

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

**Seventy-third Session
April 6, 2005**

The Senate Committee on Government Affairs was called to order by Chair Warren B. Hardy II at 2:01 p.m. on Wednesday, April 6, 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 J. Tiffany, Vice Chair
Senator William J. Raggio
Senator Randolph J. Townsend
Senator Dina Titus
Senator Terry Care
Senator John Lee

GUEST LEGISLATORS PRESENT:

Senator Dean A. Rhoads, Northern Nevada Senatorial District
Senator Maurice E. Washington, Washoe County Senatorial District No. 2
Assemblyman Bob Seale, Assembly District No. 21

STAFF MEMBERS PRESENT:

Kim Guinasso, Committee Counsel
Carolyn Simnad, Committee Secretary
Michael Stewart, Committee Policy Analyst
Catherine Barstad, Committee Secretary

OTHERS PRESENT:

Lori Vavak
Patrick Douglas
John L. Wagner, Burke Consortium of Carson City
Chuck Christensen

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Gene Lepire

Larry M. Osborne, Chief Executive Officer, Carson City Area Chamber of Commerce

Sabra Smith-Newby, City of Las Vegas

Carole Vilardo, Nevada Taxpayers Association

Ronald L. Lynn, Clark County

Jessica Sferrazza, City Council, City of Reno

Jennifer Lazovich, Republic Services Incorporated

Dan Musgrove, Clark County

Jennifer Simich, Republic Services Incorporated

Caroline McIntosh, Assistant Superintendent, White Pine County School District

Anthony F. Sanchez, LS Power Development, Limited Liability Company

Steve K. Walker, Truckee Meadows Water Authority

John Erwin, Water Resources Manager, Truckee Meadows Water Authority

Gordon H. DePaoli, Truckee Meadows Water Authority; Walker River Irrigation District

Mike L. Baughman, Humboldt River Basin Water Authority

Bjorn (BJ) Selinder, Churchill County

Edwin James, Carson Water Subconservancy District

John Slaughter, Washoe County

Julie Wilcox, Southern Nevada Water Authority; Las Vegas Valley Water District

John M. Moore, Clear Channel Outdoor

Michael Bouse, Director, Building and Fire Safety, City of Henderson

Nicole J. Lamboley, City of Reno; City of Reno Redevelopment Agency

Russell Rowe, American Council of Engineering Companies of Nevada

Pat Coward, Economic Development Authority of Western Nevada

Jay Parmer, Enhanced Capital Partners, Limited Liability Company

Gingee M. Prince, Enhanced Capital Partners, Limited Liability Company

Joseph W. Brown, Nevada Development Authority

CHAIR HARDY:

I call the Committee on Senate Government Affairs to order. We have a quorum present and will open the hearing with S.B. 412.

SENATE BILL 412: Requires counties and cities to adopt ordinances prohibiting overnight parking in certain parking facilities. (BDR 20-1343)

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LORI VAVAK:

I have been one of the owners of Double Dice RV Park in Elko since 1989. I also represent the National Association of RV Parks and Campgrounds (ARVC). Please refer to my prepared statement in favor of S.B. 412 ([Exhibit C](#)) which includes a letter from ARVC promoting the passage of this bill.

The campground and RV park businesses in Nevada are vital contributors to the local economy. Illegal parking-lot camping in Nevada is having a devastating effect. One of the fastest growing illegal campground chains is Wal-Mart. Wal-Mart operates unchecked and escapes state and local requirements for taxes, health and safety. There is no legal requirement for adequate fire control.

There is an onslaught of crime this practice produces as well as damage to our local environment. Illegal RV parks attract illegal patronage as criminals and homeless transients. At least one lawsuit is currently pending, involving Wal-Mart and the illegal camping issue. On behalf of ARVC, I urge you to address this issue immediately and work to validate the importance of the recreational vehicle industry within the State of Nevada.

SENATOR LEE:

There are times when the legal camping organizations cannot handle all the RV traffic. In southern Nevada we have the Las Vegas Motor Speedway, and people follow these races all over the United States. Senator Raggio pointed out the National Championship Air Races in Reno every year attract campers from all over. Does the language in S.B. 412 preclude the air races and the Speedway from putting in an area for this overflow of vehicles?

Ms. VAVAK:

I really cannot answer that. If these situations keep causing a magnitude of traffic overflow, then people will invest in RV parks. The smaller, rural areas do not have that problem. Each municipality would have to address the situation of special events and the influx of need for additional space.

SENATOR LEE:

I would like to craft the language of S.B. 412 to protect the tourist-based, single-event situations that attract large groups of people who travel to these annual events.

CHAIR HARDY:

Senator Rhoads, welcome to the Committee. Since S.B. 412 was introduced at your request, would you like to comment?

SENATOR DEAN A. RHOADS (Northern Nevada Senatorial District):

These people came to me last summer and brought up the fact that Wal-Mart and other such organizations were in direct competition. At one point, the fairgrounds was doing the same thing, and it became a problem between the park owners, the fairgrounds and the county commissioners. The counties could enforce laws already in place, but have not.

SENATOR CARE:

Do you have a copy of the Wal-Mart newsletters? If I were in charge of Wal-Mart and I willingly solicited people to camp overnight in my parking lot, I would be concerned about all manner of liability and civil action exposure. I would just like to read what is contained in the rules and regulations of this type of service from Wal-Mart. Could you get that to us?

MS. VAVAK:

Everything you need to know can be found on the Internet. You will find that they have a blatant disregard for local city ordinances, zoning and the legitimate RV campground owners. They do not care that they are violating the law. We need some sort of mandate to make the local governments address this issue. They will not voluntarily comply.

CHAIR HARDY:

This kind of ordinance or regulation should reside at the local level. I am reluctant to have the State Legislature mandate something for local government. Have your groups petitioned the local governments? This is a problem they should address. People are best served by the level of government closest to the people. This definitely fits into that category.

MS. VAVAK:

There are requirements at the State level for legal campgrounds. We have exhausted every avenue of local government in our plight to have these laws enforced. There are a number of pending lawsuits. The county commissioners have ignored the problem. They refuse to step in and enforce the State requirement laws. In some cases, when we asked them to enforce the regulations, the county commissioners removed the regulations in question.

PATRICK DOUGLAS:

I am the owner of Shamrock RV Park in Reno. We have been a member of California Travel Parks Association since the day we opened our 5-star RV park 18 years ago. This issue has escalated over the years, getting out of control, and nothing is being done. The health and safety issues involved are astronomical. The city and county liability is pushed every time one of these campers stay overnight in an illegal camp facility. Douglas County is one of a few cooperative counties. They enforce the requirements for overnight campgrounds. We are not here to enforce the laws for special events as mentioned about Clark County. They operate under a special permit. We can adjust to those situations. The special events are not what destroy our industry.

JOHN L. WAGNER (Burke Consortium of Carson City):

We generally do not like to have the State mandate to the counties. We tried to draft fair legislation considering all safety and health issues. There should be restrictions on RV parking.

