

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

**Seventy-fourth Session  
June 1, 2007**

The Senate Committee on Government Affairs was called to order by Chair Warren B. Hardy II at 12:48 p.m. on Friday, June 1, 2007, in Room 2149 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Warren B. Hardy II, Chair  
Senator Bob Beers, Vice Chair  
Senator Randolph J. Townsend  
Senator Dina Titus  
Senator Terry Care  
Senator John J. Lee

**COMMITTEE MEMBERS ABSENT:**

Senator William J. Raggio (Excused)

**GUEST LEGISLATORS PRESENT:**

Assemblyman Pete Goicoechea, Assembly District No. 35

**STAFF MEMBERS PRESENT:**

Eileen O'Grady, Committee Counsel  
Michael J. Stewart, Committee Policy Analyst  
Olivia Lodato, Committee Secretary

**OTHERS PRESENT:**

Michael R. Alastuey, Nevada Association of School Superintendents  
John W. Griffin, Olympia Gaming, LLC Managers; Focus Property Group  
Barbara Smith Campbell, McDonald Carano Wilson, LLP

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Carole A. Vilardo, Nevada Taxpayers Association  
Randy Robison, City of Mesquite; Nevada Association of School  
Superintendents  
Martin Johnson, JNA Consulting Group, LLC  
Alvin P. Kramer, Treasurer, Carson City  
Anne Loring, Washoe County School District

Chair Hardy opened the meeting with a discussion of Assembly Bill (A.B.) 291. He said Assemblyman Pete Goicoechea would introduce the bill.

**ASSEMBLY BILL 291 (2nd Reprint)**: Revises provisions governing the use of money deposited in a fund established to stabilize the operation of a school district. (BDR 31-189)

Assemblyman Pete Goicoechea, Assembly District No. 35, opened his remarks on A.B. 291 by saying chapter 354 of the *Nevada Revised Statutes* (NRS) created a school district stabilization fund. He added under NRS 362.170, a percentage of net proceeds of an ad valorem tax levied against mining operations in mining counties could be used for the schools. He said the bill covered counties with populations of less than 5,000. He said the counties were Esmeralda, Eureka, Pershing and Lincoln. He said existing language in chapter 354 of the NRS was in section 1, subsections 1 and 2 of A.B. 291. Assemblyman Goicoechea said monies could be accessed that were set aside in the mitigation account. He said the funds were accessed if there was an opening or closing of a mine operation from which net proceeds had been taxed. Assemblyman Goicoechea said when there was a decline in revenues due to the closure of a mine, the money could not be accessed due to the expectation of a decline in revenue. Assembly Bill 291 allowed a school district to access the funds when revenue fell 90 percent short of the previous year's revenue. He said the hardship right under existing statute required two years of decline in the previous fiscal years and the closing had to be unexpected. Assembly Bill 291 allowed the school district to access the fund and use it to continue programs and services necessary to support the district's programs.

Chair Hardy said the Committee had not reviewed the bill.

Senator Beers asked if the funds were accessed for the operation of the school district, were those funds counted in the revenues determining hold-harmless

provisions in the Distributive School Account (DSA)? He said it might be based on student population.

Assemblyman Goicoechea replied the bill was brought forward at the request of Eureka County, the only school district that did not receive DSA. He said it was a hardship for Eureka County when they could not access the funds. He said when the money was brought out of the account, it was available for collective bargaining or whatever was needed.

Chair Hardy asked if the bill was needed because Eureka County did not have the backup "trigger" of DSA.

Assemblyman Goicoechea said the account had to be considered for all aspects of fund requirements.

Senator Beers asked what the "trigger" was under the law.

Assemblyman Goicoechea said the trigger under existing law required a decline in revenue received by the school district from the tax of net proceeds during the two fiscal years immediately preceding or the opening or closing of an extractive operation from which net proceeds derived were reasonably expected. He said the bill was intended to save positions.

Michael R. Alastuey, Nevada Association of School Superintendents, addressed Senator Beers' question about the State's hold-harmless provisions. He said the hold-harmless provisions were based on enrollment and A.B. 291 was not enrollment-driven. He said the relationship between funds available at the local level and payments to the district said the funds accessed were deposited at the district's discretion in a prior year which meant they had already been counted in the calculation of basic support and the payment mechanism in years past. The credit had already been given to the school district and the state for the funds in the past. He said they should not be related to current year payments.

Senator Lee asked why White Pine County was not included in the bill.

Assemblyman Goicoechea said White Pine County was above the population threshold. He said the bill originally had populations of 15,000 and would have included White Pine County.

Chair Hardy said an amendment was being added to A.B. 291 ([Exhibit C](#)). He said the amendment was an attempt to have something this session dealing with reporting for growth ordinances. He said he was concerned a county or city adopting a growth ordinance could potentially, negatively impact the neighboring cities or counties.

