haven't been able to come  
19 to some accord with Lyon County, that the next level  
20 would be legislative relief, taking a bill and taking  
21 your best shot.

22 Q. Okay, but within the C-Tax system itself,  
23 they're kind of stuck just paying for that with whatever  
24 sources they have. They're not going to get additional  
25 C-Tax?

1 information you currently have, and you could calculate  
2 out for each kind of per city or town or what it was  
3 that they -- whether they're a net exporter or importer?

4 A. I think one could use, again, multipliers that  
5 are available to synthesize that data and show if we  
6 were to take it down to the most disaggregated unit, we  
7 could probably apply something to it that would be  
8 rational.

9 Q. Okay. We were talking about the objectives,  
10 and the first one was, I think you told me, the first  
11 C-Tax was going to be revenue neutral, which would be  
12 basically keeping the status quo, and the second was  
13 that the -- you wanted to reduce competition among --  
14 strike that.

15 You wanted to reduce competition among the  
16 entities and encourage cooperation, correct?

17 A. Correct.

18 Q. All right. What were the other objectives if  
19 you recall?

20 A. There was another objective that -- and I  
21 think I mentioned this a bit earlier -- there was  
22 another objective that indicates -- that spoke to  
23 revenue should be channeled to where growth is occurring  
24 that focused on that excess revenue piece.

25 Q. And explain that one to me. What do you mean?

1           A. Again, you have the base revenue for each of  
2 these entities, if all, as far as distribution formulas  
3 are concerned. If the actual revenues produce more than  
4 that, the difference between all of the bases and the  
5 total revenue produced leaves this remainder. The  
6 remainder is referred to as the excess.

7           The excess, the formula distributes that based  
8 on, if it's still the same, a five-year moving average  
9 of growth in assessed value and a five-year moving  
10 average of growth in population. So those theoretically  
11 are in practice. Those with more growth in assessed  
12 value and population would receive a higher -- a higher  
13 proportion of the excess channeled to them.

14           Q. And in relation to the excess, is there a  
15 guaranteed excess every year?

16           A. Oh, absolutely not.

17           Q. So an area that is growing in both population  
18 and assessed value, or significantly growing in both  
19 population and assessed value, may not see any  
20 additional funds unless there is an excess?

21           A. That would be true.

22           Q. Okay.

23           A. And, in fact, I think your case in point would  
24 be over the last five or so years where I don't know  
25 if -- I don't know how many portions of the state



1 actually had an excess because of the economy.

2 Q. All right. But in any case, one of the  
3 objectives was to make sure that the revenues from the  
4 C-Tax were going to be channeled towards those areas  
5 that were growing?

6 A. That there was a mechanism in place to provide  
7 for something that would move more revenue in those  
8 directions, yes.

9 Q. Okay. And the way they were looking at what  
10 growth was was to look at assessed value and population  
11 growth?

12 A. Correct.

13 Q. All right. Any other objectives if you  
14 recall?

15 A. I'm sure there were one or two others, but I  
16 think those were the ones that beared more upon the  
17 formula.

18 Q. Okay.

19 A. I think there may have been one that  
20 encouraged the legislature to pass all this stuff,  
21 something along those lines. Usually that's the last  
22 objective.

23 Q. Okay. Now, once you had these objectives, how  
24 did you go about coming up with the C-Tax formula or the  
25 whole C-Tax system? What did you do? What was the

1 and then, of course, because it's a thoughtful process,  
2 people will raise questions like, well, what if there's  
3 an aberration? You know, what if there is -- you know,  
4 in a rural community, they open a mine, and all of a  
5 sudden, the population goes nuts, you know, all of a  
6 sudden. How is that going to affect something? Wow,  
7 that is a problem.

8           So how do we deal with that, you know,  
9 potential aberrations like that? Well, we could use a  
10 three- to five- to ten-year moving average to smooth  
11 that out, okay, and let's encode that.