SENATOR CARE:

Parking spaces at the casinos are configured so the RV campers are invited to stay overnight. If they are not staying in a room, there are parking areas large enough to accommodate them. It is as though they are welcome and encouraged to stay there. An example would be Sam's Town, on the way to Las Vegas. They have overnight parking all the time.

MR. WAGNER:

All the towns have RV parks and hookups. We are talking concern for the larger cities, as Las Vegas.

CHUCK CHRISTENSEN:

The reason the State should participate is because it is heavily involved in seeing that my little Kampground of America in Ely adheres to all the rules and regulations of a legal campground. I ask only that you level the playing field. If Wal-Mart wants a legal camp facility, let them put in all the necessary equipment and abide by the rules. If the cities and counties will not take care of the problem, it is time for the State to become involved.

SENATOR TITUS:

Please explain some of the rules and restrictions placed on the RV parks and the costs.

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MR. CHRISTENSEN:

The requirements for separation of units, fire safety devices, sewers and septic tanks for sanitary facilities are paramount. Sewers do not run through White Pine County. Septic tanks are expensive, and the Nevada State Health Division is involved in enforcing these requirements. It cost 28 cents a gallon to get rid of septic. I have 18,000 gallons in septic tanks. There is a huge cost.

SENATOR TITUS:

How is power handled for your RV park?

MR. CHRISTENSEN:

Power supply is not a requirement. If you do provide power, you have to abide by the law. There are certain specifications you have to meet for safety purposes.

SENATOR TITUS:

Do you have playgrounds and picnic tables? There must be a cost in providing these sorts of amenities.

MR. CHRISTENSEN:

Amenities are not the problem. Those things are part of the business. Anybody in the legal RV park business prepares for these kinds of expenses. My complaint is that I cannot compete against the State of Nevada, if they allow everybody else to operate without adhering to the laws.

CHAIR HARDY:

Those are traditionally powers and responsibilities that state government has provided the local governments.

MR. CHRISTENSEN:

The State Health Division sets the laws and standards. The State Health Division is where my monthly checks get mailed.

CHAIR HARDY:

I understand what you are saying, and your point is well-taken. However, the enforcement is through the cities and counties.

GENE LEPIRE:

I have been in the RV industry in Carson City for 35 years. I direct my comment to Senator Lee's concern over the single, annual events such as the NASCAR races. I attended NASCAR with my motor home. The parking lines were marked 20 feet wide by 40 feet long with white paint to accommodate recreational vehicles. I recommend that we include those rules in a statute. The size of the lot provided for the recreational vehicle is important when you consider there are propane tanks on those vehicles. Four hours is sufficient time for parking in any public parking facility. We need help from the State. The cities have not helped the RV park owners.

SENATOR CARE:

Senate Bill 412, as proposed, does not state that you have to park in an RV park. It simply prohibits parking in a commercial context where you have a shop, store or other businesses. Are you suggesting we word S.B. 412 to cover daytime, high-volume, retail-business parking lots with a 4-hour restriction?

MR. LEPIRE:

We need to mandate a 4-hour limit, and the parking areas have to be 40 feet long by 20 feet wide.

CHAIR HARDY:

We will hear testimony in opposition to S.B. 412.

LARRY M. OSBORNE (Chief Executive Officer, Carson City Area Chamber of Commerce):

We oppose S.B. 412 because this should be a local issue for local government. Carson City has been putting together an RV ordinance. We have collected comment from local business owners, local residents and casino owners concerning this proposed ordinance. Enforcement of existing local laws seems to be the problem, which is all the more reason to put it back on local government where it belongs. We encourage you not to pass this bill because it will take away the authority of local government.

SABRA SMITH-NEWBY (City of Las Vegas):

We are generally neutral on the issue of whether or not RV owners may park in parking lots. However, we do have two objections to the manner in which this bill would affect us. First, it would mandate that we pass an ordinance. We suggest this be amended in the *Nevada Revised Statutes* (NRS) rather than

mandated by the individual, local jurisdictions. Secondly, enforcement seems to work better when handled by the owners of the individual parking lots. It is as simple as posting a sign in the parking lot prohibiting parking over four hours. When vehicle owners violate the posting, their vehicles will be towed at their own expense.

CHAIR HARDY:

Is there anybody else who would like to testify in opposition of S.B. 412? There are still a number of people in opposition who have signed in. Your opposition will be noted for the record. We will be dealing with this in work session within the next ten days.

We will close the hearing on S.B. 412 and open the hearing on S.B. 184.

SENATE BILL 184: Revises provisions relating to enterprise funds. (BDR-31-23)

SENATOR TERRY CARE (Clark County Senatorial District No. 7):

Senate Bill 184 goes to enterprise funds, which are currently used for building permit fees, barricade and encroachment fees. The purpose of the bill is to establish an advisory committee to offer suggestions on how to better operate these funds. We do have a need to process this bill.

CAROLE VILARDO (Nevada Taxpayers Association):

I am speaking in favor, as amended, with two additional amendments to S.B. 184 ([Exhibit D](#)). My intent was to capture all enterprise funds, including golf courses. Some local governments take the position that this is problematic for the utilities and some other areas. I offered the amendment which would remove all the enterprise funds and restrict S.B. 184 to the building funds. There will still be local governments that have objections to this. I have made every attempt to make this information available to all local governments, and I am still getting responses. With regard to section 2 and setting up a committee, I recently learned that at least two local governments already have advisory committees. Ms. Guinasso, could we change the language to say "local government or its designee"?

CHAIR HARDY:

Mr. Lynn, please come forward and identify the issues where we have agreement. I would like to have one representative from each entity testifying. I do not know if Ms. Vilardo's removal of the local-government-enterprise-funds

language is helpful to anybody. Apparently, that does not resolve all of their concerns. To the issue that Ms. Vilardo just addressed, Mr. Lynn, do you have any comments?

RONALD L. LYNN (Clark County):

Fundamentally, I am still confused. I am still digesting some of the newest amendments. I received a portion of them last night and a portion of them just a few minutes ago.

CHAIR HARDY:

We are not going to ask you to make a statement without having a chance to review the amendments. At the conclusion of this hearing, you may go to my office and work on these issues. We will bring this back as early as next Monday in work session. From the City of Reno, did you have any comments to make on Ms. Vilardo's testimony thus far?

JESSICA SFERRAZZA (City Council, City of Reno):

We are opposed to S.B. 184 the way it is written. We did have issues. I have the chairperson of our Building Enterprise Fund Committee here, Michael Cate, along with Mark Sullivan, who represents the Associated General Contractors. We established a nine-member committee, appointed by the city council. They make the recommendations, and that committee has worked well in addressing concerns from our constituents that growth was not paying for itself.

CHAIR HARDY:

Are you telling us that this bill is not fixable?

MS. SFERRAZZA:

It is fixable. There are some amendments that can be made, and we need time to do it. We just heard about this today.

CHAIR HARDY:

You can take some time, now, to discuss and clearly identify the areas of agreement and disagreement and work on the areas of disagreement and bring irreconcilable differences back to the Committee. I ask you to return to this Committee at a time certain of 4 p.m., today, with your findings. Please,

have only one representative return to speak from each entity. When you bring the bill back, there will be ample opportunity for everyone to get on the record.

