

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

**Seventy-Fifth Session  
February 25, 2009**

The Committee on Government Affairs was called to order by Chair Marilyn K. Kirkpatrick at 8:01 a.m. on Wednesday, February 25, 2009, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, 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/75th2009/committees/](http://www.leg.state.nv.us/75th2009/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  
Assemblyman David P. Bobzien, Vice Chair  
Assemblyman Paul Aizley  
Assemblyman Kelvin Atkinson  
Assemblyman Chad Christensen  
Assemblyman Jerry D. Claborn  
Assemblyman Ed A. Goedhart  
Assemblywoman April Mastroluca  
Assemblyman Harvey J. Munford  
Assemblywoman Peggy Pierce  
Assemblyman James A. Settelmeyer  
Assemblywoman Ellen B. Spiegel  
Assemblyman Lynn D. Stewart  
Assemblywoman Melissa Woodbury

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

Susan Scholley, Committee Policy Analyst  
Scott McKenna, Committee Counsel  
Cyndie Carter, Committee Manager  
Cheryl Williams, Committee Secretary  
Olivia Lloyd, Committee Assistant

**OTHERS PRESENT:**

Wes Henderson, Government Affairs Coordinator, Nevada Association of Counties, Carson City, Nevada  
John Slaughter, AICP, Director of Management Services, Washoe County, Reno, Nevada  
John Wagner, State Vice Chairman, Independent American Party, Elko, Nevada  
Bruce Kittess, Private Citizen, Carson City, Nevada  
Dennis Johnson, Private Citizen, Carson City, Nevada  
David Shumann, Chairman, Nevada Committee for Full Statehood, Minden, Nevada  
Veronica Meter, Vice President, Government Affairs, Las Vegas Chamber of Commerce, Las Vegas, Nevada  
Janine Hansen, State President, Nevada Eagle Forum, Elko, Nevada  
Juanita Cox, Citizens in Action, Sparks, Nevada  
Jon Sasser, Statewide Advocacy Coordinator, Washoe Legal Services, Reno, Nevada  
Kim R. Wallin, CMA, CFM, CPA, State Controller  
Douglas E. Walther, former Chief Deputy Attorney General, Office of the Attorney General  
Dennis Colling, Chief of Administration, Department of Motor Vehicles  
Dino DiCianno, Executive Director, Department of Taxation  
Michael Torvinen, CPA, Deputy Director, Fiscal, Department of Health and Human Services  
Lorraine H. Bagwell, Deputy Director, Support Services, Department of Corrections  
Scott K. Sisco, Administrative Service Officer IV, Deputy Administrator, Division of Forestry, State Department of Conservation and Natural Resources

Lisa Young, Administrative Services Officer, Records and Technology Division, Department of Public Safety  
Ron Titus, Director, Administration Office of the Courts, State of Nevada  
David Olsen, Chief Accountant, Department of Transportation  
James D. Salo, Deputy Executive Director, Colorado River Commission of Nevada, Las Vegas, Nevada  
J. David Fraser, Executive Director, Nevada League of Cities and Municipalities, Carson City, Nevada  
Dan Musgrove, Las Vegas, Nevada, representing the Nevada League of Cities and Municipalities, Carson City, Nevada  
Stephen W. Driscoll, CGFM, Assistant City Manager, City of Sparks, Nevada  
Tracey Woods, Vice President, Government Relations, Sierra Strategies, representing the City of Reno, Nevada  
Samuel P. McMullen, Las Vegas, Nevada, representing the Las Vegas Chamber of Commerce  
Madelyn Shipman, Reno, Nevada, representing the Southern Nevada Home Builders Association, Las Vegas, Nevada

**Chair Kirkpatrick:**  
[Roll call taken]

We will get started with Assembly Bill 67 since I received 150 emails this morning regarding this bill.

**Assembly Bill 67:** Authorizes boards of county commissioners to levy an ad valorem tax to pay the costs of public safety, health and welfare services. (BDR 31-460)

**Wes Henderson, Government Affairs Coordinator, Nevada Association of Counties, Carson City, Nevada:**  
[Read from prepared text ([Exhibit C](#)).]

**Chair Kirkpatrick:**  
Does anyone have any questions? I do have one. Do you not already have the ability to go out to the voters and fund some of these services? What is the reasoning for this bill? This was one of the questions from one of the 150 emails I received.

**Wes Henderson:**

The reason for this bill is because there are at least two counties that are already at the \$3.64 cap. There are other counties that are approaching the cap. This would give them the authority to exceed that cap.

**Chair Kirkpatrick:**

Let me follow up on that. In North Las Vegas we had this crazy thing called Safe Streets 2000. It was on our property tax for a long time and just came off last year. Does there come a point when some of these levies go backwards, or do they go forward forever?

**Wes Henderson:**

To my knowledge there are sunsets on some of those levies. However, when a sunset is coming up, the entities usually put the levy back before the voters, to extend it, so the entity does not lose its portion of the \$3.64.

**Assemblyman Settlemeyer:**

I would like to follow up on what Chair Kirkpatrick had said. In Douglas County we did a continuation of a school bond so that the county would not lose that property tax. What I do not understand, there is already the ability to go outside the cap, so why is this bill necessary?

**Wes Henderson:**

This bill is tailored specifically for public safety, health, and welfare. I am not familiar with the other provisions ongoing out of the cap.

**Assemblyman Settlemeyer:**

You can go outside the property tax cap anytime you want with the vote of the people. They did it last year in Douglas County. My voters actually voted for going outside the cap for fire safety. I am just curious.

**Assemblyman Christensen:**

Did I hear you right, that there are two counties already above the cap?

**Wes Henderson:**

There are two counties at the cap.

**Assemblyman Christensen:**

Which two counties?

**Wes Henderson:**

White Pine, and I do not remember the other one. I will find out for you.

**Assemblyman Christensen:**

Does anyone else in the room know?

**John Slaughter, AICP, Director of Management Services, Washoe County, Reno, Nevada:**

That would be Washoe County.

**Assemblyman Christensen:**

So, White Pine and Washoe are at the cap right now?

**John Slaughter:**

Washoe County is. I do not know about White Pine. I would have to defer to that county.

**Assemblyman Christensen:**

Washoe and White Pine Counties are at the cap, and everyone else is below. Just want to make sure I have that correct.