John W. Griffin, Olympia Gaming, LLC Managers; Focus Property Group, said his organizations had large land holdings in some of Nevada's smaller counties. He said, because smaller counties were treated differently under the tax system, there was a vulnerability to negative impacts that might arise out of growth ordinances. He said the amendment did not prohibit or preclude the adoption of a growth ordinance. Mr. Griffin said it provided a prospective planning tool for a local government with a growth ordinance. He said in conjunction with the Department of Taxation, a county could demonstrate their projected revenue growth. He added there was a typographical error in the proposed amendment, [Exhibit C](#), in subsection 8, paragraph (a) that said "five ensuing fiscal years"; it should read two ensuing fiscal years.

Chair Hardy said the earlier bill failed due to a belief it was attempting to limit the ability of local government to adopt an ordinance.

Senator Care asked how many counties with a population of fewer than 100,000 had adopted such ordinances.

Mr. Griffin said Boulder City and Carson City had growth ordinances. He said those growth ordinances had been in effect for a long time and the amendment carved out those counties. He said the only county discussing a growth ordinance was Douglas County.

Senator Care said the amendment, as drafted, suggested retroactive application to an ordinance adopted between 1997 and today. He said if only Douglas County was contemplating a growth ordinance, why did the amendment state after January 1, 1997?

Chair Hardy said Douglas County was not the only county considering such an ordinance. He said Lincoln County had discussed it. He said his concern was development contemplated for the southern portion of Lincoln County. Chair Hardy said interlocal agreements for services were being mentioned with

Mesquite. He said if a growth ordinance was adopted, it would impact Lincoln County's ability to provide for their portion of the benefits.

Senator Care said he was curious about the date of January 1, 1997.

Mr. Griffin said the language was in the amendment to exempt Boulder City and Carson City.

Senator Titus said there had been a fight between people who wanted a growth ordinance and those who did not in Douglas County. She said the growth ordinance had been challenged up to the Nevada Supreme Court. She said the rollback ensured Douglas County was included in the bill. She asked Mr. Griffin to elaborate on the effect in Douglas County.

Chair Hardy responded Douglas County ought to be in a position to account for the decisions they made that might impact the surrounding counties. He supported legislation that went further than the current proposal. He said it was the intent of the Chair to make sure that a minimum reporting occurred.

Mr. Griffin said Olympia Gaming, LLC Managers and Focus Property Group did not own any land in Douglas County. He said Senator Titus was correct that the amendment would apply to Douglas County. He said his organizations' purpose was to counter the ill-conceived growth ordinance in Douglas County. He said recent studies showed a 10-percent decline in revenue was directly attributed to the growth ordinance. He said it would apply to Douglas County but not prevent them from doing anything they had already done.

Senator Care said the amendment only went to counties, so he was not concerned about Boulder City. He asked the significance of January 1997 in the amendment. He asked if there were ordinances in counties of less than 100,000 that were enacted from 1997 to today.

Mr. Griffin said Carson City was considered a county under state law.

Senator Care said only Carson City had such an ordinance and it was enacted sometime between January 1997 and 2007.

Mr. Griffin replied the growth ordinances in Carson City and Boulder City were adopted prior to 1997.

Barbara Smith Campbell, McDonald Carano Wilson, LLP, said the amendment gave the Department of Taxation and Committee on Local Government Finance one of the first tools to look at the financial health of a county. The current tools available always looked at past events. She said the amendment gave an additional tool to the Department of Taxation to offer technical assistance to a county. She said smaller counties were dependent on growth and the property tax system. She said they also fell under the guaranteed sales tax distributions in order to grow revenues. Ms. Campbell stated local government needed to live within their means. The tool provided by the amendment gave the Department of Taxation the ability to work with a county if they chose to enact a growth measure. She said it enabled the Department to look forward and see if something was happening to the revenue stream and then to work with the county to protect the assets and revenues. She said it might relieve some of the subsidies the larger counties gave to the smaller counties.

Senator Care disclosed Ms. Campbell was affiliated with the law firm in which he was a partner. He said he understood the thrust of the bill, but the 1997 date still concerned him. He said he preferred language stating effective upon passage and approval of the amendment.

Chair Hardy said he had the same question. He said Douglas County needed to be included, but Carson City and Boulder City needed to be exempt.

Ms. Campbell said the first amendment had all local governments included in the provision for 1997. She said it was important to Boulder City and Carson City that they were exempt. She added the current amendment was reviewed by the Department of Taxation and there was no fiscal note.

Mr. Griffin said he agreed with Senator Care of no need for the 1997 date if the wording stated a county of 100,000 or less enacted prospectively.

Chair Hardy said as long as the ordinances in effect for a long time were not impacted, they did not need to file the reports.