We will open the hearing on S.B. 354.

SENATE BILL 354: Revises provisions governing municipal solid waste management systems. (BDR 40-1153)

JENNIFER LAZOVICH (Republic Services Incorporated):

We have made every effort to involve all concerned with S.B. 354 in creating this amendment ([Exhibit E](#)). The current language in the NRS gives the authority to each municipality to create, by adoption of an ordinance, a perpetual lien against a property for unpaid fees. This is a way for garbage companies to collect on unpaid bills. We want to pursue the unpaid bills, since the garbage companies are required to pick up the garbage no matter what happens. I have worked with Clark County on this amendment and arranged for every local government to have a copy of this handout.

DAN MUSGROVE (Clark County):

The solid-waste service provider in Clark County does not have the ability to lien the property of those customers who do not pay their bills. While S.B. 354 would extend the ability to lien customers in Clark County, it does add some unnecessary language. That is why we have requested this amendment, [Exhibit E](#). We support S.B. 354 as amended.

SENATOR CARE:

I agree with these proposed amendments. The only way this is going to work is the owner of the property will have to ultimately address the lien, even if he had a tenant in violation. May the owner of a residence opt out of receiving garbage service and become a disinterested owner?

MR. MUSGROVE:

I do not believe they can.

JENNIFER SIMICH (Republic Services Incorporated):

We just revamped our city ordinances. If you opt out of garbage services, you are required to provide proof that your water is also turned off.

CHAIR HARDY:

Then, there is a process in place.

SENATOR CARE:

If the lien is attached, would it be an automatic charge? Would it be a \$5 lien as opposed to a \$300 or \$400 lien? Is Republic Services Incorporated permitted to stop collecting the trash if the bill is not paid after a certain period of time? Could this be a substantial amount of money?

MS. LAZOVICH:

Republic Services is not permitted to refuse garbage pickup for nonpayment. The lien would be in the amount of the overdue bill. The customers are billed approximately \$33 per quarter, on a quarterly basis. If they are two quarters in arrears, the lien would be in the amount of \$66. Over 75 percent of the people actually pay the bill once they receive a notice of intent to lien. This is a long process. Customers receive about six requests for payment before they receive an intent to lien notice.

MR. MUSGROVE:

The main reason the garbage service provider cannot refuse to pick up the trash has to do with health issues. There is a part of the franchise agreement that relates to community health standards. They will not leave garbage behind. They pick it up twice a week and expect customers to pay for it.

CHAIR HARDY:

We have hired a new district attorney, and he has requested that everything be specifically outlined.

MR. MUSGROVE:

Exactly.

CHAIR HARDY:

Do we have any more testimony for or against S.B. 354? We will close the hearing on S.B. 354. We will open the hearing on S.B. 466.

SENATE BILL 466: Makes various changes concerning sale or lease of water rights by local governments (BDR 20-1351)

CHAIR HARDY:

Committee, this is the bill I requested in conjunction with our hearing on the Washoe County Water Auction. The bill came back drafted exactly the way I requested. However, it is incorrect. My intention is to have our legal counsel draft an amendment that simply says if a local government entity disposes of water, it cannot dispose of the water at more than fair market value. It has to be fair market value or less. We need to consider the enforcement side of the amendment as well.

CAROLINE MCINTOSH (Assistant Superintendent, White Pine County School District):

You have the letter from White Pine County Commissioner John A. Chachas ([Exhibit F](#)). We are concerned with the language in S.B. 466 and how it will affect our long-term economic revival. The sale of the water rights by our local government is problematic for our plans, economically.

CHAIR HARDY:

The proposal I have put forward does not determine where water rights are sold. They can be sold to a private entity, to anyone, as long as they are sold for fair market value or less. White Pine County brought this issue to the forefront. This should take care of your concerns.

ANTHONY F. SANCHEZ (LS Power Development, Limited Liability Company):

We are working with White Pine County. Based on the amendment as you have outlined, we are pleased with and in favor of S.B. 466.

STEVE K. WALKER (Truckee Meadows Water Authority):

We have an amendment proposed through the Washoe County Department of Water Resources ([Exhibit G](#)). I would like to introduce John Erwin, Director of Water Resources for Truckee Meadows Water Authority (TMWA) and our counsel, Gordon DePaoli.

JOHN ERWIN (Water Resources Manager, Truckee Meadows Water Authority):

We are concerned that the language has the potential to limit the opportunity for a local government or even the TMWA to maximize its value of some assets. The economic benefit gets transferred from those for whom the bill is intended to avail, which is the public, to the developer.

CHAIR HARDY:

That would depend on your definition of public benefit.

MR. ERWIN:

Exactly. I am not saying if it is good or bad. If you want to maximize the value for the local government to sell on the open market, the open bid process does provide the maximum return on the asset. The other concern is in looking toward the future. The ability to maximize returns on investments through the sale of an open bid process does allow the governments and utilities to move between resources. They will get as much money as they can from one resource and invest those funds in the other resource. The property values are also of concern.

CHAIR HARDY:

Thank you for bringing that up. There will be a statement in the amendment with regard to that issue, where there is water associated with the land. We have to have some mechanism of knowing the land is not sold just to get at the water rights. That will be something we will address with our legal counsel. With regard to the other issues you brought up, this is precisely why I brought this forward. I understand the policy question you are asking. This is designed to address that policy question. I certainly have made up my mind on that issue.

GORDON H. DEPAOLI (Truckee Meadows Water Authority; Walker River Irrigation District):

If I understood correctly, you indicated the water rights, including an irrigation district owned by a local government, can be sold to anyone at no more than fair market value. The principal concern of the District was the inability to sell to farmers. I agree with Mr. Erwin that local governments ought to get what they can for their assets.

CHAIR HARDY:

I agree with that as well, except in the case of our most precious natural resource, which ought to be put to use for the benefit of the people of Nevada. I understand the policy argument that more money would allow us to build parks and roads, which is a benefit to the people. We have to follow that scenario to the logical conclusion which, in our current water law, could be problematic.

MR. DEPAOLI:

Ultimately, there are going to be private sales in the market. Appraisers will pick up on those, and the fair market value is going to rise.

SENATOR CARE:

Maybe we should get to this in a work session. The definition of fair market value is what a buyer is willing to pay. It is different when we are talking about water rights. Once you own the water rights, how do you get the water from where it is to where you want it to be? Maybe a distinction should be made between fair market value and what someone is willing to pay.

MR. DEPAOLI:

Appraisals are simply a look backwards at what someone paid at a prior time. That is how fair market value is established. The ultimate test of fair market value is what someone will pay today. Senate Bill 466 will prevent an up-to-the-minute determination of fair market value determined by what I am willing to take and what you are willing to pay.

CHAIR HARDY:

It has never been my intent to interfere with the selling of privately held water rights. My issue is the role of local governments in driving that market. Local governments are in unique positions, as purveyors of water and other services, to drive the price up, as illustrated by Washoe County.