**Assemblyman Claborn:**

I received 100 emails on A.B. 67 yesterday afternoon, and they all say no. I have not seen one email that said yes. Most of them say this bill raises property taxes and exempts the county commissioners from laws that protect the property owners. I have not received one email that states this is a good deal for the public. I just want to get that on record.

**Assemblyman Goedhart:**

I would like to follow up on a point that my colleague from Gardnerville brought forth. Last session, Assembly Bill No. 461 of the 74th Session allowed Nye County, upon the approval of the county voters, to raise the sales tax a quarter percent for fire and a quarter percent for police. At that time, the county thought it would not be a problem to get the increase through, but after two years, they still have not taken the opportunity to raise the sales tax. I have seen the emails expressing people's concerns, especially the retired folks who are on fixed incomes. They may have a piece of property to be paid off, but they are concerned about inflation and erosion of their retirement income stream. They are worried about anything that could cause an increase in their expenses. It is not optional for them; they want to live in the house. If this were a different kind of tax, one related more to consumption, they would not be so worried, but this proposed tax is something they cannot find a way around.

**Chair Kirkpatrick:**

Mr. Christensen, did you have another question?

**Assemblyman Christensen:**  
No.

**Chair Kirkpatrick:**

I would like to ask another question. Why would you need the whole 10 cents? I am trying to be fair here, but a quarter-cent sales tax raised hundreds of millions of dollars in Clark County for "More Cops," so 10 cents would be huge. I think that would keep you from coming back for another ten years. And what would be the parameters on the public safety part? Is it going to be done by ordinance, or is it going to be done to build buildings? As the Committee, we will need more information.

**Wes Henderson:**

As for your first question, the county commissioners would have the option of imposing an additional ad valorem tax of up to 10 cents per \$100 of assessed valuation. They would not have to impose the entire 10 cents. If they felt 2 or 5 cents was sufficient....

**Chair Kirkpatrick:**

I know my county commissioners would go the whole 10 cents because we have this debate all the time. I am wondering about the justification.

**Wes Henderson:**

There is that option. It would be at the discretion of the county commission. I cannot speak for all the county commissioners across the state.

As to what is public safety and public health, I looked through the statutes yesterday to see if that is defined. The only starting point I could find was *Nevada Revised Statutes* (NRS) Chapter 244, sections 355 through 369. However, Senate Bill No. 146 of the 74th Session was titled for public safety and health and welfare and was specifically for a juvenile detention facility. I think there would need to be a definition fleshed out in ordinances created by the county commissioners.

**Chair Kirkpatrick:**

What if the state fleshed it out to help you?

**Wes Henderson:**

We are used to the state providing our definitions for us.

**Chair Kirkpatrick:**

Good, we like that. Does anyone else have any questions? Would anybody like to speak in favor of A.B. 67? We have several people that would like to speak, so let me explain how we are going to do this. I think everyone deserves to be heard, especially when we have received several emails. Please stick to the merits of the bill. If you provided testimony, we can read that. Just summarize it for us and help us get more information. We will fill the three seats the entire time, and we will keep moving forward.

Those who are in opposition are Mr. Wagner, Mr. Kittess, and Mr. Johnson.

**John Wagner, State Vice Chairman, Independent American Party, Elko, Nevada:**

We do not support this bill at all. I think what Assemblyman Goedhart said fits very, very well. I am one of those people who have a house that fortunately is paid for; I am on a fixed budget. The counties always want to raise taxes. They never seem to want to lower them.

Carson City had an election last year for public safety. The vote was 70 percent "no," only 30 percent "yes." This was in a county with a lot of government employees, and it went down in flames. The way it works now is that the city would have to ask the voters to approve a tax, and then the city has to come to the Legislature to get approval. The process works now and works very well, and I do not see any reason to change it.

**Chair Kirkpatrick:**

I am going to go through all of you, so if you could all stay seated, and I will ask the Committee if there are any questions.

**Bruce Kittess, Private Citizen, Carson City, Nevada:**

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

**Dennis Johnson, Private Citizen, Carson City, Nevada:**

[Read from prepared text, ([Exhibit E](#)).]

**Chair Kirkpatrick:**

Does anyone have questions for the speakers? Thank you and we appreciate your input.

**David Shumann, Chairman, Nevada Committee for Full Statehood, Minden, Nevada:**

Clearly the counties have no discipline. They are like children. They just want more and more.

**Chair Kirkpatrick:**

Be nice, please. We are trying to give a fair hearing.

**David Shumann:**

I wish the counties were as nice to the citizen taxpayer. I will try to be.

**Chair Kirkpatrick:**

That is why you have us.

**David Shumann:**

I will try to be nice, but I think you need to send the counties a strong signal that they need to learn discipline. The counties need to learn to cut their expenses. Everybody is sympathetic to public safety, but there is a lot of other stuff going on in the counties. We are getting far more services than we need, deserve, or want. Please vote this bill down and send a little message to the counties that they need to cut their expenses.

**Veronica Meter, Vice President, Government Affairs, Las Vegas Chamber of Commerce, Las Vegas, Nevada:**

We are here in opposition to A.B. 67. We believe there are competent, responsible financial staffs in our local governments in the State of Nevada. If the comprehensive budgeting system is done correctly and cities and municipalities can live within their means, we do not believe there is a need for this.

**Chair Kirkpatrick:**

Does anyone have any questions for the speakers? [There were none.] We appreciate your input. Is there anyone else who would like to speak in opposition?

**Janine Hansen, State President, Nevada Eagle Forum, Elko, Nevada:**

We are in opposition of A.B. 67. We do not think the Legislature should allow the county commission to circumvent the property tax cap, the people, or the will of the people. Several years ago a *Reader's Digest* article found that the average American pays between 50 and 60 percent of his income in federal, state, and local taxes. This is more than we pay for housing, education, health care, and food; it is a huge chunk out of our ability to live. Much of that cost is hidden. I will tell you a story so you might understand that better.

My brother Dan had a roofing company, and when he sold a roof for \$5,000, he always told the people that \$2,500 was in taxes, fees, licenses, et cetera. Had it not been for those costs, the roof would have only cost \$2,500. So we can see how hidden taxes take up much of our income.