12           So all of the logic is developing as now the  
13 numbers are beginning to flow out and we start to test,  
14 do sensitivity testing on this whole thing, which I'm  
15 going to guess took six months.

16           Q. All right. And was that done just for these  
17 enterprise districts and special districts?

18           A. All of them.

19           Q. For the whole thing?

20           A. For the whole thing.

21           Q. So, for example, because I've asked these  
22 questions in depositions before, in regard to like the  
23 towns, local cities and whatnot, this aberration where  
24 you have a city that all of a sudden explodes but has a  
25 very low base because of when it first came in, how is

1 it tested to see what happens to that city?

2 A. Well, you hypothesize problems that you could  
3 foresee, and they could occur on that side or on the  
4 other side. I remember Gabbs, which was a city, being a  
5 topic of discussion around the same time. It went away  
6 as a city. Okay, how does that affect things? I mean,  
7 you want to identify as many things that you can that  
8 could potentially happen to test how the formula would  
9 work because you don't want it to blow up because of  
10 something that you didn't foresee.

11 Q. And that's a good question, and maybe you can  
12 answer for me within this formula how that works. If  
13 you have a small city, rural northern city that had a  
14 very low base because it wouldn't have had a lot of  
15 population and they discover super widgets and it  
16 becomes the gold rush area and everybody shows up and  
17 all of a sudden it's the size of Las Vegas, is its base  
18 going to change based on that change in population and  
19 assessed value that is going to go with that  
20 significant --

21 A. Not automatically.

22 Q. Okay. How would it change? How would they  
23 get money to pay for all these additional services under  
24 the formula?

25 A. Well, under the strict -- again, to the best

1 of my recollection how the formula was originally  
2 designed to work, under a situation like that, where it  
3 would be something that would be completely almost --  
4 almost an unforeseeable type of thing, but you're  
5 raising it, so it obviously could be considered  
6 foreseeable, I suppose --

7 Q. Sure.

8 A. -- the remedy would either be the appeal to  
9 the Department of Taxation or the ability to work out an  
10 alternative distribution scenario with whatever county  
11 it happens to be domiciled within.

12 I suppose the third would be consideration of  
13 whether or not it should continue as a city as it was  
14 originally established.

15 Q. What do you mean? What would happen there?

16 A. If it went away as a city, the county would  
17 pick up all of that responsibility.

18 Q. Oh, okay.

19 A. Okay? I mean, Gabbs went away. So there is  
20 precedent for cities going away. That would be another  
21 alternative and then the throw-up-your-hands alternative  
22 where our alternative is to go back to the legislature  
23 and say, "Hey, we have a completely out of left field  
24 situation here that we need to deal with. We clearly  
25 need to deal with it."

1 I mean, obviously you don't want to do  
2 anything that's contrary to economic growth and  
3 development. So you would have a fair foundation for  
4 making that argument, right?

5 Q. Right. Well, that's my point, and in looking  
6 at the objectives, and one of the objectives is to get  
7 revenues to areas that are increasing in population and  
8 assessed value, and that's through the excess, but the  
9 excess is stagnant, and you have a place that is growing  
10 that clearly has more service needs, they're not going  
11 to get an increase in their base, correct?

12 A. Correct.

13 Q. So their alternative is to try to find money  
14 some other way, but it sounds like the only way to do  
15 that is either to unincorporate as a city, make some  
16 sort of agreement with the county, which we'd have to  
17 figure out why the county would want to give them some  
18 more money, correct?

19 A. Correct.

20 Q. Or go to the state legislature?

21 A. Correct.

22 Q. But within the formula itself, there is no  
23 mechanism for that situation where you have this growing  
24 city to go and get an adjustment to their base?

25 A. Well, I mean, first of all, you're dealing

1 with, you know, a finite amount of revenue that is going  
2 to the county in which the city is located. There's not  
3 a first-tier increase that is going to accommodate both  
4 of their wants and wishes, if you will. So, yeah, I  
5 think your point is well taken. I mean, again, you're  
6 dealing with whatever revenue is coming in.

