

**MINUTES OF THE
SENATE COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-third Session
February 28, 2005**

The Senate Committee on Government Affairs was called to order by Chair Warren B. Hardy at 2:03 p.m. on Monday, February 28, 2005, in Room 2149 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Warren B. Hardy II, Chair
Senator Sandra Tiffany, Vice Chair
Senator William J. Raggio
Senator Randolph J. Townsend
Senator Dina Titus
Senator Terry Care
Senator John Lee

STAFF MEMBERS PRESENT:

Kim Marsh Guinasso, Committee Counsel
Michael Stewart, Committee Policy Analyst
Olivia Lodato, Committee Secretary

OTHERS PRESENT:

Nicole J. Lambole, Legislative Relations, City of Reno
Michael Tanchek, Labor Commissioner, Office of Labor Commissioner,
Department of Business and Industry
Ted J. Olivas, Nevada Public Purchasing Study Commission
Richard Daly, Laborers International Union of North America, Local 169
Marvin A. Leavitt, Urban Consortium
Dorothy (Dotty) Merrill, Washoe County School District
Carole Vilardo, Nevada Taxpayers Association
Mary Keating, Administrator, Administrative Services Division, Department of
Administration
Ivan R. Ashleman, Vice Chair, State Public Works Board, Department of
Administration; City of Henderson

Daniel K. O'Brien, Manager, State Public Works Board, Department of Administration
Cindy Edwards, Administrator, Buildings and Grounds Division, Department of Administration
Fred L. Hillerby, Washoe County Regional Transportation Commission; Sun Valley General Improvement District; South Truckee Meadows General Improvement District

Chair Hardy opened the meeting as a subcommittee. He requested Nicole Lamboley come to the testifier's table to discuss Senate Bill (S.B.) 114. Chair Hardy stated the bill had been requested by the City of Reno to fix a problem. He said he wanted to have an explanation of the problem the bill was designed to fix and how the current bill under discussion would fix the problem.

SENATE BILL 114: Clarifies that certain hiring preferences apply to all circumstances under which persons are employed in construction of public works. (BDR 28-532)

Nicole J. Lamboley, Legislative Relations, City of Reno, said the City of Reno was considering a bid for a joint wastewater treatment plant project with the City of Sparks. She said the City of Reno had questions about the applicability of *Nevada Revised Statutes* (NRS) 338.130, subsection 1, paragraphs (a) and (b), and how it related to preference standards given the citizens of Nevada and honorably discharged soldiers, sailors and marines who were also citizens of the State. She said the City of Reno asked for an opinion from the Labor Commissioner on the change in statute (Exhibit C). Ms. Lamboley stated A.B. No. 425 of the 72nd Session made substantial changes to NRS 338. She stated the bill added the phrase "by a public body" in subsection 1 of NRS 338.130. Ms. Lamboley said the Labor Commissioner's opinion was, with the insertion of the four-word phrase the preference standard only applied to a public body when the public body was the actual employer on a public works contract. She said the statute provided penalties for contractors and subcontractors who failed to meet the provisions in the statute. Ms. Lamboley stated the City of Reno believed there was an inconsistency in the statute. She said her request was to return the language to the pre-2003 Session by deleting the four words "by a public body."

Senator Lee asked Ms. Lamboley what the procedure was to determine if an employee was a soldier, sailor or marine. She said she was unable to answer

the question, but it had been in the statute for many years. She said some of the City of Reno bid documents had provisions for contractors to provide an analysis of their employees on a project. She said if a complaint was filed, there were ways to check the status of the employees.

Senator Care asked Ms. Lamboley if the letter to the Labor Commissioner was in response to an opinion and not to someone taking advantage of a possible error in the drafting of the bill. Ms. Lamboley replied Senator Care was correct. She said there had been questions raised at the City of Reno meeting to award the project. Various people voiced their concerns and pointed out the potential problem. She said the City of Reno personnel asked the Legislative Counsel Bureau what the legislative intent might have been. Senator Care quoted from the letter of the Labor Commissioner, [Exhibit C](#). Senator Care reaffirmed that deleting the four words "by a public body" would make the statute go back to the way it had been written.