MIKE L. BAUGHMAN (Humboldt River Basin Water Authority):

The Humboldt River Basin Water Authority originally signed in to oppose S.B. 466. Your amendment goes a long way to alleviate our concerns. I would share the concern of others about the issue of fair market value. Another living resource in our State is land, which is 87 percent controlled by the federal government. When we do land sales at the local government level, we are required, by law, to hold a public auction. When people come to bid at that auction, the high bid becomes the fair market value of that day.

BJORN (BJ) SELINDER (Churchill County):

We have supplied some written testimony on behalf of Churchill County in opposition to S.B. 466 ([Exhibit H](#)). In Churchill County, we operate on annual leases. There is a difference in value, based on quantity and size of parcel. This issue will be interesting in regard to the amount of water, whether it is a small quantity versus large quantity of hundreds of acres.

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EDWIN JAMES (Carson Water Subconservancy District):

The amendments stated will take care of most of our concerns. In order to recoup our investments, we release water rights to downstream users. Currently, we are leasing to Carson City. We release the rights wherever the needs are. It is on a year-to-year basis. We try to make sure the water is in flow year-round. Our concern is to establish fair market value. A city would pay much more than a rancher could pay, but the rancher is willing to pay what the city pays for that one-time use.

JOHN SLAUGHTER (Washoe County):

We initially had concerns with S.B. 466 as it was written, so we submitted a document detailing our concerns ([Exhibit I](#)). We now support this bill as amended.

CHAIR HARDY:

Hopefully, everyone understands my global concern with this issue as a matter of public policy. We will close the hearing on S.B. 466. We will open the hearing on S.B. 196.

SENATE BILL 196: Revises provisions governing boards of directors of certain water authorities created by interlocal cooperative agreement.
(BDR 22-88)

SENATOR MAURICE E. WASHINGTON (Washoe County Senatorial District No. 2):

Senate Bill 196 simply deals with counties having a population over 100,000. It requests that a Legislator be appointed to the board in southern Nevada, as well as to the board in northern Nevada. The Governor would make the appointments. The Legislator who sits on the Board would be a nonvoting member. The purpose of the bill is to give the Legislators an opportunity to know what is taking place on those boards. This will give us all a better opportunity to be aware of what is going on throughout the State. It is important, as we deal with the water situations within the State, that we have a better handle on what is going on concerning all areas of the State of Nevada.

CHAIR HARDY:

Senator Washington, this bill, as currently written, applies to Southern Nevada Water Authority (SNWA) and TMWA. I have dealt with southern Nevada water issues most of my professional career, and we have struck a balance that

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works. Would you be opposed to an amendment that would remove the SNWA, if the majority of the southern Nevada Legislators agree?

SENATOR WASHINGTON:

It depends on the Committee members. If they want to amend the bill to remove the SNWA, they may. It is important that at least one Legislator be represented on that Board.

JULIE WILCOX (Southern Nevada Water Authority; Las Vegas Valley Water District):

Although the Legislative Counsel's Digest in S.B. 196 specifically refers to SNWA, the bill as it is written does not affect us. The SNWA is a wholesale water-delivery agency. We have seven member agencies, and each agency has one member on the Board. We have five water entities and two waste water entities that came to the table. Each of those entities is represented.

CHAIR HARDY:

Are you saying this would impact the Las Vegas Valley Water District?

Ms. WILCOX:

No, it would not. The county does not have a representative on the board. The county is represented on the SNWA only through the Clark County Reclamation District, which is a separate district.

CHAIR HARDY:

Obviously, it is Senator Washington's intent to have S.B. 196 include the SNWA. We will have you work on that with our legal counsel. Once we have the language to reflect the sponsor's intent, would you have any opposition?

Ms. WILCOX:

For the record, the SNWA has monthly meetings open to the public. These meetings are broadcast on our Web site. The SNWA is a consensus-driven organization. When the organization came together, each member agency had water. They were water purveyors with water rights or they were waste water agencies with water rights. Whatever decisions have to be made are done so with specific quorums.

CHAIR HARDY:

Are you saying that you would still have opposition to S.B. 196 when finalized?

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MS. WILCOX:

I just wanted to offer that comment. You can watch our meetings on the Web site, right now.

CHAIR HARDY:

Are you not going to answer the question?

SENATOR LEE:

Although the Las Vegas Valley Water District is the largest retail purveyor of water in southern Nevada, would it have its own municipal water system? I am interested in finding out if North Las Vegas would be involved with S.B. 196.

MS. WILCOX:

No, that question would certainly come up if you put a Legislator on the board of the Las Vegas Water District. North Las Vegas is not the largest water purveyor in southern Nevada. Would you then put a Legislator on every municipal water department in the State of Nevada? This is unclear. It is difficult for me to say if we are in opposition or not.

SENATOR WASHINGTON:

The Legislators sitting on those boards would provide the information needed for us to produce effective policies to enhance delivery of water to the citizens of this State. There is no negative side to S.B. 196. It may put the State in a different position, but at least we are participating in the overall use of water in the State.

CHAIR HARDY:

Would the Legislators be paid for their service on the Board?

SENATOR WASHINGTON:

No, we are not asking that they be paid for their services. The appointment is made by the Governor, and it is a nonvoting seat. The TMWA currently has an open seat. Members of that board have been considering a member from the city of Sparks, the city of Reno or one from Washoe County government. They have decided to put a Legislator on that seat. This person could function as a liaison between the Board and constituents.

CHAIR HARDY:

Do you wish to withdraw the amendment?

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SENATOR WASHINGTON:

We wish to withdraw the amendment, at this time.

CHAIR HARDY:

Ms. Guinasso, can you address the comments from Ms. Wilcox?

MS. GUINASSO:

Yes.

CHAIR HARDY:

Ms. Wilcox, please provide your contact information to Ms. Guinasso in case she has additional questions.

Committee, are there any further questions on S.B. 196? We will close the hearing on S.B. 196. We had a time certain of 3:30 p.m. to address S.B. 262. We will now revisit S.B. 262.

SENATE BILL 262: Authorizes raising, relocation or compensation for loss of outdoor advertising structures as result of certain governmental actions. (BDR 22-1250)

JOHN M. MOORE (Clear Channel Outdoor):

We request a postponement to work out some of the issues with S.B. 262.

CHAIR HARDY:

A postponement is granted. Friday, April 8, we will bring this back to Committee for discussion. We will close this hearing for now on S.B. 262. We will open the hearing on S.B. 424.

SENATE BILL 424: Revises provision governing authority of governing body of city to abate abandoned nuisance. (BDR 21-343)

MICHAEL BOUSE (Director, Building and Fire Safety, City of Henderson):

The Committee has our proposed amendment ([Exhibit J](#)). This bill would amend NRS 268.4126, which deals with abandoned-property nuisance activity. Senate Bill 424 allows cities and counties with populations in excess of 100,000 to adopt an ordinance to deal with those types of properties. The abatement action under that ordinance is done through court action.