Senator Titus said if the date were removed and had it going from this date forward, she would support the bill. She said it was important to understand revenues being generated. She said policy should not be made retroactive.

Chair Hardy said the report was the issue of the amendment.

Senator Titus said the issue of growth was controversial and continued to be played out in court and if the report gave the antigrowth people ammunition to use in the case, it affected Douglas County. Senator Titus asked Ms. O'Grady to respond to the issue of the language stating any place in the future that adopted a growth ordinance should do annual reports. She asked if the language was required in order to exclude those that had adopted growth ordinances in the past.

Eileen O'Grady, Committee Counsel, responded the language should be left out if the amendment only applied to future ordinances.

Senator Titus said if any future county that adopted growth ordinances had to file the report and the amendment was not retroactive, she would support the measure.

Mr. Griffin said that language was acceptable to his organizations. The date was added to accommodate Boulder City and Carson City.

Carole A. Vilardo, Nevada Taxpayers Association, said she agreed the amendment was a good tool to check on revenues going forward. She suggested the bill be amended to include cities that adopt ordinances going forward.

Randy Robison, City of Mesquite, said Mesquite was directly adjacent to Lincoln County and they approved the Lincoln County Land Act of 2000. He said they have moved forward with selling the land to private developers and development was anticipated in the future. He said if in the future a growth ordinance was passed in Lincoln County, Mesquite wanted a way to be kept in the process. He said through the regulation process, affected local governments could be kept informed and participate in the process of developing the reports.

Chair Hardy said the reports would be public information and the documents available. He disclosed he was involved in discussions 10 or 12 years ago as a representative for the City of Mesquite. He said he wanted to ensure protections were there for Mesquite. He said he did not want the residents of Mesquite supplying services for the County when funding was no longer available due to growth ordinances.

Senator Care asked if enabling statutes permitted a county to enact an ordinance that would require a city within the county to provide the same estimates if it were considering a growth ordinance. He said, for example, if Boulder City had not enacted a growth ordinance, could Clark County insist they deliver a fiscal estimate?

Ms. O'Grady said there were no specific laws on that point.

Senator Care said the significance of the county was much greater than it would be for a city.

Chair Hardy closed the hearing on A.B. 291. He asked the Committee for a motion.

SENATOR LEE MOVED TO AMEND AND DO PASS AS AMENDED  
A.B. 291.

Chair Hardy said the provisions of the amendment changed the language to apply only to ordinances effective after the enactment of the bill. He said it was unclear if the amendment applied to cities as well as counties.

Senator Lee said the motion was to change the effective date of the bill.

SENATOR TITUS SECONDED THE MOTION.

Senator Care noted the amendment discussed estimated or actual revenues. He said the word estimated was in the bill, but there was no discussion as to how the county arrived at an estimate.

Chair Hardy asked Senator Lee and Senator Titus if their motion included the Department of Taxation's request for two years rather than five years. They replied in the affirmative.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Hardy opened the hearing on A.B. 615.



**ASSEMBLY BILL 615**: Makes various changes concerning local financial administration. (BDR 30-1474)

Mr. Robison, Nevada Association of School Superintendents, said A.B. 615 was introduced by the Assembly Committee on Ways and Means. He said three provisions in A.B. 615 related to school construction financing. Mr. Robison said he distributed a memorandum to Committee members earlier in the week ([Exhibit D](#)) which outlined the provisions of the bill. He said the first provision allowed a district to use excess reserve of voter-approved rollover bonds for smaller capital projects in school districts. The second provision in the bill related to guaranteed investment contracts (GIC). Mr. Robison said it was a way for local government to maximize their investments. He said the final provision related to raising the allowable cap on the Permanent School Fund (PSF). He said the cap was raised from \$25 million to \$40 million. He said the PSF was utilized by smaller schools to guarantee the bonds issued for capital projects.

Martin Johnson, JNA Consulting Group, LLC, said he had no further testimony but was available to answer questions.

Senator Lee had a question on page 5, line 3 of A.B. 615. He said the bill discussed population and section 2, subsection 2, paragraph (a) referred to a full-time finance director. He asked Mr. Johnson who the current director was and how that position was managed.

Mr. Johnson said the school district generally had a business services manager who took care of those functions. The title may not be finance director. He said A.B. 615 referred mainly to municipalities and cities or counties within the population limit. He said they would be required to have a full-time finance director in order to utilize GICs.

Senator Lee asked if it was an added position.

Mr. Johnson said the provision did not require anyone to have a full-time finance director unless they wanted to invest their bond proceeds utilizing GICs. He said if an entity had a population of at least 25,000, they had to have a full-time finance director. He said smaller entities typically did small bond issues and GIC investments were not appropriate for those entities.

