

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

**Seventy-Fourth Session  
May 14, 2007**

The Committee on Government Affairs was called to order by Chair Marilyn K. Kirkpatrick at 8:34 a.m., on Monday, May 14, 2007, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/74th/committees/](http://www.leg.state.nv.us/74th/committees/). In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Marilyn K. Kirkpatrick, Chair  
Assemblywoman Peggy Pierce, Vice Chair  
Assemblyman Kelvin Atkinson  
Assemblyman Bob Beers  
Assemblyman David Bobzien  
Assemblyman Chad Christensen  
Assemblyman Jerry Claborn  
Assemblyman Pete Goicoechea  
Assemblyman Ruben Kihuen  
Assemblyman Harvey Munford  
Assemblywoman Bonnie Parnell  
Assemblyman James Settelmeyer  
Assemblyman Lynn Stewart

**COMMITTEE MEMBERS ABSENT:**

Assemblywoman RoseMary Womack (excused)



**STAFF MEMBERS PRESENT:**

Amber Joiner, Committee Policy Analyst  
Scott McKenna, Committee Counsel  
Cheryl Williams, Committee Secretary  
Olivia Lloyd, Committee Assistant

**OTHERS PRESENT:**

Alfredo Alonso, with Lewis and Roca Law Firm  
John Berkich, Assistant County Manager, Washoe County  
Jay Parmer, representing the Golden Baseball League  
Randy Mellinger, Assistant City Manager, City of Sparks  
Daniel Klaich, Executive Vice Chancellor, Nevada System of  
Higher Education  
Carole Vilardo, Nevada Taxpayers Association  
James Elste, Chief Information Security Officer, Department of  
Information Technology

**Chair Kirkpatrick:**

[Roll call.] [Quorum present.]

We will open the hearing on Senate Bill 203 (1st Reprint).

**Senate Bill 203 (1st Reprint): Revises provisions concerning local financial administration. (BDR 20-711)**

**Alfredo Alonso, with Lewis and Roca Law Firm:**

What you have before you in S.B. 203 (R1) began as a way to allow for a change in the definition of professional baseball. It was initially Triple-A only. The car rental tax was imposed four years ago to allow for a Triple-A baseball team and stadium to be built in northern Nevada. The gentleman who spearheaded the effort, C.J. Jones passed away halfway through it, so the effort essentially faltered, and although there were a lot of discussions over the years nothing ever materialized. This session everyone is getting in line for the funding, and to be honest with you, some of us grieved a little because there was no team in sight until a month and half ago when the Katzoff and Simon Investments purchased a team.

There was an article in the *Reno Gazette Journal* indicating that Katzoff and Simon had, in fact, purchased a team. The initial discussions and approval have been completed with the Pacific Coast League, and what you have now is the Senate's attempt to make certain we have "dotted all our i's and crossed all our

t's" by October 1, 2007, to ensure this money is going to be used for this team. We are going to follow through and complete the various things that you see in Section 9.5 of this bill. We have agreed to all of this, there are no issues with it and it holds our feet to the fire to make sure we have the team. We expect to close within 30 days, and shortly thereafter the Pacific Coast League should approve the sale and the move of the team as well.

I have an amendment for you ([Exhibit C](#)). What the amendment does is to add "lease" to Section 3, which reads that you can use the car rental tax to, "acquire, improve, equip, and operate." The reason we wanted to include the word "lease" is it is possible that the County may want to lease the stadium back to the ownership team. The County will own the stadium, but the County does not run stadiums, and for that matter, neither do my clients. We are hopeful that one of those steps may include hiring an expert to run the day to day maintenance. It may be the most efficient way to do this. It is not necessarily decided yet, it just gives us another option.

We are not sure there will be a need for the stadium authority, but if there is we want to make the stadium authority permissive. It is cumbersome, and it may not make sense in this case because the individuals who will be building the stadium have a good ownership team. In fact, Mr. Simon owns the Indiana Pacers. He already has a sports group as part of his organization and they may be best suited to do this, rather than creating another bureaucracy to attempt to make this work.

