

TWENTY-SIXTH SPECIAL SESSION CONCLUDES WITH STOP-GAP RESOLUTIONS

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This Client Alert wraps up coverage of the 26th Special Session of the Nevada Legislature by the Lionel Sawyer & Collins legislative team. In the early morning of Monday, March 1, the Legislature passed the final budget bill, which closes a budget gap of over \$800 million. The bill – A.B. 6 – includes the following provisions:

- Raising the mining claim fee according to the number of claims the person or corporation holds. For those holding from 11 - 199 claims, the fee for filing a new claim is \$70; for those holding from 200 - 1,299 claims, the new claim fee is \$85; and for those holding 1,300 or more claims, the new claim fee is \$195. Fiscal analysts estimate the new fees will generate roughly \$25.7 million over the biennium. Especially hard-hit by this increase will be mining exploration companies that rely on venture capital but do not have operating revenues from mining production yet. Moreover, as a result of the high price of gold, mining is expected to pay an additional \$62 million in net proceeds taxes. This is not a new tax levy, however, and helped to close the budget gap.
- Raising the investigative fee for gaming license applicants from \$80 an hour to \$135 an hour for work conducted by investigators. This is expected to raise an additional \$4.2 million.
- Cuts to education spending of 6.9%, representing a loss of \$117 million to the K-12 systems and \$46 million to higher education.
- Increasing the assessment for those convicted of minor crimes by \$5.
- Increasing various filing fees imposed by the Secretary of State's office.
- Increasing fees for copies of vital records.
- Increasing the bank foreclosure fee from \$50 to \$200.
- State budget cuts of \$304 million.
- A nearly \$200 million "sweep" of state agency accounts.

In addition to the primary budget bill, the Legislature passed several other measures, summarized as follows:

- A.B. 1—Requires employers with more than 50 employees to transfer to the State Division of Welfare and Supportive Services income withheld from employees pursuant to a support order.
- A.B. 2—Authorizes deviation from required hours of operation for public offices.
- A.B. 3—Authorizes transfers of funds from various agency accounts to the State General Fund.
- A.B. 4—Sets aside for the 2010-2011 fiscal year student-teacher ratios required by state law.
- A.B. 5—Suspends for the 2009-2011 biennium the minimum textbook expenditure requirements for all school districts, charter schools, and for the university school for the gifted.
- S.B. 1—Appropriates funds to pay for the 26th Special Session.
- S.B. 2—Eliminates the prohibition on the use of pupil achievement data for the evaluation of teachers and certain other educational personnel.

- S.B. 3—Revises the existing law requiring state employees to take unpaid furlough leave during the 2009-2011 biennium and provides for a 4-day, 10-hour work week for most state employees. The bill requires most state offices to be closed on Fridays.
- S.B. 4—Revises the provisions governing the list of preferred prescription drugs to be used for the Medicaid program.
- S.B. 5 (Referred to as “the Jobs bill”) — Expected to generate \$50 million a year in new revenue which will be used to bond roughly \$500 million in transportation projects. The bill lifts the sunset on the collection of an 1/8th cent gross receipts tax in Clark County with funds going to the Southern Nevada Regional Transportation Commission. It also establishes an account in the State Highway Fund through the transfer of monies from the Fund for Cleaning Up Discharges of Petroleum. Most of these funds will be distributed to the Clark County Regional Transportation Commission.

Among the measures that did not survive is the proposal to securitize funds in the Unclaimed Property Account. Furthermore, while the Senate held hearings on a proposal to revise the time within which the State Engineer is required to act on water right’s applications, the Assembly never considered the measure.

In sum, while the Legislature addressed the most immediate problems, the stage is set for the 2011 session of the Nevada Legislature to be one of the most difficult and in the state’s recent history. At this point, estimates place the 2011 budget shortfall at somewhere between \$2 and \$3 billion. Most of the obvious revenue solutions have already been exhausted. As a result, leadership of both legislative chambers have signaled their intent to

revisit and potentially reconstitute Nevada’s tax framework.

For more information on the business of the 26th Special Session of the Nevada Legislature contact one of Lionel Sawyer’s Legislative Advocacy Team. Our team is headed by Richard H. Bryan (rbryan@lionelsawyer.com) and includes:

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