My husband called me Monday and said, "Janine, I might lose my job, because if we do not get this contract, in the business I am in, I may be out of a job." My son talked to me on Sunday. He has two small businesses and four children under the age of six. He said, "Mom, please pray for me. I have work only until the end of the week." Thankfully, he called me yesterday and said another job came through; he has a small repair business. Then he called me and said, "No one has paid me. Can I borrow some money?" This is how on the edge people are. My 93-year-old mother, who goes back and forth to the Legislature with me, recently lost \$375 of her minimal monthly income because her investments went belly up. There are many people in this circumstance. My brother has lost almost everything.

In 2004 I was working hard on the "Ax the Tax" petition campaign, and I went to every county in the state and talked to people on the street about how they felt about the taxes. We almost succeeded with that campaign; we were short only about 1,000 signatures. It was a real experience for me to see how the people felt about taxes. Their anger was raising back then.

I have given you a copy ([Exhibit F](#)) of some information from the Trends Research Institute and its founder, Gerald Celente. I recently became acquainted with him. The information describes how successful he has been in forecasting trends. This is a recent statement from him about the coming tax revolt: "I say it is going to be worse than the Great Depression. We call it the Greatest Depression. Now people are on the edge. I have a saying, that when people lose everything and they have nothing to lose, they lose it. You are going to see people saying, 'Off with their heads.' There is going to be another revolution in this country. It is going to be a tax revolt. We are going to start seeing a tax revolt in the United States. People are one job away from losing everything. We are seeing more and more closures. People are being laid off. People are stretched to the limit, and what do they do in New York State? Some 130 new taxes are being proposed. They are raising sales taxes. There is going to be a tax revolt in this country, from property taxes first, and school taxes second. That is what we are going to see happen."

Why is this going to happen? My son, unfortunately, got a ticket the other day. He came home and said, "It was a really good experience, because I was trying to figure out how I was going to pay the \$65, and if I was going to be able to feed my children, and what my choice was going to be. Was I going to pay the ticket, or was I going to feed my children? I make more money than a person on minimal income, but what would they do? What choices would they make?"

These are the hard choices that the people of Nevada are facing. We understand the government always wants more money, but there is not any

more money. What will happen if we cannot pay our taxes? We will simply have to quit paying because we have to survive. We appreciate your thoughtful consideration of this issue with the comments you made this morning. Remember, we do not want you to circumvent the cap. We do not want you to circumvent the voters.

**Chair Kirkpatrick:**

Does anyone have any questions?

**Assemblyman Claborn:**

Ms. Hansen, I am not a member of the Tax Revolt, but after the testimony today I do understand how all the initiatives were voted down in Clark County and the other counties in the state. Now I realize why I am receiving all of these emails. When I first started receiving them yesterday, I thought, my goodness, what is this?

**Janine Hansen:**

Thank you, Mr. Claborn.

**Chair Kirkpatrick:**

Does anyone else have questions? Is there anyone else who would like to speak in opposition in A.B. 67? Yes, I will take a neutral.

**Juanita Cox, Citizens in Action, Sparks, Nevada:**

We, too, agree that this is absolutely too much for the people to take. Business and home owners alike are hurting. They are barely getting along. Yes, counties are hurting too, but to exempt the county commissioners from laws that protect property owners is unconscionable. This is granting new powers to the counties that we cannot allow.

The Washoe County assessors have been abusing their power for years. Years and years they have been in court, and that was with the laws we have now. Finally, after many courts continued to tell them they were wrong, they recently stopped. If they get more and more powers, what will they be like?

I hope that you reconsider and vote no on A.B. 67. Thank you.

**Chair Kirkpatrick:**

Does anyone have any questions? Mr. Sasser, neutral.

**John Sasser, Statewide Advocacy Coordinator, Washoe Legal Services, Reno, Nevada:**

I did want to put on the record that I do think A.B. 67 is an attempt to address a very serious problem. It may not be the proper vehicle to address it; the bill is worded very vaguely. I do not know what the definition of health and safety and that stuff means, but the counties are in a real bind. Every rural legislator I have heard over the last six months decries the fact that the state swept the indigent accident fund in order to deal with the state's fiscal problems, leaving the counties in a real bind. In response to our fiscal crisis, the state had to cut reimbursements to hospitals and to Medicaid. As a result, University Medical Center (UMC) in Las Vegas had to close seven clinics, including their cancer clinic, and people's lives are at risk because of the loss of that funding. The state does not pay for the problem and does not make the problem go away. The problem of dealing with these cost shifts is that they end up in the counties' laps; either they have to cut other services or pay for them in other ways.

If you have uncompensated care at a hospital, who pays for that? All of us pay for it. We do not avoid the responsibility; we pay for it in terms of higher insurance premiums and other ways. The problem does not go away. It does have to be paid for, and the counties more or less have their hands tied when the state dumps a cost on them that they do not have the ability to respond to. I think some vehicle for giving the counties a chance to respond, or at least to deal more narrowly with the cost of indigent health care, is something that needs to be looked at. Whether A.B. 67 is the right way to go or not, I do not offer an opinion, but I did want to put this on the record.

**Chair Kirkpatrick:**

Does anyone have any questions?

**Assemblyman Bobzien:**

Thank you, Mr. Sasser, for putting that information on the record. I think it is important that we remember that situation. That seems to be the overall theme for this Committee in how we work with local government to address the problems we are facing. I am left scratching my head this morning, with all due respect to Mr. Henderson and NACO for bringing the issue forward, and for all of your comments about the binds that counties find themselves in. I am not hearing from any counties that say they want this bill. I hear from the organization, but there are not any county commissioners here. There are no representatives of the counties saying this is the vehicle to solve the problem, so this Committee is left thinking the counties really do not need this. Have you had any conversations with the counties about what their thoughts are on this

bill? Anything you can do to clear up the mystery as to who is actually supporting the bill?

**Jon Sasser:**

I have not had any direct conversations with any county commissioners, and I am not going to attempt to speak for them. From talking informally with some of the NACO people, my sense is that the bill was a reaction, out of frustration, to what they see as the cost shifts to the counties from the state and not having any way to deal with the situation. Beyond that, I do not have any insight that I can offer you.

**Chair Kirkpatrick:**

Are there any other questions for Mr. Sasser?

**Assemblyman Claborn:**

I think everything you said has been taken into consideration, and you are absolutely right. This is a great problem out there, but I do not think the answer is raising property taxes that the people do not want. We are in a bind trying to find money for different programs. We all love our programs, and there is not enough money to go around, so we will have to find some vehicles, as you suggested, and try to make everybody happy. We will not make everyone happy, but we can try to spread some of this money around. However, I do not think additional taxes on property are the right answer. Thank you for your comment.

