

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Third Session  
May 23, 2005**

The Committee on Government Affairs was called to order at 10:10 a.m., on Monday, May 23, 2005. Chairman David Parks presided in Room 3143 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Mr. David Parks, Chairman  
Ms. Peggy Pierce, Vice Chairman  
Mr. Chad Christensen  
Mr. Jerry D. Claborn  
Mr. Pete Goicoechea  
Mr. Tom Grady  
Mr. Joe Hardy  
Mrs. Marilyn Kirkpatrick  
Mr. Bob McCleary  
Mr. Harvey J. Munford  
Ms. Bonnie Parnell  
Mr. Scott Sibley

**COMMITTEE MEMBERS ABSENT:**

Mr. Kelvin Atkinson (excused)

**GUEST LEGISLATORS PRESENT:**

Senator Dina Titus, Clark County Senatorial District No. 7

**STAFF MEMBERS PRESENT:**

Eileen O'Grady, Committee Counsel  
Susan Scholley, Committee Policy Analyst  
Nancy Haywood, Committee Attaché

**OTHERS PRESENT:**

Fred L. Hillerby, Legislative Advocate, representing the Regional Transportation Commission (RTC) of Washoe County  
Santana Garcia, Legislative Advocate, City of Henderson, Nevada  
Carole Vilardo, President, Nevada Taxpayers Association  
Jenny Welsh, Policy Analyst, Nevada Association of Counties (NACO), Carson City, Nevada  
Maud Naroll, Chief Planner, Budget and Planning Division, Department of Administration, State of Nevada

**Chairman Parks:**

[Meeting called to order and roll called.] We'll open the hearing on S.B. 107.

**Senate Bill 107 (2nd Reprint): Requires state and local governments to report certain information concerning capital improvements. (BDR 27-31)**

**Senator Dina Titus, State Senator, District No. 7, Clark County:**

This bill has to do with strengthening our infrastructure, doing an inventory, and using the information received for better planning and allocation of funds. America's infrastructure, the physical and economic foundations of our nation's security and prosperity, is in dire trouble. Congested highways, overflowing sewers, and corroding bridges are constant reminders of the looming crisis that jeopardizes our nation's quality of life.

In 2001, the American Society of Civil Engineers rated the nation's infrastructure and issued a report card in twelve different categories. Overall, the nation scored a D-plus. They did it again in 2005 and found that there was no improvement. In fact, there was some backsliding. They did one specifically on Nevada, and I think the statistics are pretty damning. Nevada's infrastructure is as bad as the nation's, and we scored around a D or a D-plus as well.

Here are some of the figures ([Exhibit B](#)) that you might find interesting:

- Forty-four percent of Nevada's major urban roads are congested.
- Vehicle travel on the highways increased 89 percent from 1990 to 2003.
- NDOT [Nevada Department of Transportation] has a \$387 million maintenance backlog.
- Nevada faces a \$2.8 billion shortfall on transportation funding for the next 10 years.

- Driving on roads in need of repair cost Nevada motorists \$120 million per year in extra vehicle cost. That is \$81 per motorist.
- Congestion in the Las Vegas area cost commuters \$494 per person in excess fuel and lost time.
- There are about 58 State-determined deficient dams in Nevada.
- Nevada's drinking water infrastructure needs \$602 million over the next 20 years.
- Nevada generates 1.55 tons of solid waste per capita.
- Only 15.8 percent of the state's solid waste is recycled.
- Forty-two percent of Nevada's schools have at least one inadequate building feature.
- Fifty-seven percent of the schools have at least one unsatisfactory environmental condition.

[Senator Titus, continued.] This is all done by the American Society of Civil Engineers. It is not a partisan group. It is not a political group. It is a group of engineers assessing the state of our infrastructure.

In order to get a better handle on it, I have introduced this bill, which would require a consolidation of reports. This is not extra work for local or state governments or the Board of Regents, because they are reports that are often already done. We have allowed them to do the reports using the standard procedure of generally accepted accounting principles already used. This bill also adds to the report an inventory of State buildings that are being financed by bonds and also the State buildings that are on a lease/purchase arrangement. This report is given to the Legislature and made available to the public. That way, we can better control what our infrastructure needs are and do better planning for the future.

Mr. [Fred] Hillerby has a small amendment ([Exhibit C](#)) for the RTC [Regional Transportation Commission of Washoe County] to change the date. I certainly support that.

**Chairman Parks:**

Having worked in the public sector and looked at the financial reports, one of the things that most local governments do a very poor job of is their inventory records. Quite often, when you look at the comprehensive financial reports, you are looking at numbers that are depreciated numbers, and there is not a good reconciliation of inventory. Having a better handle on both the needs and infrastructure that they have is certainly important.