The NRS currently provides two criteria have to be met in order for us to seek a court order on this type of property. First, the property must be vacant or substantially vacant for two years. Second, 3 or more abandoned nuisance activities must have occurred within a 12-month period. Senate Bill 424 defines 8 different abandoned nuisance activities. Henderson is in the middle of incorporating the requirements of this statute into a property-maintenance code. Two homes fell into disrepair, but not to the point to declare them dangerous, substandard buildings. We could not take abatement action. Over a period of 18 months, the property owner responded to our notices and boarded the buildings. During those 18 months, citizens of the neighborhood were outraged because they contended the buildings were a hazard. Our hands were tied. We are requesting the statutes be amended to provide that the property has to be vacant or substantially vacant for 12 months, as opposed to 2 years. Rather than having 3 nuisance activities occur within a 12-month period, we are asking the law be amended to read 2 or more nuisance activities within a 12-month period. With that amendment, the city of Henderson could adopt the property and maintenance code provided for a more timely abatement. The language is permissive, and cities can choose whether or not to adopt these types of ordinances.

SENATOR CARE:

Do you have an abandoned nuisance activity the moment the citation is issued? If the citation is contested, at what point does it have to be resolved? When can you determine it is an abandoned nuisance, other than just by looking at the outward condition of the property?

MR. BOUSE:

The statutes are not clear. In order to establish the type of record that the court would require, we would document through the issuance of a citation or notice of violation against the property.

SENATOR CARE:

Would the citation be sufficient?

MR. BOUSE:

It would sufficiently document that one violation.

SENATOR CARE:

Obviously, there is a time period where the property owner has to contest the citation or his rights are waived. Is that correct?

MR. BOUSE:

That is correct. This statute deals with those types of properties where the property owner is totally unresponsive.

SENATOR CARE:

When the citation is issued for the second time, it puts you in a position to say "that's two." Down the road, the property owner contests the citations and the matter is resolved in his favor. We do not want to see that happen.

MR. BOUSE:

The statutes do provide that, upon notice, the property owner does have an opportunity to appeal to the court. The notice has to be sent by certified mail, return receipt requested. The court could authorize the city to abate the violations.

CHAIR HARDY:

I share Senator Care's concern on the definition of "abandoned nuisance." The declaration of abandoned nuisance where two or more activities exist needs clarification. I am not sure I understand your answer to Senator Care. Let us try a real-life example. We have something the city considers an abandoned nuisance activity. The city issues a citation via certified mail to the registered property owner. Is that considered the activity, and is that all that has to occur?

MR. BOUSE:

That is correct. A real-life example would be the two abandoned homes we encountered in Henderson that were vandalized inside. We sent a notice of violation informing the property owner the homes had to be boarded. Ultimately, they were boarded, but the property continued to deteriorate. The boards were removed and vandalized again. The second notice of violation was issued.

CHAIR HARDY:

Is the "activity" the issuance of the citation, or is something occurring on the property considered the activity?

MR. BOUSE:

The statutes indicate that whatever occurs on the property, such as a gang vandalism incident, and the physical condition of the property, is considered the activity.

CHAIR HARDY:

The presence of junk vehicles or vandalism would be the activity. Something proactive has to happen on the property in order to consider it an activity and to issue a citation. You cannot just approach a vacant home and send out a notice of abandoned nuisance.

MR. BOUSE:

That is correct. In the current statutes, that would be allowed to occur three times, and we are requesting it occur only twice.

SENATOR CARE:

Whether or not you have an abandoned nuisance activity becomes a question of fact for the court to decide. The example you are giving indicates the owner of the buildings boarded them, as instructed, and basically moots that activity. A week later, it happened all over again. Then, it would be considered a consistent violation. It is hard to say if that is an abandoned nuisance activity. It would have to go to a judge.

MR. BOUSE:

Correct, everything in terms of enforcement activity is overseen by a court action.

MS. SMITH-NEWBY:

The Las Vegas City Council, as part of a strategic planning process, adopted several priorities for the City. Two of those priorities include revitalizing and invigorating our mature areas in the urban core, and supporting affordability and pride in our neighborhoods. We rise in support of S.B. 424 because we have been proactively seeking to abate abandoned nuisance activity in our neighborhoods.

NICOLE J. LAMBOLEY (City of Reno; City of Reno Redevelopment Agency):
We support S.B. 424.

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CHAIR HARDY:

Is there anyone else wishing to testify in favor of or opposition to S.B. 424? We will close the hearing on S.B. 424. We will revisit S.B. 184, if Ms. Vilardo is prepared.

MS. VILARDO:

Most of the governments agree with the proposed changes of S.B. 184. Our proposed amendment definitely needs work. Addressing this proposed amendment in a work session format is acceptable. In the meantime, we will conduct further discussions. I intend to cover the language with legal staff before we bring the proposal back to the table.

CHAIR HARDY:

We will hold a work session and have Ms. Vilardo present her proposal at that time. Are there any questions about the program we need to cover today in this Committee?

MR. LYNN:

I do appreciate the work Ms. Vilardo has done. It was well coordinated and answered a number of my questions. However, my concerns are with establishing or mandating a committee, from a State point of view. I am still confused on some of the financial issues and restrictions. I would like to have my financial staff look at the proposal.

CHAIR HARDY:

We will have staff get a copy of the amended version in your hands as soon as possible. It appears you will have additional questions. The substance of S.B. 184 is the mandating of the committee, at the State level, to the local governments. Is that problematic for you?

MR. LYNN:

Yes, it is.

CHAIR HARDY:

Thank you for agreeing to return for a scheduled work session to cover your proposal. Once you have a completed, satisfactory form to present, we welcome you back to walk us through it at that time. We will make sure everyone will have ample opportunity to comment on and review the new document. Now, I would like to turn our attention to Senate Bill 283.

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SENATE BILL 283: Creates Committee for the Economic Diversification of Nevada. (BDR S-801)

CHAIR HARDY:

I will turn this hearing over to Vice Chair Tiffany, while I testify before the Committee on S.B. 283.

VICE CHAIR TIFFANY:

Welcome to the Committee, Senator Hardy.

SENATOR WARREN B. HARDY II (Clark County Senatorial District No. 12):

Our economic diversification became an issue of interest as a result of our interim study by the Committee to Evaluate Higher Education Programs. It is important that there be a level of coordination between our efforts in economic diversification and the efforts of our higher education programs in Nevada. This concept was suggested to me during those hearings. We have discussed for years the peril in having two major industries in our State, should there be an economic downturn. We experienced just that, after the tragedy of September 11, 2001. It really brought home the importance of economic diversification. This committee being proposed is a large move in that direction. Much of the economic diversification efforts in the State of Nevada are sporadic with no real coordination. Senate Bill 283 is a means to coordinate those diversification efforts. I have with me today, Mr. Russell Rowe, who will take us through the bill. The formal manner in which I presented S.B. 283 was simply to illustrate how important this is to the future of our State.

VICE CHAIR TIFFANY:

Are there any questions for Senator Hardy?

SENATOR LEE:

Is the Lieutenant Governor involved in this process through her constitutional office? Will this issue move to committee, and will she lose her responsibility?

SENATOR HARDY:

That is one of the primary objectives of the Lieutenant Governor. This would be an opportunity to enhance and provide some focus to all the efforts going on around the State.

SENATOR LEE:

Would this supersede whatever that constitutional office is doing?

SENATOR HARDY:

I do not know how that would work, constitutionally. I would prefer to characterize it as an enhancement.