Last, because we have a short timeline, we are asking this Committee to exempt the competitive bidding and the public works requirements in this particular instance. I have spoken to Mr. Richard Daly and the Union and it is our plan to have a project labor agreement as part of our development agreement. We do not want to be exempted from prevailing wage; we fully expect that to be a part of this project. We hope to be breaking ground by the first of the year. You can imagine if we have to go through the advertising and the bidding process that it would be a significant loss in time, and we might not be able to make the 2009 season. The commitment is there will be Nevada contractors, and that will be part of the development agreement as well. We are going to try to make certain we do everything as if it were a public project. The only difference is we are saving some time.

**John Berkich, Assistant County Manager, Washoe County:**

The Board of County Commissioners is going to be considering a predevelopment agreement tomorrow [Tuesday, May 15, 2007] at their regularly scheduled meeting with the parties involved, and it is hopeful that once the agreement is

made final, design work can commence and ground can be broken on the project.

The changes that Mr. Alonso is suggesting have a greater flexibility within the plans we are considering today. Final plans as to how this project is going to come together are not decided, so the changes are important to give us the flexibility as well as options we do not have today. On behalf of the Board of County Commissioners we are here to seek your support of this bill and the amendments. We believe with these changes this project will be best positioned for success.

**Chair Kirkpatrick:**

Does anyone have any questions?

**Assemblywoman Pierce:**

The second page of your amendment where it starts out *Nevada Revised Statutes* (NRS) 244A.820, is it putting that into Section 6 of the first re-print of the bill? Are you taking out the changes that were originally in Reprint 1, where it says, "acquires, improves, equips, operates and maintains," or am I reading this wrong?

**Alfredo Alonso:**

We are simply adding "lease" to the section that you speak of. We are making *Nevada Revised Statutes* (NRS) 244A.830 permissive by including "may" and deleting "shall." The only deleted language that I see is the "shall," everything else is added language.

**Chair Kirkpatrick:**

I think the confusion is on line 37 of Section 6; on your mock-up it says "a Board of County Commissioners," and then it deletes lines 34 and 35 of the bill. It looks like it adds something else. That is the difference. I am trying to clarify it for staff; it should include the current language that is in there and then add this section as well. Correct?

**Alfredo Alonso:**

That is correct.

**Chair Kirkpatrick:**

Why would you need a stadium authority? It says it "may" create one and if created.

**Alfredo Alonso:**

When this bill first passed four years ago, the intent was to create the stadium authority to run the stadium, and at the time there was myriad of individuals who were also part of this as investors. Rather than having this large group of investors running the stadium, the County was going to create a stadium authority to do so. In this case, you have only two individuals who have had vast experience in professional sports and it does not make sense to create this authority when the County already has authority over the stadium.

**Chair Kirkpatrick:**

Are there any other questions?

**Assemblyman Stewart:**

The League has already agreed to accept this team and all the arrangements have been made?

**Alfredo Alonso:**

The preliminary agreements and approvals have been reached. The way the process works is it covers over 120 days of due diligence, the preliminary agreements and the Letter of Intent have been approved, and the pre-approvals have been made. The president of the League came to the Legislature to have these discussions with the Senators when this was in their hands to ensure this was going to happen. So, yes, we have gone as far as we can within the League's parameters, and it is our understanding, and the president has indicated to us, that he does not see any problem with final approval.

**Assemblyman Goicoechea:**

You have NRS 244A.820 in here and yet it is not in the bill. I can see the major difference. It allows for you to retain a .25 percent of the proceeds to reimburse the Department of Taxation for their expenses. It is not in this bill and I am wondering why it is in your amendment?

**Alfredo Alonso:**

I looked at that as well, and I think that was a mistake. This was written by the District Attorney's Office. I can follow up with him and make sure. That was not the intent, nor does it contain an amendment. I am not sure why it is in there.

**Assemblyman Goicoechea:**

I believe that is where my colleagues are coming from.

**Alfredo Alonso:**

That may have very well been a mistake and I will confirm that, but since it is not amended anyway I do not think it makes a difference. Regardless, I will make sure that is the case.

**Assemblyman Goicoechea:**

Unless it is in existing statutes, but it is unclear because it is in the amendment and yet it is not in the bill.

**Chair Kirkpatrick:**

I will have our staff do the mock-up and that way it will include the entire bill and then we can see where the changes are. Are there any other questions?