7 Now, you would like to think, too, that  
8 this -- this hypothetical that you've put out there  
9 would generate more revenue and there would be more  
10 coming in on the first tier because of that. Then it's  
11 a matter of how things are shared on the second tier,  
12 which I think is the issue that you're chasing.

13 Q. Right. But, again, if we get to the second  
14 tier, they're going to have to deal with the county in  
15 order to get more money which means you're going to have  
16 the county agree to it somehow.

17 A. Either get the county to or go to the  
18 legislature if the county won't, and we've seen that in  
19 the past.

20 Q. That's what I was going to ask you. Do you  
21 know of situations where that happened?

22 A. Well, I know of situations where similar --  
23 whether or not they have the same merit I won't speak  
24 to.

25 Q. Okay.

1           A. The City of Henderson -- and I don't recall  
2 the year. I want to say it was probably in the early  
3 2000s -- felt that they should be getting more revenue,  
4 felt that they were growing more, made an appeal to the  
5 legislature and got an adjustment to their base. At  
6 that particular point in time, the speaker of the  
7 assembly happened to be from Henderson. Their chances  
8 were remarkably improved in winning that argument --

9           Q. I would agree.

10          A. -- with or without merit, and it's still a  
11 matter of great controversy among the local governments  
12 as to how all that was done. So there was a winner, if  
13 you will. They had a base adjustment.

14               The city of North Las Vegas today, I don't  
15 think it's any mystery to all of you that the city of  
16 North Las Vegas is facing some tremendous financial  
17 challenges. They've made appeals in at least the last  
18 couple of sessions that I'm aware of for more revenue on  
19 the second tier.

20               I won't speak to what I believe is the wisdom  
21 or lack of wisdom of their strategy, but they were  
22 unsuccessful in getting that done, which is something  
23 they are going to need to consider doing next session  
24 and the session after if they're not successful one of  
25 these days, and theirs is completely rooted in the

1 '80-81 numbers. The North Las Vegas problem, in my  
2 opinion, is largely rooted in the '80-81 numbers, the  
3 way that affected them going into this new millennium  
4 coupled with some spending decisions that had been made  
5 within the city that aggravated the problem. So they're  
6 in a similar situation.

7 The City of Reno has been a petitioner, if you  
8 will, for consideration of more of Washoe County's money  
9 to go over to them.

10 Q. And they're petitioning to the state  
11 legislature?

12 A. On Reno's case, I'm least familiar of all of  
13 these.

14 Q. How about North Las Vegas?

15 A. North Las Vegas I'm fairly familiar with.

16 Q. And their petition then wasn't through the  
17 C-Tax system. It's to the state legislature?

18 A. To the state legislature. The legislature  
19 essentially remanded the issue back for local discussion  
20 before it got back to them.

21 A grouping of local government representatives  
22 from the county, the different cities and North Las  
23 Vegas, there were phone calls and different alternatives  
24 being discussed. I've actually participated in a couple  
25 of those, being interested in the process, and, again,



1 North Las Vegas was asking for a substantial adjustment,  
2 substantial adjustment.

3 Q. To their base?

4 A. To their base, and they were unsuccessful at  
5 the level that they were requesting. In fact, I'm not  
6 sure they got any adjustment to their base.

7 Q. And you said that was rooted, at least  
8 partially, in this 1981 statistics, and I think what  
9 you're referring to is what we talked about before is  
10 life changes over this 30-year, 35-year period?

11 A. Yes.

12 Q. So that whatever North Las Vegas was back  
13 then, the money might have been fine, but time has gone  
14 on, and North Las Vegas has changed both in population,  
15 assessed value and services that they need to provide,  
16 and that's causing some of the headache?

17 A. In large part, that's correct, and the other  
18 thing I would add to that is there was a bit of an  
19 anomaly in their numbers in '81 despite -- despite the  
20 growth which certainly aggravated that problem, there  
21 was an anomaly which I could go into if you'd like.