**Senator Titus:**

I certainly respect and trust your judgment in this area. If there is some way that you can make this reporting better, I would support it. The original bill was amended after we had several meetings with a lot of representatives from local and state government to try and not do a whole lot of extra work. We did not want them to stick a fiscal note on and say that they need two or three more staff people to do it. If you can figure out a way to make this better and avoid that problem too, I say go for it.

**Chairman Parks:**

I am led to believe at this point that the fiscal note on it either has been amended, removed, or withdrawn.

**Senator Titus:**

Yes. That is correct.

**Assemblyman Goicoechea:**

Technically, what you are asking for is that each local government would file and record a copy of their capital improvement plan and what they are proposing. Most counties and local governments do have them. They try to run them out about 10 years. Hopefully they make everything, but they are typically in a flux, depending on revenues and as projects move ahead. This bill would require the capital improvement plan from a local jurisdiction to be submitted to the State and to be compiled.

Depending on how revenues come out, maybe a project would be number one or two on your priority list and might be seven or eight years down the road before it is actually built. Funding drives the local government the same as it does the State. How would you make those amendments once you submitted the plan?

**Senator Titus:**

This is more of a report of what is ongoing than it is holding you to any plan. It is a report concerning any capital improvements on lease or operated by each entity for a fiscal year. I do not think, if you had a plan, submitted it, and then you wanted to change the plan, that this would not affect that in any way at all. In the subcommittee meetings that we held with local government, they all indicated that this information is available and the merit of this is putting it all in one place, so that we can get a better handle on where the infrastructure needs are across the whole state. This allows the public and policymakers to know where to go to get the information.

**Assemblyman Hardy:**

Is the long-term “why” so that the state can assist local governments and projects that local governments are trying to do that affect the rest of the state? Is that the impetus?

**Senator Titus:**

That is not written into the book, but certainly, if you get a better handle on needs statewide, you get more information about those needs statewide, and then you may be better able to prioritize how the State might get involved in helping with those projects. A lot of those may not be funded now because of the lack of help.

**Assemblyman Hardy:**

That is where I see this going. If we can define where we need to be in the locals and recognizing the resources of this state, it may be bright to bear. I suspect that is where you are trying to get to.

**Senator Titus:**

Yes. That is right.

**Chairman Parks:**

I was surprised by the fiscal note that the City of Henderson had submitted. I don't know if there is a representative here this morning, or if Henderson's representative would care to comment on their fiscal note. If the fiscal notes have been removed, then it may be a moot question.

**Senator Titus:**

That is my understanding, Mr. Chairman.

**Chairman Parks:**

The impact that they saw varied significantly from each of the local governments.

**Fred L. Hillerby, Legislative Advocate, representing the Regional Transportation Commission (RTC) of Washoe County:**

I would like to thank Senator Titus for working with us on this bill, understanding the kind of budgeting that goes on at the local government level, and allowing us to submit those budgets—that are done in accordance with general accounting principles—to the State for that comparison that she has so articulately defined for you. Secondly, I'd like to thank her for allowing me an opportunity to present a proposed amendment ([Exhibit C](#)). This is one of those amendments that always gets my attention, when somebody comes up and says it is just a technical amendment. Part of our budgeting process—in addition

to our capital improvement needs, which this bill addresses—is just our annual operating budgets.

[Fred Hillerby, continued.] Under state law, in NRS [*Nevada Revised Statutes*] 354.596, subsection 4, it talks about budget hearings that all local governments must hear. They are very well prescribed in this section, as you can see:

- For county budgets, the third Monday in May
- For cities, the third Tuesday in May
- For school districts, the third Wednesday in May
- For all other local governments, the third Thursday in May

That third Thursday just passed and reminded my client of the logistical problems that it presents when you have all other local governments trying to hold their budget meetings on the same day. For a little background, the RTC is made up of five members: two Reno City Councilmen, two Washoe County Commissioners, and one Sparks City Councilman. Each of them has responsibilities on boards, like the Airport Authority, the Health Division, and the Convention and Visitors Authority, to mention a few.

We find ourselves at our public meetings all having to occur on that Thursday—the third Thursday—so keeping a quorum becomes problematic for us. Our proposed solution would be to say either the third Thursday or Friday. It is still prescribed, and the public knows that the hearings will be held on one of those two days. In the case of the RTC, our public meetings are always every third Friday. This would allow a little flexibility of being able to choose one of those two dates. As you know, all local governments—other than the cities, counties, and the school districts—need to have their public meetings on their budget and also approval from their public. Senator Titus indicated to you she viewed this as a friendly amendment, and we would appreciate your support.