**John Berkich:**

One thing I failed to add, and did want to mention for the record was the Washoe County staff will be proposing to enter into a Project Labor Agreement with the Board of County Commissioners on this project. It is important for some of the flexibility that is being suggested, and we plan to present that to the Commission for acceptance.

**Chair Kirkpatrick:**

Is there anyone that would like to speak in favor of S.B. 203 (R1)?

**Jay Parmer, representing the Golden Baseball League:**

The Golden Baseball League is part of the Reno Silver Sox, which is a professional baseball team that currently plays in Reno at Piccole Park on the University of Nevada, Reno campus.

We are here in support, particularly of Sections 1.5 through 6 of this bill. We were one of the original requesters of the bill. These sections revise the definition of a stadium to clarify that it can be used by a professional baseball team regardless of affiliation with a major league baseball organization or not. It is one of the connotations of Double-A and Triple-A teams. This statute was originally created in 2003 to make sure the car rental tax collections were dedicated to the construction of a Triple-A baseball stadium. There have been changes since the bill was introduced, and subsequently when it was heard in the Senate, and there has been reinvigoration of the effort to bring a Triple-A team here. Let me be clear that the Reno Silver Sox, which is currently a team playing in Reno, is in a position of receiving secondary benefit in this bill. This bill says if by October 1, 2007 a Triple-A team is not signed, sealed, and delivered, that with the approval of the Interim Finance Committee (IFC) the proceedings of the car rental tax can be used for any project that is deemed qualified by the IFC. The original intent of this bill was to help fund the

stadium, and to bring and keep professional baseball in the Reno, Sparks, and Carson City market. We wanted to make sure the language was clarified to afford us the opportunity, and now the bill has been amended in the Senate to allow other qualified projects for consideration. We appreciate your consideration, and would appreciate your support for the bill as amended in the Senate, and with the amendment proposed by Mr. Alonso.

**Chair Kirkpatrick:**

Does anyone have any questions?

**Randy Mellinger, Assistant City Manager, City of Sparks:**

We have been involved with this bill the entire four years. The original stadium was in Sparks and now we have an entitled stadium site with the Legend at Sparks Marina, which is the STAR Bond Project that we have dealt with the last two sessions. That project is now under construction, so we are negotiating and very much in support of this bill and the amendments.

**Chair Kirkpatrick:**

On your STAR Bonds Project is the City of Sparks doing prevailing wage?

**Randy Mellinger:**

Yes, that is required by statute.

**Chair Kirkpatrick:**

I just wanted to make sure. Is there anyone else that would like to testify in favor of S.B. 203 (R1)? [There were none.] Is there anyone that is neutral? [There were none.] Is there anyone that is in opposition to S.B. 203 (R1)? [There were none.]

I am closing the public hearing on S.B. 203 (R1). We will now move on to our work session. We do have Senate Bill 374 (1st Reprint) in our work session document this morning.

**Senate Bill 374 (1st Reprint): Makes certain changes concerning tax increment areas. (BDR 22-816)**

**Amber Joiner, Committee Policy Analyst:**

[Read bill explanation and proposed amendment from work session document ([Exhibit E](#)).]

**Chair Kirkpatrick:**

Is there any discussion on this bill?

**Assemblyman Goicoechea:**

As I looked at this bill, it clearly makes sense if you are under a population of 100,000 when you issue the bond, but if you go over that threshold, there has to be some kind of security to the bonding agency. I am more comfortable with the way the amendment is written because it says if the bond has been issued, then it will be for the full term irrespective of what your population does in the interim. If you are over the 100,000 population cap and want to issue a new bond then you would be under the new criteria.

**Chair Kirkpatrick:**

I originally had concerns with this because I do not want to expand it. I do not think it is right. If a bond has been issued. . .

**Assemblyman Goicoechea:**

Then it has to be for the longer time.

**Chair Kirkpatrick:**

Right.

**Assemblyman Goicoechea:**

That only makes sense.

**Chair Kirkpatrick:**

What the amendment originally said is that it would allow them to move forward, and I was not okay with that.

**Assemblyman Goicoechea:**

I can live with the way this proposed amendment is because it allows for it to run out the additional time. If that is the scenario, the day you issue the bond and you are under the 100,000 population cap, those bond conditions should be there for the life of the bond.

**Chair Kirkpatrick:**

I would hope that somebody would not run out this week and get a bunch of bonds so. . . I am just putting it on the record.