**Chair Kirkpatrick:**

Does anyone else have anything? We are going to close the hearing on A.B. 67. I am going to go a little out of order because the Controller's Office is trying to be in two different places at the same time

**Assembly Bill 87:** Revises provisions concerning the collection of debts owed to the State. (BDR 31-494)

**Kim R. Wallin, CMA, CFM, CPA, State Controller:**

[Read from prepared text ([Exhibit G](#)) and presented Committee members with a handout ([Exhibit H](#)) and an amendment ([Exhibit I](#)).]

**Chair Kirkpatrick:**

For the freshmen on the Committee, could you explain what WICHE is?

**Kim Wallin:**

It is Western Interstate Commission for Higher Education. When Nevada did not have a medical school or law school, this Commission provided students with

monies to go out of state to attend medical school, law school, and other programs.

**Assemblyman Christensen:**

You mentioned workers' compensation money that is owed. Is that money owed from employers to the state?

**Kim Wallin:**

It is from businesses that have been fined because they do not have workers' compensation. Also, in cases where they find a person has been injured as well, they are fined for that.

**Assemblyman Christensen:**

So it is fines.

**Assemblyman Bobzien:**

Thank you, Ms. Wallin, for bringing this idea forward, and I appreciate the time you spent with me explaining where you are going with this bill. I think it is a wonderful initiative you have embarked upon. I think for everyone in the room who is concerned about government spending, and how we manage our books, this is an excellent example of doing something that mimics the business world quite well. I know for a lot of small businesses, this is the time the owners are looking at their receivables and trying to figure out where is the money that people owe us. These businesses are trying to tighten up their procedures. I think it is fantastic that you are doing this. You really should be applauded.

What is the dynamic in terms of making sure that the agency is the one that determines a debt is past due? I am concerned that we ensure that that distinction is in place. Are the agencies still responsible for taking the first crack at collecting on these debts, but then they can go to you as a last resort? Could you flesh that out more for us.

**Kim Wallin:**

Many agencies are unique because they have federal statutes they have to follow or they have certain agreements in their contracts. We want to sit down with each agency and spell out what it means for a debt to be past due. For instance, if Health and Human Services has a provider overpayment, it has the ability to take out future payments, to withhold. That debt has not become past due yet. If an agency works out an installment agreement to pay the debt, that debt is not past due.

Take the Colorado River Commission (CRC)—it buys and sells power. So if the CRC owes Nevada Power Company a million dollars this month, and then the

next month Nevada Power owes the CRC money, they do not cut checks back and forth. They balance it out. The agreement is not written down. It is just the nature of the industry.

We want to help agencies determine when a debt is past due, and the best way is to spell it out in the regulations and not in the bill.

Another example is the Department of Public Safety and its Brady Bill background check requirements. If a business does not pay its Brady Bill fees in 60 days, it cannot sell any more guns. The bill is not past due because the agency has cut them off, and the agency has the hammer.

**Chair Kirkpatrick:**

Did you want to go over your amendment?

**Kim Wallin:**

Yes, the amendment is woven through the presentation ([Exhibit H](#)). As we go through the sections, we can tell you what we want to amend.

**Chair Kirkpatrick:**

I want to make sure that everyone is on the same page. We are making an amendment, so on page 1 ([Exhibit I](#)), you want to delete number 5, which talks about section 17, correct? [Number references are to 7 numbered parts of the amendment document ([Exhibit I](#)).]

**Kim Wallin:**

Correct.

**Chair Kirkpatrick:**

What section was the 60-day waiver in?

**Kim Wallin:**

Section 17, which is under number 5, "Amend Section 17." We want to put this wording under number 5, subsection 4: "If requested by an agency the State Controller shall waive all or some of the requirements of this section if he determines." That is on page 2 of the amendment.

**Chair Kirkpatrick:**

Even I am confused now, so we have to start all over, because I put the regular bill away, and I just have your amendment. I just want to work on your amendment. On page 1, I am deleting number 5.

**Kim Wallin:**

I will just read through all of amendment number 5.

Section 17 *Nevada Revised Statutes* (NRS) 353C.195 is hereby amended to read as follows:

353C.195 Except as otherwise provided in subsection 4 or by a specific statute of this State, or by controlling federal law:

1. The State Controller shall act as the collection agent for each agency.
2. An agency shall coordinate all its debt collection efforts through the State Controller.
3. An agency shall assign a debt to the State Controller for collection not later than:
  - (a) Sixty days after the debt becomes past due; or
  - (b) Within such time as the Controller may agree.

In (b) we are deleting the reference "if the debtor has requested an administrative hearing." We are deleting that provision because the agencies have certain administrative procedures in place.

4. If requested by an agency, the State Controller shall waive all or some of the requirements of this section if he determines that the agency has adequate authority and resources to collect its own past due debts or for other good cause shown.

In subsection 4 we have removed the provision "the State Controller shall charge and collect from an agency a fee of \$10 for each debt assigned to him by the agency for collection." We have removed that part after conversations with the agencies. When I get to it, I will explain how we plan to collect that fee. The other item in this section is subsection 5.

5. If the State Controller waives all or some of the requirements of this section for an agency, that agency may utilize any of the rights and remedies for securing, enforcing, collecting, compromising or writing off debt that are given to the State Controller in the NRS sections 353C.130 through 353C.180, and 353C.200 through 353C.220, inclusive.

We made this provision to give the agency more power. We can tell the agencies they are exempt from having to send their debt to the State Controller at a certain point and time. This gives the agencies more tools to go after that debt—file judgments, file liens, take strong action.

**Chair Kirkpatrick:**

We actually have your amendment that has everything you said; I just was not sure what we working off of. I just want to be clear.

**Kim Wallin:**

It kind of weaves through where we have the changes. We will put a hold on number 6.

**Chair Kirkpatrick:**

Because?

**Kim Wallin:**

We will get to the next part. On number 6, amending section 18, subsection 3, we are deleting the section that says, "Any contract entered into pursuant to this section is subject to approval by the Director of the Department of Administration"—originally we had "and State Controller," then we had "the Attorney General." I have had conversations on this topic with the Director of the Department of Administration and the Attorney General, and they have no interest in having to approve my contract. My Deputy Attorney General (DAG) will be reviewing any contracts that I enter into.