**Chairman Parks:**

This is perhaps the one statute that I dreaded the most for close to two decades. It is when you had to legitimize your budget in front of your elective body. As it is worded, it causes me a little concern in the fact that, as you are requesting, the third Thursday or Friday. The third Friday could precede the third Thursday, looking at a calendar. If the first day of the month is a Friday, then the third Thursday will occur in the week previous to the third Friday.

**Fred Hillerby:**

That cycle happens once every seven years, I believe.

**Chairman Parks:**

Yes. That would be once every seven years.

**Fred Hillerby:**

The point was that at least the public would know it would be one of those two days, even if it happened to fall one week apart. We would still know that it was going to be one of those dates for all of these local governments who are not otherwise cited in subsection 4. If you want to have the third Thursday and the Friday immediately following, that would clarify, so that it wouldn't break it up.

**Chairman Parks:**

That is what I was thinking, so that it would typically be all in the same week.

**Fred Hillerby:**

I understand your point, and that would be fine. Our intent was to have it in the same week. I hadn't thought about every seventh year, that you could actually have a third Friday roll around before a third Thursday.

**Chairman Parks:**

It was normally intended, this statute, to have the budget hearing separate from the general or regular meetings of the government entity.

**Fred Hillerby:**

That is our understanding as well. If it were to fall on a Friday, we would have two separate meetings and have the budget meeting notice at a separate time.

**Santana Garcia, Legislative Advocate, City of Henderson, Nevada:**

I wanted to get on record that S.B. 107, in its current form, has no fiscal impact on the City of Henderson.

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

I am here speaking in support of the bill. It is just another tool that provides a bit of transparency to the things that local governments do. In this case, it is with infrastructure relative to the reports that are due. Because of a change in accounting rules—the GASB [Governmental Accounting Standards Board] 34—all of the local governments, as of 2006, are required to have an inventory of their hard infrastructure. The bill is not doing anything that is not otherwise asked for, relative to the local governments.

In Section 6 of the bill, on page 3, there is a five-year capital plan that must be presented to debt management commissions. I would believe that would make up the basis of the report that had to be filed by the local governments relative

to the State. It would be nice, given all of the concerns about facilities for the State, to be able to take a look at better communication on the types of infrastructure needed, relative to Dr. Hardy's observation. This might be a case where if there was communication, there possibly would be more partnering done than is currently done. We are very supportive of the bill.

**Chairman Parks:**

This is a report that will be distributed to the Legislative Counsel Bureau (LCB) for further distribution. Should this be a report that also goes to the local government section of the Department of Taxation?

**Carole Vilardo:**

Yes. I think that would be perfect, or even on the local government website. The only problem we have at this point is that it would have to be permissive and be revisited in two years. We actually have a county and a couple of cities or towns that do these reports who do not have websites. I do not know if they can electronically submit them to the Department of Taxation.

**Jenny Welsh, Policy Analyst, Nevada Association of Counties (NACO),  
Carson City, Nevada:**

NACO is neutral with respect to S.B. 107. We believe that the unfunded mandate language is not necessary, because pursuant to GASB 34's regulations, local governments are already required to compile this information. Therefore, S.B. 107 will not lead to any additional costs. Because this is not an unfunded mandate, we are asking that you remove Section 8 of the bill. We would like to thank Senator Titus for working with the local governments on this legislation, so that no additional expenses will be incurred.

**Assemblyman Hardy:**

I was looking at the history of the bill. It passed on the Senate Floor 16 to 5. It was reconsidered for the next legislative day and then passed unanimously. Were those the fiscal issues that were taken out? Why was it heard twice?

**Jenny Welsh:**

I am not sure of the bill's history, but we are in support of how it is now on the second reprint.

**Assemblywoman Pierce:**

Didn't you just say that you wanted Section 8 deleted?

**Jenny Welsh:**

Yes.



**Assemblywoman Pierce:**

Then you would be happy with the bill? [Ms. Welsh answered in the affirmative.]

**Assemblyman McCleary:**

When you started your testimony, you said that you were neutral on the bill. Now are you saying that if we take Section 8 out, then you will be in support of the bill?

**Jenny Welsh:**

Correct. Because there currently is not a fiscal impact on the bill, we feel that the unfunded mandate language is not necessary. So we are just asking that it be removed.

**Chairman Parks:**

Could you give us a little further detail on GASB 34?