**Assemblyman Goicoechea:**

If you are under the 100,000 population cap, you could issue the bonds. That is the way I understand it. The bonding companies had some apprehension with the fact if you went over, it would shorten the time frame.



**Assemblyman Stewart:**

I want to make sure that Henderson and the Nevada State College are in agreement with this, and that it will not jeopardize the passage of the original bill. Is there anyone that can tell me about that?

**Daniel Klaich, Executive Vice Chancellor, Nevada System of Higher Education:**

We have spoken to the City of Sparks, and with their lobbyist Mr. Joiner, regarding this, and he has assured us if there was an issue regarding this amendment or whether it would impact the bill he would withdraw the amendment so as to not jeopardize the bill. With that, we do not have an issue. We have been working closely with him, and we have not heard concerns about this particular amendment, but he has indicated that he would not want to jeopardize the passage of the bill.

**Assemblywoman Pierce:**

It is no secret when a municipality is going to go over the population cap. Would they not take that into consideration when the bonding company issues the bonds?

**Assemblyman Goicoechea:**

It was my understanding the bonding company was a little apprehensive about issuing a 30 year bond if you were going to cross that threshold. It would then drop you down to the 10 percent in the 20-year payback plan.

**Chair Kirkpatrick:**

I do not want the Tax Increment Financing Funds (TIFF) to be expended to help particular people that would not normally get them. This is my concern. However, it was brought before the committee.

**Carole Vilardo, Nevada Taxpayers Association:**

I was contacted about the original amendment, and the original amendment was going to move the population under 100,000 to 150,000, which I personally had a problem with. We discussed the reason with the City of Sparks in a conference call as to why they needed this. I spoke to bond counsel after our conversation, and what happens is when they are getting ready to issue bonds, they do not know for certain if the 100,000 population cap will be exceeded in the next decennial census. What will happen in that case is the prospectus is going to have to indicate there will be a drop in the revenue relative to the 10 percent if that does happen. Things like that tend to make the bonds harder to sell. The compromise we came up with, so as to not to jeopardize the sale of the bonds and to make sure they would still get the lowest rate possible was to take anything issued when you were at a 15 percent cap and keep that issuance at the 15 percent. There is a comfort level with people that deal with

these types of bonds by doing something like this. That was the compromised amendment. We did not think it was wise to go to the 150,000 population cap because that could create another set of problems.

**Chair Kirkpatrick:**

Does anyone have any questions?

**Assemblyman Goicoechea:**

If you are trying to sell your bonds and this is the population level you are at, then this is the repayment ability at that point. It has to be there for the life of the bond. Clearly, once they cross that 100,000 population cap threshold, they drop back to the 10 percent repayment. That will impact their ability to sell those bonds. Is that correct?

**Carole Vilardo:**

Yes, that is correct. Once the cities are over the 100,000, anything they sell would then be restricted to the 10 percent valuation cap. You figure your revenue based on 10 percent of that assessed valuation.

**Assemblyman Goicoechea:**

Rather than the 15 percent?

**Carole Vilardo:**

That is correct.

**Assemblywoman Pierce:**

If we continue to be the fastest growing state in the nation, we will never be done with the problem of municipalities reaching some kind of population cap, and having to move the line to solve this problem. Will this not just happen over and over again?

**Carole Vilardo:**

It has never happened. I have been lobbying on finance issues since 1985 and I have never seen this happen. There is an interesting phenomenon. We had a discussion with the City of Sparks when we were talking about the population cap. It used to be when we had the decennial census we used to change the population numbers. In the last decennial census we never changed the 400,000 population cap or the 100,000 population cap. There used to be an upping of the number in proportion, why we did not do it, I have no idea. If you take a look at Clark County, they are no longer a 400,000 population basis. I would assume at some point that we are going to look at all the population numbers because with the next census you will probably have Clark County close to 2,000,000. We are still going to be referring to that as a population

over 400,000, which you will capture more than you ever thought of before when you were at 400,000. It is a circular answer to your question, and I apologize. I do not know what the perfect answer is. I do know that when you are selling bonds you want the best rate, and you want to show protection of those bonding covenants, and you want the bonds to sell as easily as possible. To that extent this amendment does this.