22 Q. Yes, why don't you tell me what it is.

23 A. They had reduced -- and this presupposes some  
24 understanding of how the tax shift worked in 1981 -- but  
25 they had reduced, I believe, one of their property tax

1 outcome of that would be.

2 Q. What do you mean by that?

3 A. If I choose at that point -- again, whether  
4 this is Fernley or any other entity in the state, I know  
5 I have to -- to get an increased base, I have to go to  
6 the Department of Taxation through the Committee on  
7 Local Government Finance and do all of my presentations  
8 about why I warrant that. The outcome of that is  
9 uncertain.

10 Q. Okay.

11 A. Or that, you know, failing that, I need to go  
12 to the legislature and get some other adjustment to my  
13 base, the outcome of which is uncertain.

14 So in making the decision to form a new  
15 entity, there probably was recognition, I would think,  
16 on their part that the outcome would be uncertain.

17 Q. Right, but weren't there requirements on newly  
18 incorporated entities in order to participate in the  
19 system?

20 A. There were. In fact, that was one of the  
21 other things that either was an objective or a guiding  
22 principle is that for a new entity to be considered for  
23 distribution, it had to perform -- I believe it listed  
24 police, fire, roads and maybe parks and recreation. It  
25 had to perform two or more of those, as I recall,

1 services, which certainly Fernley would have been  
2 eligible under as far as I understand.

3 Q. Well, and why -- why were those requirements  
4 put on the newly incorporated new entities as opposed to  
5 any of the existing entities when this formula was put  
6 together?

7 A. Because there was -- and I do recall some of  
8 this discussion. There was fear that an entity would  
9 form that did no service, simply to grab revenue.

10 Q. So if you were an existing entity at the time  
11 that the formula was instituted, those requirements  
12 weren't put on you, but if you were a newly incorporated  
13 entity that wanted to join the system, you had some  
14 requirements that were put on you.

15 A. True.

16 Q. So you were treated differently.

17 A. To an extent, you were treated differently,  
18 and to say how differently, you would have to go back  
19 and look at all of the list of recipient entities and  
20 what services they actually provided.

21 Q. Did you guys do that at the time when you were  
22 instituting the formula?

23 A. We did, and that -- I believe that had  
24 something to do with it being one or more versus two or  
25 more versus three or more of those services.

1 Q. Okay. Did every one of the 200 entities that  
2 received C-Tax when the formula was instituted have, for  
3 example, a police department?

4 A. No.

5 Q. Okay. So if the requirement after the C-Tax  
6 was implemented on a new entity, that the requirement  
7 was they had to have a police department, then that  
8 would be something that was different than what was  
9 required of the existing entities when the formula was  
10 first started?

11 A. Under that example, the answer would be yes,  
12 but I don't know that having a police department was a  
13 requirement.

14 Q. Okay.

15 A. One or more of that list of services -- and I  
16 wish I could recall it for you --

17 Q. Right.

18 A. -- and, again, it was police, fire, roads, and  
19 I think it might have been parks was the fourth one --  
20 if you did two or more of those, because there are  
21 entities in the state that do not -- in Douglas County,  
22 again, you have some of the strangest cases of  
23 single-purpose units of government that are only there  
24 for snow removal or road maintenance or mosquito  
25 abatement or what have you, and so, again, the feeling

1 was that it shouldn't be a single-purpose unit of  
2 government. It should be a, for lack of a better term,  
3 real unit of government.

4 Q. Right. Well, the -- and you would consider  
5 Fernley a real government, right, what you just said?

6 A. Well, as a city. I mean, I cannot tell you  
7 what services they perform directly or what services  
8 they contract for today, but from what I understand,  
9 they're a real, you know, viable city.

10 Q. Okay. And I will represent to you that I  
11 think the statute the way it's currently written  
12 requires a new entity to have a police department and  
13 then one of two of a category of services. Do you  
14 recall that as being the final version of this?