Senator Care referred to section 4, subsection 1 and asked how long the \$25 million rate guarantee for bonds of each school district had been in place.

Mr. Johnson said the original bill was enacted in 1997 and the \$25 million was set as the limit. He said there was now enough money for the limit to go to \$40 million.

Chair Hardy said as written, it was lawful to pay capital improvement projects from the reserve fund. He asked if the problem was an inability to transfer the money.

Mr. Johnson said if a rollover-type question was placed on the ballot, they received approval to issue bonds for ten years utilizing a certain tax rate. He said Clark, Washoe, Nye, Storey and Lyon school districts had that type of ability. He said in the rural districts, the tax rate generated a certain amount of money. In order for the school district to do capital projects, they issued bonds against the revenues. He said A.B. 615 allowed the revenues that were not needed to pay debt service or maintain the debt service fund balance to transfer the excess revenues to a capital projects fund.

Chair Hardy said the bill allowed excess funds to be pay-as-you-go funds instead of bond guarantee funds.

Alvin P. Kramer, Treasurer, Carson City, said he supported A.B. 615.

Chair Hardy closed the hearing on A.B. 615.

SENATOR BEERS MOVED TO DO PASS A.B. 615.

SENATOR LEE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS RAGGIO AND TOWNSEND WERE ABSENT FOR THE VOTE.)

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Chair Hardy opened discussion on Senate Bill (S.B.) 498. He said NRS 309 only included the Douglas County Sewer Improvement District No. 1. He said Senator Beers had asked where the oversight was in the bill ([Exhibit E](#)).

Chair Hardy said Amendment No. 854 provided oversight by the Clark County Debt Management Commission for the Virgin Valley Water District.

**SENATE BILL 498 (1st Reprint)**: Revises the authority of certain water and improvement districts to borrow money and incur indebtedness. (BDR 25-964)

Ms. O'Grady said the oversight for Douglas County was provided by the Debt Management Commission of Douglas County.

Chair Hardy said Ms. Vilardo, Mr. Marvin and Mr. Kramer agreed with Ms. O'Grady. Chair Hardy asked the Committee for a motion to concur with Amendment No. 854.

SENATOR BEERS MOVED TO CONCUR WITH AMENDMENT NO. 854 TO S.B. 498.

SENATOR LEE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS RAGGIO AND TOWNSEND WERE ABSENT FOR THE VOTE.)

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Chair Hardy said the other amendment the Committee needed to consider was on S.B. 499. He said the Committee had just received the amendment. He asked a representative for S.B. 499 to discuss the amendment.

**SENATE BILL 499 (2nd Reprint)**: Revises provisions governing the approval of certain plans, designs and specifications for school buildings. (BDR 22-443)

Anne Loring, Washoe County School District, said S.B. 499 was a Washoe County School District bill. She said the problem it solved was duplication of plan checks and school construction projects by both State Public Works Board and local government. She said a school district in a county with a building department could be inspected by that department. She said the Assembly suggested three amendments and Washoe County School District approved all

three amendments. She said counties that did not have a local building department could continue to have State Public Works Board do the plan checks, go to another local government or private entity. She said a private entity was a private certificate holder certified by the International Code Council to do plan checks or inspections.

Chair Hardy asked if certificate holder was defined in the bill and Ms. Loring replied yes.

Ms. Loring said the second issue concerned whoever did the plan checks had to ensure the plans met all relevant codes adopted by the state. Chair Hardy said the language appeared to be cleanup.

Senator Lee asked about the private certificate holder. He asked if it was an individual who worked for the municipality. Ms. Loring replied, no, it was an alternative avenue for a school district in a county without a building department. She said in Washoe County, the county employees who did the plan checks were also certified.

Senator Lee said the checks could be outsourced or use internal personnel. He asked if there was continual annual training on fire laws and regulations. Ms. Loring said she did not have an answer.

Chair Hardy replied the people were all certified. He said the local governments did the certifications. He said the local governments made sure the people were current on the laws.

Ms. Loring said the bill did not apply to Clark County School District. The bill applied a cap on districts with a population of 400,000. She said there was a lower-population cap of fewer than 30,000. She said the Assembly removed the lower cap of 30,000 but still required a district without a local building department use State Public Works Department or the local government for plan checks.

Chair Hardy said the amendment made it permissible in every county except Clark County.

SENATOR LEE MOVED TO CONCUR WITH AMENDMENT NO. 1090 TO  
S.B. 499.

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SENATOR CARE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS RAGGIO, TITUS AND TOWNSEND  
WERE ABSENT FOR THE VOTE.)

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Chair Hardy adjourned the meeting at 1:57 p.m.

RESPECTFULLY SUBMITTED:

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Olivia Lodato,  
Committee Secretary

APPROVED BY:

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Senator Warren B. Hardy II, Chair

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