**Assemblyman Goicoechea:**

Technically, we are not changing the threshold, we are ensuring the bonding company that they will be treated as if they are under the 100,000 population cap no matter what happens in Sparks. When they cross that 100,000 population cap threshold they will go into an all new arrangement where they are only at 10 percent, and a new level as far as their bonding is concerned.

**Carole Vilardo:**

That is correct.

**Chair Kirkpatrick:**

Can you clarify whether or not this amendment would affect the TIFF funds having to contribute to the school district?

**Carole Vilardo:**

I am doing that tax increment bill, and if my memory serves, the bonding that the City of Sparks is talking about involves redevelopment, and in the Henderson bill is a TIFF bill on property tax. The tax increment financing is based on the property tax increment. The bill was used by the City of Sparks with the agreement of the Henderson College because it was in the right chapter. Those particular bonds are not TIFF bonds that you are creating in Henderson with the Henderson District. The bonds they are planning to sell are the TIFFs under redevelopment. Under redevelopment, the law is voter approved, operating overrides are not included, but the school operating rate would be included in the increment. The school tax rates are not totally exempt from the redevelopment TIFF; it is only those voter approved operating overrides.

**Chair Kirkpatrick:**

I am going to pull this bill [S.B. 374 (R1)] back from work session because I think we really need to qualify that. I know the City of Sparks cannot afford to lose any more from their schools.

**Carole Vilardo:**

I have been working with Senator Hardy and the school district for an amendment that will go into redevelopment in *Nevada Revised Statutes* (NRS) 278C, which is the infrastructure tax increment to hold harmless the school rates across the board. I can send you the language I sent to Senator Hardy.

**Chair Kirkpatrick:**

That would be good, because Senator Hardy and I did speak about it when it came up.

We will move to our next bill, which is Senate Bill 508.

**Senate Bill 508: Creates the Office of Information Security within the Department of Information Technology. (BDR 19-575)**

**James Elste, Chief Information Security Officer, Department of Information Technology:**

[Read from prepared statement ([Exhibit D](#)).]

[Chair Kirkpatrick left meeting to testify in another committee. Vice Chair Pierce took over meeting.]

**Vice Chair Pierce:**

Does anyone have any questions for Mr. Elste?

**Assemblyman Goicoechea:**

I see there is no fiscal note, so technically you are forming this with internal staff. This is a division of the existing workforce.

**James Elste:**

Yes, we have been in existence since 2003. We have had individuals that have been committed to performing information security services for 18 years. What this bill does is formalize the Office of Information Security in statute.

**Assemblyman Bobzien:**

By formalizing this in statute, are there specific things the office gains that they were not able to do before under the Research Division? Are there any federal matching grants that you somehow gain new access to? Are there specific goals that are behind this?

**James Elste:**

The functions and formalities of the Office of Information Security exist within the Department and this formalization accurately reflects the structure of the Department of Information Technology. Formalizing our existence in this way does not necessarily facilitate gaining grants or other mechanisms. It does give us a firm footing for pursuing things like grants, and we are then a formal entity within the Department that cannot be summarily changed or removed. Therefore, we can pursue with a fair degree of confidence, grants and other activities.

**Vice Chair Pierce:**

Are there any other questions? [There were none.]

Is there anyone else that would like to speak in support of S.B. 508? [There were none.] Is there anyone that is opposed to S.B. 508? [There were none.] Is there anyone that is neutral on S.B. 508? [There were none.] I am closing the public hearing on S.B. 508.

Is there any public comment? Are there any comments from the Committee before we adjourn? [There were none.]

Meeting adjourned [at 9:17 a.m.]

RESPECTFULLY SUBMITTED:

---

Cheryl Williams  
Committee Secretary

APPROVED BY:

---

Assemblywoman Marilyn K. Kirkpatrick, Chair

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

**EXHIBITS**

**Committee Name:** Committee on Government Affairs

**Date:** May 14, 2007

**Time of Meeting:** 8:34 a.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Attendance Roster
S.B. 203	C	Alfredo Alonso, with Lewis and Roca Law Firm	Amendment
S.B. 508	D	James Elste, Chief Information Security Officer, Department of Information Technology	Prepared Statement
S.B. 374	E	Amber Joiner, Committee Policy Analyst	Work Session Document