Chair Hardy stated it was contractors who were required to give preference, and the new wording took the responsibility away from them. He said the current bill was a cleanup of previously worded errors.

Michael Tanchek, Labor Commissioner, Office of Labor Commissioner, Department of Business and Industry, said the removal of the words would resolve the issue for the City of Reno.

Ted J. Olivas, Nevada Public Purchasing Study Commission, said Ms. Lamboley was correct when she stated the four words were added to the bill inadvertently. He stated his group supported the current change in the bill. He said the change would clarify the issue.

Richard Daly, Laborers International Union of North America, Local 169, said his organization supported the change in the cleanup language. He suggested, as a friendly amendment, a change in the wording referring to soldiers, sailors and marines, to say honorably discharged veterans. He said the bill did not want to discriminate against people in the Air Force, Coast Guard or Merchant Marines. He said the issue arose when out-of-state contractors brought their people into Nevada and did not employ Nevada residents.

Chair Hardy asked Kim Marsh Guinasso, Committee Counsel, if she thought it would improve the intent if the wording "honorably discharged veterans" was inserted in place of soldiers, sailors and marines. Ms. Guinasso replied it would be no problem to amend the language in the bill to make the terms more general.

Chair Hardy closed the hearing on S.B. 114 and opened the hearing on S.B. 107.

SENATE BILL 107: Requires state and local governments to prepare and report inventories of capital improvements. (BDR 27-31)

Senator Titus stated she had been asked to introduce the bill. She said the bill was an attempt to standardize different reports that came at different times concerning capital improvements and property owned and leased. She said the bill had some problems and some amendments had been suggested that appeared to be reasonable.

Chair Hardy stated an amendment had been proposed ([Exhibit D](#)). He said the bill was not trying to fix a problem, but was a way to help keep the public informed.

Marvin A. Leavitt, Urban Consortium, opened the discussion of the bill. He said one section of the bill related specifically to local government. He stated the amendment he was proposing for chapter 354 of NRS could be adapted to the other chapters contained in the bill. Mr. Leavitt said local governments follow the statutes of the State and also have a requirement to do financial statements in accordance with generally accepted accounting principles (GAAP) which come from various sources. He identified the principal source for accounting in the United States as the Governmental Accounting Standards Board (GASB).

Mr. Leavitt said the board had promulgated GASB Statement No. 34. He said Statement No. 34 required the reporting of infrastructure beyond earlier requirements. He said previously land, buildings and equipment had been reported. Statement No. 34 extended the earlier requirements to include assets such as bridges, streets and culverts. Mr. Leavitt said the proposed amendment to the bill would eliminate the detailed language describing the exact equipment and plan. The proposed amendment would state the report had to be prepared in such detail as is required by generally accepted accounting principles.

Mr. Leavitt said the amendment would require following the requirements of GASB Statement No. 34.

Mr. Leavitt said local governments generally file an annual capital report with the Department of Taxation and with the bond group in each county. Mr. Leavitt said with the reports already filed and the annual financial statements required, the information required for the current bill would be contained in those filed reports. He said the information would be available to the Legislature without substantial increased expenses. Mr. Leavitt wanted everyone present to note subsection 3 of the proposed amendment should remain in the bill. He said it was the reporting requirement to the Legislature and had been inadvertently removed.

Chair Hardy asked Mr. Leavitt if the amendment would remove the effect on local government and also on State government. Mr. Leavitt replied if the amendment was applied to State government, it would accumulate in one place and eliminate most of the costs associated with the bill.

Chair Hardy said the generally accepted accounting principles would remove all additional language because they would be covered under the terms of GAAP. Mr. Leavitt said by using the term GAAP, as amendments occur over the years, the reference would eliminate the need for revision of the statute.

Dorothy (Dotty) Merrill, Washoe County School District, said her organization agreed with Mr. Leavitt's amendment. She said by removing all the capital-improvements-reporting language in S.B. 107, it deleted the fiscal note for the bill.

Senator Titus said she believed the proposed amendment would accomplish the goals of the bill.