If you do not mind, please skip back to page 1, ([Exhibit I](#)) in number 1 we are deleting section 3 of the original bill in its entirety. Section 3 put in that the agency had to send a certified letter to the debtor before the debt was turned over to us. We are removing that provision. In many cases the agency does not have the resources to send those letters; it delays the time when they can turn the debt over to us.

**Chair Kirkpatrick:**

So in the original bill section 3, lines 8 through 27, is being deleted?

**Kim Wallin:**

Yes, that is correct. That takes the matter out of the agencies' hands, and they do not have to send the certified letters. One agency even said, "Great, can we have you do our billing?"

The next item, number 2, is to amend section 4 of the bill. Section 4 gives the Controller's Office the ability to appoint a private debt collector or any other person to act as my agent to file an application for the entry of summary judgment against the debtor and to record a certificate of liability against the debtor. Section 4 allows me to authorize the agent to incur any reasonable costs to carry out these functions. Before taking that action, I must determine that making the appointment is likely to generate more revenue for the state than other methods that I have available to collect the debt.



**Chair Kirkpatrick:**

In section 4 you are adding, in line 33, the wording "notwithstanding any specific statute to the contrary." Was does that mean?

**Kim Wallin:**

I will let Doug Walther answer that.

**Douglas E. Walther, Chief Deputy Attorney General, Office of the Attorney General:**

One of the problems in dealing with this issue is trying to centralize these processes when some agencies have their own statutes and some are federally funded or guided by federal law. So there were concerns about how these meshed with the other provisions. We felt it was prudent to make it clear, at least in the collection area, that these authorities or remedies are available even though some other statute might provide it differently. It was just to clarify that point.

**Chair Kirkpatrick:**

Is that topic going to be clarified within the regulations?

**Kim Wallin:**

Yes, we would clarify it in the regulations.

**Chair Kirkpatrick:**

The approach would be, this works for this agency. Is that correct?

**Kim Wallin:**

Correct.

**Chair Kirkpatrick:**

It is the same for your amendment to section 5 with that same wording?

**Kim Wallin:**

Yes, it is the same thing with the new wording, "notwithstanding any specific statute to the contrary." This allows me to enter into an agreement with the debtor to settle for less than 100 percent of the debt owed. We have found in some cases that agencies are saying, "No we want 100 percent of the debt," and the debtor says, "We are getting ready to file for bankruptcy. We will give you 50 percent of the debt," and the agency says, "No we want 100 percent." The debtor goes into bankruptcy, and we get nothing. This provision would allow me to make that debt settlement.

**Chair Kirkpatrick:**

If that is the case, does the agency and the debtor, as well as yourself, have to sign off on it?

**Kim Wallin:**

Yes, the agency to which the debt is owed must approve.

**Assemblyman Claborn:**

On page 2 of the amendment, subsection 3, paragraph (b), the deleted part reads, "If the debtor has required an administrative hearing pursuant to section 3 of this act to contest the existence or amount of the debt and has obtained the final decision of the agency, 10 days after the exhaustion of any administrative remedies provided pursuant to chapter 233B of NRS." You are taking out the regress, redress provision? Are there other provisions in case the folks do not owe this money? What is the recourse to go back and ask for a hearing? How would they regress if they do not agree? Are you going to put a lien on their properties?

**Doug Walther:**

The deletion of the administrative hearing procedures was based on the presumption that the substance of the statutes that created the debt will provide for those procedures. For example, if it is a fine imposed by the Real Estate Commission, the real estate statutes will have provisions for review of that decision, to contest the decision. These procedures are intended only for debts that are uncontested, where there is no dispute that the debts exist and are owed.

**Assemblyman Claborn:**

I think Mr. Walther cleared it up when he said it would be uncontested. I have had problems with redress before in the county.

**Kim Wallin:**

Are there any other questions on that topic?

**Chair Kirkpatrick:**

I would like to follow up on what Mr. Claborn was talking about. I worry that regulations sometimes get muddled. Is it problematic if we clearly refer to collections that are uncontested? Otherwise I think that when the regulations do come through, it will be a very long process for the Legislative Counsel Bureau (LCB).

**Doug Walther:**

I was looking for that provision regarding uncontested debts. I could not remember whether it was in the statute or in the regulation. I know, in the regulation, there is a current provision for using these procedures only for uncontested debts, and if they do become contested, the Controller has to send them back to the agency, which would use its substantive procedures for dealing with contested matters. I do not think the Controller would have any objection to addressing that in the statute.

**Chair Kirkpatrick:**

That way it would be crystal clear.

**Kim Wallin:**

We cannot send them to the collection agency if they are contested.

**Chair Kirkpatrick:**

Believe me, I got a collection notice for the yellow phone book, and I had never heard of them. It took me a long time to make it right.

**Kim Wallin:**

Number 4 amends section 7 to read as follows:

If the State Controller collects any money from a debtor or receives any money from a private debt collector or other person to whom the State Controller has assigned the collection of a debt, the State Controller shall transfer the money to the agency to which the debt is owed minus the amount of:

1. Any cost incurred or fees paid by the State Controller to collect the debt or any other debt assigned to the controller by that agency.
2. Any interest on the debt collected by the State Controller under the terms of an agreement with the debtor, pursuant to NRS 353C.130, for the payment of the debt on an installment basis.

In the original amendment to the statute, we put in a clause to allow us to charge interest on the installment payments. Currently, if our office enters into an installment agreement with a debtor, we cannot charge him interest. We also put in that we will be allowed to charge him interest. We will keep the interest to offset our costs, because if we are working on an installment basis, we have to do more follow up. That is what this bill does. This removes the fiscal note. I know that some agencies were concerned. For instance, the

Department of Corrections has a lot of debts that will not be collected. To charge it a \$10 fee for every single debt, and they do not get back the money to offset it—that would be an extreme hardship on the agency. That is why we take it out of monies that we collect.

**Chair Kirkpatrick:**

I just want to clarify for the Committee because I am struggling to keep up myself. I am confused with the bullet points and the sections, but it is all good. The blue wording is already in the bill; it is just the green you are making an amendment to.