SENATOR TITUS:

I agree with Senator Lee. How can you create a committee on economic development without including the Lieutenant Governor, when it is primarily her job? The point that membership from the Legislature is appointed by the majority leader and the speaker concerns me. This happens more and more. It was the case with the tax committee and now it is going to be the case with this Committee. Why not have the commission make those appointments instead of putting excessive power in that leadership position?

SENATOR HARDY:

We want to make this Committee as effective and as useful as possible. We are open to all those suggestions.

SENATOR CARE:

We should have people who can move on business and economic diversification without any consideration of politics. Why do we even need a Legislator on this? The Regent is on the bill because somebody has to speak for the University and Community College System of Nevada. Obviously, I do support S.B. 283, whatever the form.

SENATOR HARDY:

I agree with Senator Care that we need effective individuals on this Committee.

RUSSELL ROWE (American Council of Engineering Companies of Nevada):

This bill emanated from the results of the interim Higher Education Committee. Part of its charge was to evaluate how higher education and economic development work together. When the consultants report and recommendations from that committee came out, we knew the economic-development community had to do something. We took the comments seriously and requested, to Senator Hardy, that we forward the specific recommendations with respect to economic development in a bill. There are three major things the consultants' report found from that Committee. First, the need to diversify is recognized in

this State, but there is no clear, integrated strategy for economic development. Second, there is a need to develop a long-term strategy for expanding and diversifying the economy. Third, there is no consistent, high-level venue to address issues that cut across higher education, kindergarten through twelfth grade (K-12) education and economic diversification. The Nevada Development Authority (NDA) has learned that there are a number of potential industries and technologies in Nevada. We lack a central location in our State to coordinate our development. With S.B. 283, we will establish the needed strategic plan and outline how we can bring these pieces together for integration into a long-term strategy for the State of Nevada. We have outlined our 20-year plan with research focused on economic-diversification development. We are definitely not trying to replace the role of the Lieutenant Governor with respect to economic development and diversification. We have been in touch with her many times concerning the development of S.B. 283. We do expect her to play a role. We purposely tried to have members of the business community on this Committee. The idea is to have it driven by the private economic sector. The business community, university presidents and general business leaders are aware of what is going on, and they are familiar with diversification. We have done our best to involve everyone, and they have all been responsive. Maybe this should be a subcommittee of the Higher Education Committee. We are open to that or whatever works best, and we are willing to put our time into this.

PAT COWARD (Economic Development Authority of Western Nevada):

The Economic Development Authority of Western Nevada (EDAWN) has been involved with the Higher Education Committee. The main focus of EDAWN and its board of directors is a well-overdue strategic plan. It is paramount that we bring economically diverse businesses into the State of Nevada. One of the key factors is an educated workforce. That would be our main thrust.

MS. VILARDO:

I am speaking in support of S.B. 283. Four bills specifically deal with funding and economic development. It points out the need to have a statewide plan. It would cover elementary schools, higher education, the business community and the Legislature. It would be our point of coordination. Senate Bill 283 has our full support and that of the Board.

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MR. COWARD:

Michael Pennington, from the Reno-Sparks Chamber of Commerce, could not be here because of schedule conflicts. He asked me to make sure the Committee is aware of his support of S.B. 283.

MR. ROWE:

I would like to address an earlier comment from Senator Titus regarding the membership. I drafted that language, and I used previous bills as my guide. There was no intent other than to draft it using the proper language.

SENATOR TITUS:

I appreciate that. To be more effective, you might want to consider having someone at the head of the university, research and development, or the vice president.

MR. ROWE:

We have actually thought along those lines. The president of the university has offered to serve on the Board. We respectfully declined. We wanted to present to the business community the direction of higher education. There are sometimes disagreements between the University of Nevada, Reno and the University of Nevada, Las Vegas, and we wanted to avoid those situations.

SENATOR TITUS:

The Georgia Institute of Technology has a good program. There is also a collaborative program between the University of New Orleans and the Department of the Navy. There are many opportunities out there we are missing. I just want to get the best people on the committee, so we come up with something worthwhile.

CHAIR HARDY:

There seems to be a strong feeling that we should incorporate the Lieutenant Governor in the drafting of S.B. 283. Those suggestions are appropriate. Please go back to the various boards and have a discussion, in light of the conversations, regarding the makeup of this bill. Be prepared to return with an amendment or something for work session early next week. Right now, we will close the hearing on Senate Bill 283.

Committee, we will open the hearing to address Senate Bill 414. This bill also falls into the category of good ideas from the interim higher education study.

[SENATE BILL 414](#): Creates Nevada Economic Investment Fund. (BDR 18-1062)

CHAIR HARDY:

Assemblyman Seale, welcome to the Senate Committee on Government Affairs. It is nice to have you here.

ASSEMBLYMAN BOB SEALE (Assembly District No. 21):

I came here as the former Treasurer of the State of Nevada, rather than as an Assemblyman. Many of you recognize that during the time I was Treasurer, I pursued economic development for the State of Nevada on many different fronts, with less success than I would have hoped. This bill is intriguing, and I want to have it pursued to the fullest. My interest in economic diversification for the State of Nevada goes to the core of what we do in the State treasury that is bonds and the value that economic diversification delivers to bonds in terms of higher bond ratings and lower interest rates. We have a significant amount of money out there in debt. The rating agencies are always interested and moving toward diversification. There was always the argument that we are not diversified in the State of Nevada. Our State is a single-industry state. My argument has always been that while there has been some significant growth in the area of gaming, the other industries keep up with that growth. However, the State has not been able to move forward. Because we are considering these types of bills, our bond rating will move forward. It will have a significant impact on the State of Nevada and our finances. I am in support of Senate Bill 414; I would like you to look at it closely and make it move forward.

CHAIR HARDY:

Thank you for being here and lending your expertise to this discussion. It is certainly invaluable.

JAY PARMER (Enhanced Capital Partners, Limited Liability Company):

We are here in support of S.B. 414, which is an innovative proposal to allow the State of Nevada to support entrepreneurial activity that would strengthen and diversify our economy. There is a keen interest in economical development this Session for several reasons. First, Nevada is far behind many other states in supporting programs that would foster economic development. Our economy is strong, but it could be made stronger by encouraging further diversification of our economy. Secondly, this State is placing more emphasis than ever on improving K-12 and higher education. Economic growth and diversification must be our next area of focus. The timing of S.B. 414 is critical. How do we prevent

the brain drain from our communities as Nevadans, educated in our State, cross our borders to find gainful employment elsewhere? This is why the time is now for the State of Nevada to address economic development. This bill is a major step in that direction. This proposal creates a vehicle to recruit and retain businesses that pay higher wages, with corresponding benefits. Such jobs will create a better quality of life for Nevadans. Finally, the passage of S.B. 414 does not require a General Fund appropriation.