15 A. I don't. I don't.

16 Q. Okay. Accepting that that's the way it is,  
17 then the new entity is clearly being treated differently  
18 than the entities that existed at the time that the  
19 formula was instituted because now the new entity has  
20 got to have a police department where the other entities  
21 did not need to have that.

22 A. Under that case, that would seem correct.

23 Q. Okay. Now, the first tier, how was the first  
24 tier determined? How did they figure out what the  
25 counties were going to get? And I know there's a

1 difference between some that get a --

2 A. Guarantee.

3 Q. A guarantee as opposed to others. How did  
4 that work? Why was that done that way, if you recall?

5 A. Yes. As someone who deals with things like  
6 this all the time, there's only so much room in your  
7 head for every piece of nuance.

8 Q. I understand.

9 A. But, again, this is my recollection, that the  
10 17 counties were to receive the aggregate revenue from  
11 those six revenues. So it was a matter of how it would  
12 be apportioned among the 17, the first tier, and the  
13 best of my recollection is that there was sort of a  
14 default to the prior formulas on the first tier, that  
15 largely population with a proration of population was  
16 used to determine how much would be County, A, B, C, D  
17 and E.

18 The guarantee part did come in, and the way  
19 the formula works subsequent to the establishing of the  
20 bases is those counties -- and there were a different  
21 number of them that were the rural guarantees in the  
22 initial year versus today. I think a couple have been  
23 added over the years because they met some test that we  
24 put into all of the statutory language. Their amount is  
25 guaranteed and rolls up by, I believe, a CPI factor, and

1 then the remainder of the revenue, once that's  
2 determined, is apportioned among the nonguarantee  
3 counties largely based on population, and maybe some of  
4 it is based on assessed value, too, but I think there's  
5 a default to the way the six revenues were previously  
6 distributed at the first tier. That's the best of my  
7 recollection.

8 Q. Okay.

9 A. And that's something that I incidentally had  
10 some issues with personally at the time.

11 Q. Why?

12 A. Well, simply because -- and, again, because of  
13 the revenue neutrality, you find yourself having to just  
14 say, okay, despite my arguments, which I think are  
15 pretty good, in order to achieve the outcome that's --  
16 the objectives that have been designed here by the  
17 legislative folks, I have to swallow the fact that the  
18 population in Clark County in my opinion -- since that  
19 doesn't ever represent the 2 to 300,000 other people  
20 that are here on a given day -- is somewhat understated,  
21 and I think that ought to be considered.

22 And when people are doing per-capita  
23 valuations of things in Clark County -- you know, and  
24 this comes from me having worked at the county as  
25 well -- I would argue with my counterparts at the city,

1 (Whereupon, there was a discussion off the  
2 record.)

3 (Luncheon recess taken.)

4 BY MR. VELLIS:

5 Q. We took a lunch break. We're back on the  
6 record. We'll try to get you out of here as quickly as  
7 possible.

8 We were kind of following up on the objectives  
9 and what went on in getting the formula together, and  
10 one of the things that you were mentioning to me was the  
11 requirements for new governments, and I wanted to show  
12 you something, and I think this is the document you may  
13 have been looking at.

14 MR. VELLIS: We'll mark this 1.

15 (Exhibit 1 was marked.)

16 BY MR. VELLIS:

17 Q. And this was attached to a larger report which  
18 was the -- it's the interim committee, and I think if  
19 you turn to the third page -- and it's on your  
20 letterhead, Hobbs, Ong & Associates, it's dated March  
21 25, 1996, and it's entitled the Status Report to the  
22 Members of the Subcommittee to Study Laws Relating to  
23 the Distribution Among Local Governments of Revenue From  
24 State and Local Taxes.

25 Was this the document you were looking at last



1 night?