**Kim Wallin:**

On page 2, we already did number 6, and now we are down to number 7. This new section amends NRS 616C.220, and covers the compensation from Uninsured Employers Claim Account. This was a friendly amendment from the Department of Business and Industry. They have some other statutes that handle their collections, and the main provision they want to put in there is on page 4 of this amendment, a new subsection 15 that says, "If the Division assigns a debt incurred under this section to the State Controller pursuant to NRS 353C.195, the State Controller may, in its own name, bring a civil action in a court of competent jurisdiction to recover from the employer the payments made by the division that are described in subsection 5 and any accrued interest." This means Business and Industry wants to contract with our office and our attorneys to help collect their debt. This would give me the authority and the power to do it.

**Chair Kirkpatrick:**

So in reality this would be section 24 of the bill, correct? It would be a whole new section?

**Kim Wallin:**

Yes, it would be.

**Chair Kirkpatrick:**

Number 7 adds a new section 24 to the bill. Subsection 15 is the part that would clarify what you are trying to do, right?

**Kim Wallin:**

Right. They have some other language on page 3 of the amendment, subsection 6, paragraph (a): The Division "may recover from the employer the payments made by the division that are described in subsection 5 and any accrued interest by bringing civil action in a court of competent jurisdiction."

Here is where they put in "for the purposes of this section payments authorized by the Division are presumed to be:

- (i) justified by the circumstances of the claim;
- (j) (ii) made in accordance with the provisions of chapters 616A, 616B, 616C, 616D and 617, inclusive; and,
- (k) (iii) reasonable and necessary."

**Chair Kirkpatrick:**

Let me ask you this question. The Business and Industry Department did not want you to charge \$10 per debt, but now they want to get a piece of your action after you do the work, and then they want to tell you what the amount should be? Is this correct?

**Kim Wallin:**

No.

**Chair Kirkpatrick:**

Please clarify that for me because that is how I read it.

**Kim Wallin:**

Business and Industry wants me to collect their debts.

**Chair Kirkpatrick:**

But they also want to get a piece of the pie. Is that not what that says?

**Kim Wallin:**

If we go to civil court, and I collect the money, any money that I collect for the agencies goes back to the agencies.

**Chair Kirkpatrick;**

I agree with that, but I am wondering why. That is like me telling my teenagers, I will pay you \$10 to wash my car, but then you owe me \$10. It seems that way when you go back and justify the circumstances of the claim. I am trying to make it crystal clear.

**Doug Walther:**

My understanding of this request is that the department is in a little bit different situation. They have a statute that requires them to file a civil action to establish these amounts, so the language amending subsection 6, on page 3 of the amendment, is intended to create a presumption that the money is owed and the amount is reasonable, to facilitate collection. It still could be contested in a civil action.

The new language added on page 4, in the new subsection 15, is to clarify that the division may send these claims to the Controller to either file an action herself or have her collection agency file the actions. But it would otherwise follow the procedures for all the other debts of the state, in that the collection costs, and fees incurred to collect that debt, would be deducted from any recovery before it is returned to the agency. I do not know if this clarifies the process for you, but that is how I understand it works.

**Chair Kirkpatrick:**

This is a pretty large amendment, and I just want to make sure what it does, because it involves a whole bunch of statutes. We can save this for another day.

**Kim Wallin:**

I think someone from Business and Industry is here who might be able to testify to what they are trying to do.

**Chair Kirkpatrick:**

Are you finished? I still have another bill to do.

**Kim Wallin:**

No, I am not finished. Those are all the amendments. You have the rest of the bill in front of you with a couple of notes and some changes. We also put in a provision, in the original bill, that the state will not do business with people who owe the state money unless they are the only ones in the state that provide that service. Another provision, where the law allows it, would permit us to create a "wall of shame" and post the name of the debtors on my website. That is it for me.

**Chair Kirkpatrick:**

I think you have the "most amendments" record this session already.

**Kim Wallin:**

It was to make it a better bill.

**Chair Kirkpatrick:**

I appreciate your working with everyone.

**Assemblywoman Pierce:**

The division in the long amendment under number 7, it is the Division of Business and Industry, correct?

**Kim Wallin:**  
Correct.

**Assemblywoman Pierce:**  
I missed the "wall of shame." Where is that?

**Kim Wallin:**  
It is in section 20, subsection 3 of the bill.

**Chair Kirkpatrick:**  
This has been used before, correct?

**Kim Wallin:**  
We have not been using it.

**Chair Kirkpatrick:**  
Not you, but another agency used it before. Is that not correct?

**Kim Wallin:**  
I am not sure, but I think they have.

**Chair Kirkpatrick:**  
I thought gaming may have used it, but we can find that out.

**Assemblywoman Pierce:**  
The "wall of shame" only has to do with agencies, correct? Would this include licensing boards and commissions?

**Kim Wallin:**  
Yes, it would.

**Assemblywoman Mastroluca:**  
My question is really easy. You threw out a lot of great numbers and statistics. Can I please get a copy of your testimony?

**Kim Wallin:**  
Yes, you may.

**Assemblyman Stewart:**  
This bill is very complicated with a lot of amendments. It gives me great comfort to know the Controller's track record of honesty and efficiency. I would like to ask you about your program, extensible business reporting

language (XBRL). Would you utilize this in making debt collection more efficient by bar-coding the papers involved?

**Kim Wallin:**

Yes, we would be using XBRL. In fact, in my budget hearing I put in for some money to use XBRL to expand the debt collection area and stop having to cut and paste 71 spread sheets with 18 different tabs. We are in the process of doing that.

Fiscal note for me: I have additional postage needs, because we will be doing installment plans, and that is \$53,148 per year.

**Chair Kirkpatrick:**

I was speaking with the Labor Commissioner, and his situation would be set through regulations because he has that trust fund, is that correct?

**Kim Wallin:**

Yes.

**Chair Kirkpatrick:**

Are there any other questions?

**Assemblyman Munford:**

How does Corrections accumulate debt? I also see "restitutions" what do you pay back?

**Kim Wallin:**

Corrections accumulates debts because the prisoners are charged for medical service and supervision fees, and if they break things, they are charged for the damage. Then you have the restitution for victims. That is how Corrections accumulates that debt.

**Assemblyman Munford:**

Then you are speaking about an inmate that has been released, and you can collect from him.

**Kim Wallin:**

Yes, we try to collect from him when he gets released.

**Assemblyman Munford:**

What if he is not employed?



**Kim Wallin:**

In Corrections, we do not collect a large percentage because they do not have jobs. If they go back into prison, then we take them off the debt collection rolls. It is a vicious cycle.

