

# LACN LEGISLATIVE UPDATE

Legislative and Regulatory E-mailed news and information  
from the Lumber Association of California & Nevada

Ken Dunham, Executive Director Telephone: 916/369-7501 E-mail: [kend@lumberassociation.org](mailto:kend@lumberassociation.org)

This E-mailed report is a service of your Lumber Association of California & Nevada with current information on legislative and regulatory matters. In most instances there will be additional information attached with this report. If there are others in your firm who should receive this report, please contact [kend@lumberassociation.org](mailto:kend@lumberassociation.org).

**SENT ON April 24, 2008**

## CALIFORNIA LEGISLATIVE UPDATE

By Dennis Albiani, California Advocates, LACN Contract Lobbyist Firm

### LACN Member Testifies at Senate Committee

Ruth Cross, co-owner along with her husband Breeze Cross, of Truckee Tahoe Lumber, testified in opposition to SB 1312 (Yee) at the Senate Business and Professions Committee in April. The bill would require all consultations on interior design, including by retail sellers at home improvement centers, to be by ASID "certified" interior designers. She discussed the challenges and unnecessary expenses associated with hiring certified designers for all retail sales and how this legislation would negatively impact both retailers and consumers by increasing costs without adding any benefit.

Ruth was one of three people selected to give full testimony in opposition. The bill passed out of committee with substantial amendments including a commitment from the author to address retail issues. LACN will continue to oppose the legislation until our issues are addressed.

### State Legislative Process Nears Halfway Point

The Legislature in Sacramento has been working at a frantic pace trying to hear all the bills prior to their deadlines. All bills with a fiscal impact had to be out of policy committee in the house of origin by April 18, non fiscal bills will need to be passed out of committee by May 2. These deadlines have lead to many hearings occurring on issues of importance to LACN members including green building standards, California lumber and forestry issues and employer issues such as workers compensation costs.

LACN has been very active working with coalitions on bills impacting green building standards and forestry issues. There are 18 bills dealing with green building and energy efficiency mandates. Of these, seven specifically address green building standards that may impact building codes and building materials. LACN has been very active supporting the concepts of energy efficiency and green building to be implemented through the existing processes of the Building Standards Commission and the California Energy Commission for energy issues. We have opposed bills that mandate a specific single certifying entity, restrict the use of lumber as a building material, or require building codes to be developed by another agency not familiar with the variety of building materials, fire and structural safety, and building code enforcement issues.

An affordable supply of wood products is essential for the success of your business. A coalition of labor, forestry and building interests were successful in preventing the passage of AB 2926 (Lieber) which would have prevented even aged timber harvest and management in California. The bill failed passage in the Assembly Natural Resources Committee where the Republicans voted "no" and several Democrats voted "no" or "not voting." LACN has also opposed several other bills that would impact your business including SB 1717 (Perata) which

would double permanent disability rates under worker compensation law. All bills must pass out of the house of origin by May 30 and then they proceed to the second house for consideration. The Legislative session ends on August 30 when all bills intending to become law must be sent to the Governor for action.

## **NEVADA LEGISLATIVE UPDATE**

By Jeanette Belz, J.K. Belz & Associates, LACN Contract Lobbyist Firm

(Note: The Nevada legislature meets every other year in regular session and will not convene until 2009. Short special sessions may be called from time to time, but none are currently scheduled. In 2007, the Nevada Legislature attempted to deal with tax shortfalls caused in part by tax incentives for green building projects. Short term solutions were determined by the legislature in 2007, but the negotiations continue and a long term resolution remains to be seen. Below is Jeanette Belz' analysis of the situation.)

AB 3, which passed during the 22<sup>nd</sup> Special Session of the Nevada Legislature in 2005, provided incentives for energy efficient and "green" buildings. Qualifying buildings would be granted an abatement from property taxes ranging from 35%-50% for 5-10 years and would be exempt from certain sales and use taxes for the materials used for remodeling or construction. The bill was approved without fully estimating the revenue loss to the state.

During the 2007 legislative session, an analysis of the state budget found that revenues were below projections, partly due to the AB 3 tax breaks. Since September 2006, when the official guidelines for tax abatements were adopted, 13 projects had already "registered" with the state energy office and more than a dozen more were expected to file. In addition, the abatement program could add up to hundreds of millions of dollars in lost revenue for schools and local governments. If Nevada schools fall short of a certain amount in sales tax revenue, the state must make up the difference from its general fund.

With the budget shortfall looming, the legislature voted to temporarily suspend the tax breaks (SB 567) and set upon the task of examining their future impact. The Governor, concerned about the possibility of lawsuits by companies that relied on the 2005 legislation to move forward with "green" projects, vetoed the legislation, but issued an executive order suspending the abatements until June 4, the end of the regular legislative session.

Legislators, most notably, Assemblywomen Debbie Smith and Marilyn Kirkpatrick, began working on a compromise during the remaining weeks of the session. Hearings were held and testimony was provided by several gaming companies, who stated that reductions in tax benefits would jeopardize the use of the program for their projects.

AB621, the compromise bill, preserved substantial tax breaks, between 25%-35% in property taxes for up to 10 years, but required developers to meet higher standards for energy efficiency. The bill eliminated sales tax breaks for all but a few companies that qualified by having a so-called "pre-construction contract" by December 31, 2005.

The definition of a "pre-construction contract" was left to state officials through the regulatory process. An initial definition was so broad that it covered a vast array of activities, including agreements for consulting, engineering, design, traffic flow, legal services, and surveys etc. This language was rejected by the Legislative Commission in October 2007.

The following six companies: CityCenter (MGM Mirage), Fontainebleau, Lido/Palazzo (Venetian), the Molasky Corporate Center, Echelon Place (Boyd Gaming) and Panorama Towers are in the pipeline for the application process and may be eligible for the sales tax abatement according to the final regulation, adopted in November 2007.

The projects, and any others constructed under the new legislation, are also eligible for the more modest property tax breaks, depending on which LEED standard they achieve: silver, gold or platinum.