Carole Vilardo, Nevada Taxpayers Association, said she agreed with the proposed amendment and she would like to suggest another amendment. She said there was another report that needed to be considered. Ms. Vilardo said the bill required a capital projects plan be presented. She said the capital projects would require bonding. There is a requirement in NRS 350.013 that requires an entity to report its capital improvement plan for a five-year period to the debt management commission of the county. She said the plan was also filed with the Department of Taxation. She said she did not find any other references to

State agencies. She said the reporting of the capital plan was already done on a form prescribed by the Department of Taxation. Ms. Vilardo stated the Legislative Counsel Bureau (LCB) would be receiving over 200 reports from the local governments. Ms. Vilardo stated the five-year capital plan and the inventory reports were two separate reports. She said requiring second and third reports would duplicate reports already required in statute. Ms. Vilardo said her amendment would minimize expenses for the various entities. She said the potential size of the report could be very large.

Chair Hardy asked Ms. Vilardo if a separate report might be more efficient. She referred to page 6 of S.B. 107 which referenced capital improvement plans. She said the inference was on debt management commission. She stated the report was already being done and it was an extensive report.

Chair Hardy said her proposed amendment would encompass a more cost-effective method for obtaining the information through GAAP. Ms. Vilardo said the reports were only being done by local governments.

Senator Tiffany asked Ms. Vilardo if a debt management report for local governments was available online. Ms. Vilardo said it was not available online. Senator Tiffany said since it was public information it should be available online so people could print the report.

Ms. Vilardo responded one of the concerns on all bills was the unfunded mandate to local governments. She said a number of counties did not have the capability to automatically put a report online. Ms. Vilardo said some of the reports were extensive spreadsheets.

Senator Tiffany said if the counties had a Web site they could put the reports online. Ms. Vilardo replied some reports were handwritten. She said some of the smaller general improvement districts did not have a Web site. She said input was needed as to the cost that might be incurred by some entities. Senator Tiffany asked how many entities might be impacted by the requirement. She suggested the report be put online where it was available in a digital form and the entity had a Web site. Ms. Vilardo said it would be an expenditure note on the bill for local government if the report was required to be online.

Mr. Leavitt stated he agreed with the comments made by Ms. Vilardo.

Ms. Guinasso asked Ms. Vilardo if she was recommending an additional amendment with regard to the report being prepared in agreement with GAAP. She also wanted to confirm the amendment would stipulate it would not repeat the information required in NRS 350.013.

Ms. Vilardo said the local government was required to file the capital improvement report. She said her reference concerning information for the capital report already had a form designed by the Department of Taxation. She suggested instead of creating a new report, utilizing the existing report. Ms. Vilardo also mentioned language was needed to stop superfluous filing. She said the language should state if an entity had not changed its capital plan from the prior report to the LCB, the entity could submit a one-page statement noting "no change prior to the report filed." She said that would stop duplication of reports.

Senator Lee referred to NRS 354.470 and asked whether the school districts were involved in the reporting requirements. He asked Mr. Leavitt if NRS 354.474 was inclusive if it was not mentioned specifically. Mr. Leavitt said chapter 354.474 defined local governments and one of the entities referred to was school districts.

Chair Hardy said the information being requested by S.B. 107 appeared to be available in at least one other source. Chair Hardy asked what the advantages were of having the information cataloged or stored at the Legislature. He asked Senator Titus why it would be important for the Legislators to also have the information.

Senator Titus said she believed the State had some responsibility to provide an oversight of what was going on within the jurisdictions. She said the bill would provide an easy source of information.

Mary Keating, Administrator, Administrative Services Division, Department of Administration, said her Department had previously supplied a fiscal note for the Buildings and Grounds Division. She stated after listening to Mr. Leavitt's recommended amendment, the issues would be resolved if the amendment was adopted. Ms. Keating said her Department would like to read the full amendment before approving it.

Chair Hardy said the amendment needed to be studied in a work session.

Ivan R. Ashleman, Vice Chair, State Public Works Board, Department of Administration; City of Henderson, said the State Public Works Board had 95 percent of the State's buildings under their purview. He said Buildings and Grounds had approximately 5 percent of the buildings. He said the Department filed ten-year plans and master plans for the development of the various areas. Mr. Ashleman suggested someone get all the proper descriptions of what departments supplied what information to the Legislature. He wanted to avoid duplication of various reports. He said some descriptive language of the analysis and projections was not the same as proposed in the bill. He suggested a work session could clarify the wording. He said he understood Senator Titus's point of view was to centralize the available information.