**Assemblyman Munford:**

I see they have accumulated quite a bit of debt.

**Kim Wallin:**

They have, and I would like to see us help Corrections write off those debts because the chances of collecting are pretty slim.

**Assemblyman Munford:**

I would think so.

**Chair Kirkpatrick:**

Does anyone else have any questions?

**Kim Wallin:**

I have one, to address the removal of the fiscal notes after the amendment. I think that a lot of these fiscal notes...

**Chair Kirkpatrick:**

I have 50 fiscal notes. It will take me awhile to sort through them. Please just give them, and we will take notes and know when they come. When folks come and testify, if they could just say their fiscal note has been removed, that would be most helpful. Does that help?

**Kim Wallin:**

That helps. Thank you very much.

**Chair Kirkpatrick:**

For those in the audience, I am going to do this a little bit different for this bill because it is important to the Committee that we know if your agency's fiscal note is off or on, and there are 50 pages of them. You can help me by quickly coming up and saying my fiscal note is off, I agree, I do not agree, or keep the fiscal note.

Those who are in favor, if you could come up and tell me whether your fiscal note comes off, and if you gave me written testimony, just summarize it.

**Dennis Colling, Chief of Administration, Department of Motor Vehicles:**

We have an extensive fiscal note of approximately \$1.5 million for the biennium on the bill as currently written. With the amendment submitted by the Controller, that fiscal note goes away, and we support the bill.

**Dino DiCianno, Executive Director, Department of Taxation:**

Similarly, with the deletion of section 3, the department's fiscal note does come off. However, I do understand that this bill may well go to a work session. We do have some concerns with the language contained in section 7. I do not believe it is an insurmountable hurdle. We are more than willing to work with the State Controller on it. It has to do with any costs incurred or fees paid by the State Controller to collect the debt. Unfortunately, there may be some conflicts with the current sales and use tax statutes, because everything that we collect with respect to sales and use tax gets distributed. That is something that we are more than willing to work on with the Controller. I am sure that we can resolve those conflicts.

**Michael Torvinen, CPA, Deputy Director, Fiscal, Department of Health and Human Services:**

I can trump Mr. Colling's fiscal note by a couple of million dollars. We are particularly interested in the amendments to section 17, and if those are implemented and put into the bill, then we can support the bill. Otherwise we would have to oppose it, and our fiscal note would not come off.

**Chair Kirkpatrick:**

If anyone has any questions, please tell me, because this is really important.

**Lorraine H. Bagwell, Deputy Director Support Services, Department of Corrections:**

If the amendments are approved, we would remove our fiscal note.

**Scott K. Sisco, Administrative Service Officer IV, Deputy Administrator, Division of Forestry, Department of Conservation and Natural Resources:**

If the amendments are approved, we believe we would be able to remove our fiscal note.

**Lisa Young, Administrative Services Officer, Records and Technology Division, Department of Public Safety:**

With the adoption of the proposed amendments, we would remove our fiscal note as well.

**Ron Titus, Director, Administrative Office of the Courts:**

We do not have a fiscal note, but we do support the bill. We see it as a tool for us to collect the outstanding fines and fees that are set by district courts. There is a bill draft request pending that will centralize a lot of these fines and fees with the Administrative Office of the Courts, and we plan on using the State Controller to help us collect those debts.

**Chair Kirkpatrick:**

Perfect. If there are still some folks in the audience, please feel free to come up.

**David Olsen, Chief Account, Department of Transportation:**

With the amendments, our fiscal note would be removed.

**Chair Kirkpatrick:**

Is there anybody else who would like to testify? Because that is not 50 pages worth.

**Assemblyman Settlemeyer:**

Can we ask them to come forward if their fiscal note stays?

**Chair Kirkpatrick:**

That is where we are headed next. If your fiscal note is going to stay on, please come forward.

**James D. Salo, Deputy Executive Director, Colorado River Commission of Nevada, Las Vegas, Nevada:**

Frankly, I do not believe that our fiscal note would come off because we are not yet supportive of the bill. It has gone a long ways in the direction we think it needs to go, but my question is, will there be an opportunity to provide our substantive input as well as state our position on the fiscal note?

**Chair Kirkpatrick:**

You could do that right now.

**James Salo:**

I was not clear from your earlier comments.

**Chair Kirkpatrick:**

Normally I do not do this, but because I still have one more bill and there are a lot of amendments and 50 pages of fiscal notes, I thought I would change it a little.

**James Salo:**

If you wanted to poll the rest of the people in the audience on the fiscal notes issue, I have no problem. I just did not want to waive an opportunity to speak to the bill directly.

The Colorado River Commission (CRC) is a state agency established in the 1930s in Las Vegas. It is primarily responsible for the state's interest in both water and hydropower out of the Colorado River system.

On the power side, we process well over \$100 million worth of power transactions every year. I believe our last budget authorization was in the \$150 million range, but the actual activity is in excess of \$100 million a year. We have never written off an uncollectible debt. Unlike some of the other issues that were outlined to you earlier by the Controller, in our view we have not proven to be a problem for the state. We have not proven to be unwilling to collect debts that are owed to us, even though we process a substantial number of transactions every year.

The CRC is not a taxpayer agency, and it is not a General Fund agency. Our sole source of revenues is the sale of either power or water to our customers and an associated administrative fee to cover our cost of operations. The customers, and no one else, fund us. When power transactions occur, as a practical matter they are paid immediately by the customer. If one of you were one of our customers and we purchased power for you for this month, next month you would get a bill, and you would pay that even if there was a question about the amount in the bill, because it often takes months for that question to be resolved. But in the meantime you pay. The whole philosophy in the power industry, in effect, is pay first and debate problems later. You do not delay payments.

We purchase large quantities of hydropower from the major dams on the river—Hoover, Glen Canyon, Parker, and Davis—under long-term power purchase agreements with the federal government, through what is known as the Western Area Power Administration (WAPA), which is the marketing arm of the federal government for hydroelectric facilities. Those long-term contracts govern our remedies if there is any failure or default on the part of a customer. So if we, as a state agency contracting with a federal government, were to default, that contract would dictate what remedies were available to WAPA. Similarly the contracts that we have with our customers mirror the federal contract to the extent possible, and they contain the remedy provisions. Those remedy provisions often take quite a bit of time, so a 60-day window, like what is in the bill, causes us concern.