2 A. Yes, actually it is.

3 Q. The first paragraph I'm just going to read to  
4 you. It says, "This report is intended to summarize the  
5 significant findings thus far in the review of the  
6 distribution of revenues among local governments in the  
7 State of Nevada. Over the course of the past several  
8 months, the SCR 40 subcommittee has identified several  
9 issues for further study. To this point, considerable  
10 research and analysis has been conducted on the various  
11 issues and options identified by the subcommittee. This  
12 research has led to the number and scope of issues being  
13 refined to those discussed in this report."

14 Is this the status report that you gave to the  
15 legislative committee after the work that we've been  
16 discussing that you were doing, all the analysis and the  
17 mathematical formulas and things of that nature?

18 A. It was during the process, yes.

19 Q. Okay. And let me have you turn to Page 3. At  
20 the top there is some bullet points, and the last one  
21 says, "That criteria and parameters be established for  
22 the creation of new units of local government and for  
23 the treatment of any new local governments and special  
24 districts in the distribution formula."

25 That was one of the objectives of the

1 committee?

2 A. Yes.

3 Q. Okay. Let me have you then turn to Page 4.

4 It has your recommendations, correct?

5 A. Yes.

6 Q. And that's recommendations of the technical  
7 committee?

8 A. Yes, they are.

9 Q. All right. And then turn to Page 6, and it's  
10 Number 8, and Number 8 says, "That statutory language be  
11 developed that would establish criteria and procedures  
12 for the creation of a new entity that would participate  
13 in distributions from the revenue pool. The technical  
14 committee believes that in order for a new local  
15 government to be considered for participation in the  
16 distribution of pooled revenues, it should be  
17 established to provide two or more of the following  
18 functions," and then it says colon, and the functions  
19 are police protection, fire protection, road maintenance  
20 and parks and recreation, correct?

21 A. Yes.

22 Q. And that's what you discussed earlier. Your  
23 understanding was that the requirement for a new local  
24 government to participate in the C-Tax revenues was that  
25 they take on two of this list of categories, police

1 protection, fire protection, road maintenance and parks  
2 and recreation?

3 A. Yes.

4 Q. And that was the recommendation of the  
5 technical committee that was assigned to look at these  
6 things from the state legislature?

7 A. Yes.

8 Q. Now, that got changed somehow where one of  
9 these four items became preeminent. That's not  
10 something your technical committee did, correct?

11 A. Correct.

12 Q. So somebody else made one of these more  
13 important than the other three?

14 A. Yes.

15 Q. Okay. And do you have any idea why one of  
16 these would have been more important to a local entity  
17 sharing in the revenue pool than any of the others?

18 A. That I don't recall.

19 Q. Okay. But as to how that got changed, do you  
20 know? You don't have any idea?

21 A. In looking at the date on the front of this,  
22 March -- March 25, 1996, presumably there was still  
23 activity going on within the committee as a whole, and  
24 so any of these issues could have evolved, and even  
25 though these were recommendations for things to be

1 addressed within the legislation, they aren't the actual  
2 drafting of the legislation itself which --

3 Q. Was done by legislators?

4 A. Which was done at the LCB at the request of  
5 the committee presumably.

6 Q. But these are the recommendations of the  
7 technical committee they thought were the best ways to  
8 go?

9 A. Yes.

10 MR. VELLIS: Let me mark this one Number 2.

11 (Exhibit 2 was marked.)

12 BY MR. VELLIS:

13 Q. Let me show you what's been marked as Exhibit  
14 Number 2, and it's the Minutes of the Senate Committee  
15 on Taxation, Seventieth Session, April 6, 1999. On the  
16 front page, it has the committee members, staff members  
17 present and others present. One is Guy S. Hobbs,  
18 Lobbyist, Nevada Association of Counties. That's you,  
19 correct?

20 A. Yes, it is.

21 Q. Let me have you turn to the next page, and  
22 it's Bates Stamp Number 1178. The last paragraph  
23 says -- and I quote -- "Mr. Hobbs stated this bill  
24 suggested if population and assessed valuation figures  
25 each declined over the course of three fiscal years,