GINGEE M. PRINCE (Enhanced Capital Partners, Limited Liability Company):

We are a private investment firm based in New York and New Orleans. We have participated in state and federal economic development programs. You have before you a bound presentation ([Exhibit K](#)). I would like you to move ahead to page 4 of this presentation and focus on the flow chart. Senate Bill 414 creates a \$30-million investment fund. It is capitalized by insurance company investors who receive tax credits for their investments. The tax credits granted by the State total \$25 million, but the impact of the credit is delayed by 2 years and then amortized over a 4-year period, from 2007 to 2011, at a rate of 20 percent per year or \$5 million per year. If you look at the bottom of page 5, it indicates the tax credits. First, when the fund is actually created and then when the tax credits hit.

This method of providing tax incentives is a proven method for raising up-front capital quickly and then paying for it over the long term. You receive money today for economic development, but you do not have to pay for it until 2007 through 2011. This allows the investment capital to begin working in the economy before the first impacts of the credits occur. After the State authorizes the tax credits, a board of directors is established to oversee the creation and implementation of the program.

We offer an amendment to change the composition of the board ([Exhibit L](#)). The board appoints a fund manager. In order to be considered to manage the investment fund, an applicant must meet certain investment criteria. The credit allocation is set forth to enable the fund manager to raise money from the insurance companies. Once the fund manager has collected the money to create the fund, he will then make investments in businesses according to the criteria set forth and after approval of the board of directors. In order to receive any investment under this program, an applicant must be principally located within the State or employ 75 percent of its employees within the State of Nevada.

The company receiving the investment must foster Nevada economic development as determined by the board of directors.

SENATOR TITUS:

This is a good idea. When I tried to put together the economic development trust fund, I wanted the money to be given in grants to public or private entities. The idea was to give some incentive to businesses. I was told that was unconstitutional. The State cannot invest in private enterprise. How is this different?

MR. PARMER:

In 2003, we looked at the opportunity of bringing forward this bill. We ran out of time to structure the bill. We needed a legal opinion stating this program does not violate the constitutional clause that indicates the State cannot lend its equity. This was decided because of the way the money is raised, which is using insurance premium tax credits against the collection of insurance premium taxes by the State. We have an opinion provided by the Legislative Counsel Bureau and supported by outside legal counsel.

SENATOR LEE:

Does this tax credit come off the insurance premium tax? Is that basically where these are applied by insurance companies?

MR. PARMER:

This proposal is called innovative because this fund was created as a result of work done by the National Association of State Budget Officers. What they found, nationally, was that state budget officers were accounting insurance premium tax collections into the states' general funds at a more conservative rate than states actually collect them. Insurance companies are growing, and consequently, their debt obligation, in terms of tax for the state, is growing at a significant rate. There is a difference in the amount of money between what has been anticipated into the general fund and what is coming into the state after the budget process. This fund would be an opportunity to take advantage of that money coming in at a rate higher than the 9.9 percent our budget officer anticipates into the General Fund.

SENATOR CARE:

Who are these entities?

MS. PRINCE:

There are anywhere from six to ten companies, nationwide, that would qualify and that have participated in economic development programs. The number that might apply here would be around four or five companies. They are required to hire local investment professionals and set up a local office. You would have a local fund manager, but that person would be tied to a group with experience.

SENATOR CARE:

Who are the four or five companies that might apply here?

MS. PRINCE:

They are Advantage Capital Partners, Newtek Business Services Incorporated, Stonehenge Capital Corporation and Enhanced Capital Partners; there are a few more that may qualify.

SENATOR RAGGIO:

Where else has a program of this type been initiated? Could you elaborate on their experiences?

MS. PRINCE:

This program is different. Similar programs have been implemented in other states. This program establishes a board of directors to direct the investments within the State of Nevada, unlike other programs. The others allow private investment firms to make investments as they deem appropriate. That process has received criticism in other states. Therefore, what we presented here was a board-approved investment process. There are eight states that have enacted programs similar to this presentation. Louisiana initiated this program in 1987. It has been renewed 14 times and has allocated approximately \$750 million to the program. New York just enacted its fourth program, totaling approximately \$480 million. The states where Enhanced Capital Partners participate are New York, Colorado, Louisiana, Alabama and the District of Columbia.

SENATOR RAGGIO:

Why is the program for the State of Nevada structured differently?

MS. PRINCE:

We have experienced criticism of economic development in other areas due to the fact that private companies make investments as they deem appropriate.

The structural difference of this presentation is the addition of the board of directors, which has to approve every investment in this program.

CHAIR HARDY:

After going over many of these same questions previously, this approach seems to work best.

MR. PARMER:

Mr. Brown came up from Las Vegas to testify. We had a number of people who were willing to testify from Las Vegas. However, we were unable to obtain the videoconference link. You have some e-mails and letters in support of S.B. 414 that Mr. Brown will address.

JOSEPH W. BROWN (Nevada Development Authority):

I am appearing today as a former executive committee chairman of the Nevada Development Authority (NDA). For the past several years, I have been cochairman, along with Robert Lewis of the NDA Legislative Committee.

For the 25 years I have been connected with NDA, I have come across countless entrepreneurs who had good ideas, boundless enthusiasm and a strong work ethic, but failed because of their inability to secure investment capital from traditional sources. At the NDA, we have had dozens of small but successful companies willing to move their well-paying, quality jobs to Nevada, providing we assist them with capital to move and expand their businesses. We are unable to help and end up losing them to Arizona, Utah and other neighboring states. There are 18 other states offering tax credit programs like this to assist start-up businesses. The concept proposed by S.B. 414 is innovative and presents a real possibility of early-stage funding to small start-up companies. Financial analysts need to carefully study fiscal ramifications and examine how this kind of legislation has worked elsewhere. A couple areas exist where improvements can be made. Targeted investors should be consulted as to whether they would invest their capital under these terms. The proposal seems to have sufficient oversight and control to protect the State of Nevada from financial mishap. No action will be taken without the approval of a well-balanced mix of elected officials, economic development leaders and investment experts. It does not require an appropriation from the State's General Fund. The NDA encourages you to move forward with your sincere consideration of this worthwhile piece of Legislation.

CHAIR HARDY:

Mr. Brown, do you have the written amendments you have just presented? Can you provide them to this Committee?

MR. BROWN:

I do have the proposed amendment in written form, which I will e-mail to you.

CHAIR HARDY:

So often, when we cover economic development in this State, we are concerned with the numbers of people attending. We do not always look at the economic viability of the business succeeding in this environment. That is a missing element. This helps us decide if we are looking at a desirable company to bring to Nevada. We do not want to bring people here to fail. Strengthening the area Mr. Brown talked about specifically would be helpful. As soon as the Committee receives your written proposal, we will take action on this bill.

MR. BROWN:

The two-week provision for the manager to act if he did not have approval is much too short. More time would be needed to bring a quorum together to discuss the merits.

MS. PRINCE:

Mr. Brown, do you have a suggestion on another time frame, other than the two weeks?

MR. BROWN:

Thirty days would be my recommendation.

SENATOR LEE:

In section 15, after the manager has invested \$30 million pursuant to section 14 of the act, the manager may invest money from the fund in any person, without approval of the board. I thought we set this board up to oversee where these investments were going. Once we have hit that cap, is there a particular reason why it would bypass the board and go directly to the fund manager?