**Carole Vilardo:**

The Governmental Accounting Standards Board is the government equivalent of the Financial Accounting Standards Board, which the private sector uses to prepare all of their financial statements. GASB 34 was adopted in about 1995 or 1996. For those of you who were here, that was the year that we have 13 months of revenue booked, because we changed, pursuant to those regulations, the way revenue was to be booked and received by a local government. At the same time, when GASB sent out their notices—and we also receive these for comment; although I usually do not comment on them, you get a good idea of what they are looking at—there was concern for the government entities. Unlike what was being done in the private sector, there was no depreciation being accounted on these inventories.

After almost one year of hearings and comments, they determined that it is important for the government to provide these inventory lists; these lists of infrastructure need to be shown for purposes of depreciation. We need to recognize how it can be a very difficult situation to inventory sidewalks, streets, sewer lines, and not just buildings and some of the other things we would think of as infrastructure. There were a series of implementing dates that were put in, depending on the size of the local government. Some of our local governments in the state already have complied, by nature of size, regulations for GASB 34 and have put their inventories together. The very smallest ones were given the greatest amount of time, both as a function of resources and just having manpower to be able to get these inventory lists done.

**Assemblywoman Kirkpatrick:**

NACO is asking that Section 8 be taken out. However, it says that this entire bill is exempt from these few things. Can you explain why they would want it taken out?

**Carole Vilardo:**

I think NACO and the Nevada League of Cities (NLC) are both very happy to request that being taken out. NRS 354.599 is a provision that says the State may not put an unfunded mandate on a local government. When the bill was first done, the bill did have a substantial fiscal note. Unfortunately, the Legislature has deigned whenever it wants to ignore what voters approved for an unfunded mandate. It was voter approved. It just says, "...excluding the provisions of NRS 354.599." So, because there is no unfunded mandate in this bill, the section really becomes superfluous and is not needed at all.

**Assemblyman Hardy:**

I was curious about the history and why it passed, was reconsidered, and then it passed again. There had to be something. I'm wondering what the angst was.

**Maud Naroll, Chief Planner, Budget and Planning Division, Department of Administration, State of Nevada:**

My understanding is that it was because of the fiscal note. It was an issue of whether the fiscal note had been taken off yet or not, so it went back for further work. I would like to tell you that the State took this matter to heart so seriously that we are already in compliance. If you go to the State website, <[www.nv.gov](http://www.nv.gov)>, and click on "Quick Links" at the top, there is a link that says "Assets & Projects," and that takes you to a page that has links to the generally accepted accounting practices, statements, the Public Works Board projects, a database with State buildings in it, and the facility condition analysis for the state. If NACO and/or the NLC want to do a similar page with local government links on them, we would be happy to put a link to the NACO and NLC sites on the same page. Then it would be one-stop shopping for people interested in Nevada infrastructure.

**Assemblywoman Kirkpatrick:**

Would a motion include changing the date that you suggested of the every seven years?

**Chairman Parks:**

I would hope that it would. I think our legal staff can craft the necessary wording, so that it would be either the third Thursday or the Friday following the third Thursday. The statement I made was for distribution, to also be distributed to the Local Government Division of the Department of Taxation.

This is so that, when it is submitted to the Director of the LCB, it also would go to the Department of Taxation. They are the definitive source as far as keeping local government financial records.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO AMEND AND DO  
PASS SENATE BILL 107 WITH THE FOLLOWING AMENDMENTS:

- THE DELETION OF SECTION 8
- THE INCLUSION, UNDER NRS 354.596, OF THE THIRD THURSDAY OR THE FRIDAY FOLLOWING THE THIRD THURSDAY
- THE REPORT GOING TO THE DEPARTMENT OF TAXATION

ASSEMBLYWOMAN PIERCE SECONDED THE MOTION.

**Assemblyman Grady:**

So that we are sure on the amendment, it will delete Section 8, it will add Friday, and it will add that the report will go to the Department of Taxation?

**Chairman Parks:**

That is correct.

THE MOTION CARRIED. (Assemblyman Atkinson was not present for the vote.)

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**Chairman Parks:**

We have nothing further to come before the Committee today. [The meeting was adjourned at 10:44 a.m.]

RESPECTFULLY SUBMITTED:

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Paul Partida  
Transcribing Attaché

APPROVED BY:

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Assemblyman David Parks, Chairman

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

**EXHIBITS**

**Committee Name:** Committee on Government Affairs

**Date:** May 23, 2005

**Time of Meeting:** 10:10 a.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A	*****	Agenda
S.B. 107	B	Senator Dina Titus	Report card for infrastructure in Nevada
S.B. 107	C	Fred Hillerby / RTC of Washoe County	Proposed amendment to S.B. 107