Chair Hardy agreed with Mr. Ashleman that the sponsor of the bill wanted to make sure the information was available. He said the Committee did not want to create additional work on projects already required. He requested people with concerns direct their comments to Senator Titus.

Senator Tiffany asked Mr. Ashleman what the State Public Works Board had for a data repository. She asked if they had a computer system that had a data repository of all the reports they were required to do. Senator Tiffany asked if all the information could be centralized with the State Public Works Board.

Daniel K. O'Brien, Manager, State Public Works Board, Department of Administration, said their reports were submitted to the Legislature or to the LCB. He said the reports were all hard copies. Mr. O'Brien said the master plans were also hard copies and were frequently book size. He said the master plans contained tables, pictures and other information. He said the reports were not in a digital format. He said all the information was already available. He said Buildings and Grounds was a different agency that was responsible for few of the State buildings. He also mentioned many State agencies had their own buildings and were responsible for separate reports. Mr. O'Brien asked who would be responsible for submitting and collating all the various reports.

Senator Tiffany stated the LCB received hundreds of reports. Her suggestion for a data repository would reduce the number of paper reports. She said one person or department could be responsible for creating the data repository. She added it would add a fiscal note to the bill. She asked Mr. O'Brien where the report could be centralized.

Mr. O'Brien said he did not know where the data repository would be located. He said the mission of the State Public Works Board was to complete the capital improvement programs of the State. He said his Department did not oversee local governments.

Chair Hardy said the intent of the bill was now clear. He said the Committee needed to determine how to achieve the goals of the bill in a cost-effective manner. He also said it needed to be accomplished without duplication of previous work.

Cindy Edwards, Administrator, Buildings and Grounds Division, Department of Administration, said her concern with S.B. 107 was section 1. Ms. Edwards said the bill mandated Buildings and Grounds report for over 90 percent of the State's assets. She said Buildings and Grounds had no jurisdiction in that area. She suggested the agencies not under her jurisdiction report directly to LCB fiscal staff.

Fred L. Hillerby, Washoe County Regional Transportation Commission (RTC); Sun Valley General Improvement District; South Truckee Meadows General Improvement District, said a number of his concerns had been addressed by the proposed amendment. He wanted to address another issue in the bill. He was concerned that in addition to an inventory, each proposed capital improvement needed to be reported with an analysis justifying the improvement. He said the analysis for the RTC 30-year plan was, in fact, the plan. He said the small improvement districts' concerns were about the costs of reorganizing information they were already required to do in another form.

Chair Hardy said he wanted to make it clear to the audience that he was not contemplating a subcommittee. He said the bill would be discussed in a work session.

Senator Care said he believed the concerns being expressed would be immaterial if the amendment proposed by Mr. Leavitt was adopted. He said if the amendment was applied to all the other sections, the bill would then reflect general accounting principles.

Chair Hardy said the amendment should be applied to all sections of the bill. He said where GAAP applied there was no reason to add further information.

Senator Titus said she appreciated the concerns expressed by the testifiers. She said she wanted to work with the people to answer their concerns. She also said it was important to remember it was taxpayers' money that built the buildings and the Legislature should have some oversight over the programs.

Chair Hardy closed the hearing on S.B. 107. He asked for a motion on S.B. 114.

SENATOR TOWNSEND MOVED TO AMEND AND DO PASS S.B. 114.

SENATOR TIFFANY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Senator Hardy said he had a bill draft request (BDR) that needed to be introduced.

BILL DRAFT REQUEST 23-1168: Prohibits false or fraudulent complaint against public officer or employee. (Later introduced as [Senate Bill 150](#).)

SENATOR TOWNSEND MOVED TO INTRODUCE BDR 23-1168.

SENATOR TIFFANY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Hardy asked if there were any further recommendations, suggestions or business for the Committee. As there was no further business, he adjourned the meeting at 2:52 p.m.

RESPECTFULLY SUBMITTED:

Olivia Lodato,
Committee Secretary

APPROVED BY:

Senator Warren B. Hardy II, Chair

DATE: _____