MS. PRINCE:

There is a tax credit of \$25 million associated with the \$30-million fund. The idea is to have this bill capped and not continue to go on. When the entire fund has been invested, that fund would usually close down. This provision leaves this option open for the fund manager to continue to make investments rather than to shut down the fund at the end.

SENATOR LEE:

Do we sunset the board at \$30 million?

MS. PRINCE:

Yes, that is the obligation of the fund manager. However, they will be allowed to continue to invest if that is what they prefer.

SENATOR TITUS:

Have you tried this in any other state, and if so, which ones?

MS. PRINCE:

We have participated in similar programs that used a like financing mechanism with the tax credits. What differs in this program is the composition of the board and the board's overseeing of the investments. My company participates in Colorado, Alabama, Louisiana, New York and the District of Columbia.

SENATOR TITUS:

Have there been any problems? Has this worked well in those states?

MS. PRINCE:

The program worked well in all of the states in which we participated, except for Colorado.

SENATOR TITUS:

What was the problem in Colorado?

MS. PRINCE:

Colorado split up their allocation of tax credits into two sets of \$100 million each. The first allocation was granted in 2002, and the second allocation was

granted in 2004. During the first allocation in 2002, the program had one year to be implemented. In the 2003 Session, the State of Colorado was in a budget crisis. There were groups that wanted to go after that second allocation of \$100 million in 2004. This was allowed to happen.

SENATOR TITUS:

Is there any bottom-line assessment of the impact on the State funds over the next biennium?

MR. PARMER:

The National Venture Capital Association made an estimate that for each \$30,000 invested in funds like this, you create a Tier 1 job. A Tier 1 job has a high livable wage with corresponding benefits. That is the best number we have seen, so far, given the relatively short time these programs have been working.

SENATOR CARE:

Assuming the occurrence of a problem and the State becoming a party to some action, do the taxpayers have any liability? Have you given any thought to that?

MR. PARMER:

The money in the fund is governed by a five-member board. The way the money is typically used should protect the fund. That is, the money is used to encourage the company to establish 75 percent or more of their employees in this State. That money could be used for equity investments. This fund will not put you in a situation where you create a total loss.

MR. COWARD:

The Board of Directors for EDAWN supports this concept. It would be another economic tool to be used in the State of Nevada.

CHAIR HARDY:

Is there anyone else wishing to testify? We will close the hearing on Senate Bill 414 and return to Senate Bill 354. This is the bill that will bring the county on par with the city, in terms of what remedies are available to enable municipal companies to recover revenue. I will also ask the Committee's pleasure regarding S.B. 424.

[SENATE BILL 354](#): Revises provisions governing municipal solid waste management systems. (BDR 40-1153)

SENATOR CARE MOVED TO AMEND AND DO PASS AS AMENDED S.B. 354.

SENATOR TIFFANY SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR TOWNSEND WAS ABSENT FOR THE VOTE.)

[SENATE BILL 424](#): Revises provision governing authority of governing body of city to abate abandoned nuisance. (BDR 21-343)

SENATOR TIFFANY MOVED TO AMEND AND DO PASS AS AMENDED S.B. 424.

SENATOR CARE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR TOWNSEND WAS ABSENT FOR THE VOTE.)

CHAIR HARDY:

Committee, we will move right on to work session. You have the work session document in front of you ([Exhibit M](#)). We will begin with Senate Bill 107 from Senator Titus.

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

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SENATOR TITUS:

I will have to request that we hold off on this right now. It will require that I draft another amendment before we continue discussion.

CHAIR HARDY:

We will put Senate Bill 107 aside. Now we will continue with Senate Bill 147 which is sponsored by Senator Rhoads ([Exhibit N](#)).

SENATE BILL 147: Increases amount of general obligation bonds that State Board of Finance is required to issue to provide grants to certain water systems. (BDR 30-914)

SENATOR TIFFANY MOVED TO AMEND AND DO PASS AS AMENDED S.B. 147.

SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR TOWNSEND WAS ABSENT FOR THE VOTE.)

CHAIR HARDY:

We can move on to Senate Bill 235. We had some discussion about the hospital districts in smaller counties and the requirements to dissolve a district. All that was required was a simple vote of the district. This provides some process and guidelines. There were no amendments or opposition offered ([Exhibit O](#)).

SENATE BILL 235: Revises provisions relating to procedure for dissolution of hospital districts in certain smaller counties. (BDR 40-960)

SENATOR RAGGIO MOVED TO DO PASS S.B. 235.

SENATOR LEE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR TOWNSEND WAS ABSENT FOR THE VOTE.)

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CHAIR HARDY:

We will turn our attention to Senate Bill 52, which is being introduced by Senator Townsend on behalf of the city of Reno, dealing with ordinance enforcement by local government.

SENATE BILL 52: Revises provisions relating to adoption and enforcement of certain ordinances by local governments. (BDR 14-369)

CHAIR HARDY:

There was extensive discussion concerning this bill. We received opposition from some owners of classic cars in Las Vegas ([Exhibit P](#)). Their primary concern was for actions taken by Clark County. This specifically deals with cities. Correspondence and phone calls from residents of Reno indicate that S.B. 52 is absolutely necessary for them to do their jobs.

Ms. LAMBOLEY:

Based on some conversations we have had with members of the Committee and other governmental entities, we propose to increase the maximum daily fine from \$500 to \$1,000. However, we propose \$500 for residential properties and up to \$1,000 for commercial and industrial properties. The other amendment would define garbage as defined by health authorities, the specific statutory language that gives health officials the definition of garbage. This would ensure compliance and uniformity with that statutory definition shown in [Exhibit P](#).

CHAIR HARDY:

Ms. Guinasso, are you comfortable with us processing this amendment with the current language.

Ms. GUINASSO:

Yes.

SENATOR LEE:

Does this mean the police do not have to be present when a vehicle is removed?

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MS. LAMBOLEY:

That is correct. If there is an abandoned vehicle on public property, this amendment would allow code enforcement officers, as one of the defined authorities in statute, to have the vehicle towed.

SENATOR LEE:

Does that give you any other authority?

MS. LAMBOLEY:

No, this would only cover the fact that the police department will not be required to be present when an abandoned vehicle is towed.

SENATOR CARE:

This bill is similar to a bill we heard from Clark County. The language is vague, and I do not know if I would support it on the Senate Floor.

CHAIR HARDY:

We have had this bill since the beginning of Session. We can take more time to consider it. Senator Care, do you feel you need more time?

SENATOR CARE:

I do not want to delay it any further. I had to express those reservations.

SENATOR TOWNSEND:

We can address Senator Care's concerns at a later date. This should move forward today.

SENATOR TOWNSEND MOVED TO AMEND AND DO PASS AS
AMENDED S.B. 52.

SENATOR TIFFANY SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR RAGGIO WAS ABSENT FOR THE
VOTE.)

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CHAIR HARDY:

Are there any further recommendations, suggestions or business for the Committee? As there is no further business, this meeting is adjourned at 5:11 p.m.

RESPECTFULLY SUBMITTED:

Catherine T. Barstad,
Committee Secretary

APPROVED BY:

Senator Warren B. Hardy II, Chair

DATE: _____