I know that Controller Wallin earlier indicated to you that it is her interpretation of *Nevada Revised Statutes* (NRS) 353C.100 that the agencies, presumably including the CRC, have the ability to determine when a debt is past due. I am a lawyer and have been practicing law in Nevada since 1971. I do not read that statute that way. I realize it is one lawyer's opinion, but it is an opinion. In my view, that statute simply refers to the underlying contract that generated or created the debt. It does not say anything about the agency unilaterally being able to decide when a debt has become past due.

Some of the long-term contracts and extensive revised agreements have many parties. The Western Systems Power Pool (WSPP) Agreement, which is a master agreement that most of the power transactions occur under in the West, has 300 parties, and it can be amended only with a 90 percent approval of those 300 parties. You can imagine that when you have 300 parties, including investor-owned utilities, public entities, rural electric associations, co-ops, industrial firms, and so forth, getting 90 percent approval on anything is a challenge, and getting 90 percent approval to push through an amendment that might clarify when a debt is due, so that we can satisfy Nevada law, is just not realistic.

At the same time, we are told that regulations will be adopted by the Controller in the future that will, in effect, codify when those debts are due for each of the agencies. I submit that if the agency actually has the ability to decide when something is due, there is no need for the regulation unless it is going to repeat what the agency has determined under its authority if, in fact, it does have that authority under NRS 353C.100. This could be disruptive if it does require us to turn over our debts for collection through the Controller's Office.

The electric industry is unique. It has its own unique history and culture as to how you deal with obligations. One of our larger concerns is that if we were forced to turn over obligations that we process for collections to the Controller, those vendors would stop doing business with us. They would not want to have different rules in different states. They would simply stop doing business with us, which would make smaller the pool of available vendors that are willing to sell to us, and that would drive up the price of the power we would have to buy, because there would be less competition. That would not be in the best interest of the state.

**Chair Kirkpatrick:**

I am a pretty fair person. The Controller must have had to do back flips to get one-half of these fiscal notes off, so I applaud her for that. This is a session where people want accountability. Every single resident in the state of Nevada wants to know what government is doing with their dollars. I have a bill that

codifies it even more, and I think in Nevada we have to start doing more in this regard. I do not know how your agency's dollars work, but when you put information out so people can see it, it means so much more to them.

What can we do to get you to work with us, because I am not in favor of having any agencies being singled out? Across the state we need to work together to come together so that the public understands what we do. So, what can we do? What are your thoughts? This bill will not be going to work session, because we do public forums, and I think that is important.

**Assemblyman Settelmeyer:**

If an agency has dispute resolution that is governed by federal rules, is the agency exempt from this bill?

**Chair Kirkpatrick:**

There is the provision within this bill that says that, and my personal thought on regulations is, who is the controller in ten years? Everyone on this Committee probably understands that we are cleaning up a lot of stuff from 1968 and 1988.

I think it makes very good policy to put parameters in place for the public. I do not think that the bill's intent was to fund any single agency and not have any oversight on them. I think it is very clear that the bill allows for federal statutes. Most of my colleagues say they do not want to micromanage the agencies, but regulations tend to give agencies the flexibility they need and the individuality the state needs.

**Jim Salo:**

I would like to speak to that point if I may. I have a couple of concerns, first of all, regarding just the wording, when it talks about no "controlling" federal authority, using the word "controlling" as opposed to talking about federal statutes or federal law. That then opens the question, what does the word controlling mean? How does controlling modify federal authority? Because normally in the statutes, it references federal law or federal statute, but it does not say controlling. This gets back to the sorts of issues some years ago when calls were made from the White House, and the response was there is no controlling legal authority. What does controlling mean? Does it mean a final decision from the U.S. Supreme Court? Or does it mean something else? I would suggest that at a minimum, unless there is a very good reason, I do not see that the word controlling ought to be stricken whether federal law comes into play or not. But I think the word controlling potentially muddies the water as to which federal law you are talking about. This is a kind of drafting issue.

**Chair Kirkpatrick:**

Just for clarification I have already talked to our legal staff. This bill is very complicated this morning. Scott McKenna, Committee Counsel, will be getting us some answers, but I think it is only fair to our legal staff that we give him a day to put it all together.

**Assemblyman Settelmeyer:**

If those corrections were made or changed, would that satisfy your concerns? I am a little worried about what you are saying, that this provision could adversely affect people's energy bills.

**Jim Salo:**

Let me answer your last comment. I want to clarify when you say "affect people's energy bills." We are not talking about the people, the people widely. We have 12 customers by law and no more. In fact, we are precluded by law from having any more. The 12 customers include both wholesale and retail customers. We have a few wholesale customers like Nevada Power or now NV Energy, Lincoln County Power District, Overton Power District, and Valley Electric. We have retail customers, including Southern Nevada Water Authority, and a handful of industrial customers in the old Basic Management Incorporated (BMI) Complex in Henderson. So it would affect our customers, not customers at large. I just wanted to make that clear, except theoretically, an indirect impact perhaps through Nevada Power's piece of the project pie, but that would be miniscule. We are not talking about a direct impact on power rates of the population at large.

To the first part of your question, frankly I am going to need to really go through this bill again and discuss it with both our counsel and others in our agency to determine how far the changes that have been proposed go to satisfy our concerns, but as the Chair mentioned a moment ago, you are looking to the future and future controllers. We, too, have that thought in mind. We have no problem with the current Controller, and we are comfortable that she is going to be fair and reasonable in applying any statute that you ultimately pass and the Governor signs. However, we do not know who the future controllers will be or what kinds of issues may arise, and we are not comfortable in having our positions weakened, particularly, as I stated earlier, in that we have a record that does not show any abuse in this area—100 percent of our \$100 million-plus annual transactions and no write-offs. We are not an agency that has been abusive or less than aggressive in pursuing its interests.

If we are not part of the problem, I question whether the solution needs to apply to us.

**Chair Kirkpatrick:**

I do not want to have a public debate with you, but you will not be there in 50 years; I am almost sure of it.

**Jim Salo:**

I can guarantee that.

**Chair Kirkpatrick:**

I can tell you there are regulations in place since 1981 that are still working fine. I just do not want to exempt folks. I say, "If you got nothing to hide, then put it on paper," and I say that because I am a very open-book kind of person.

**Jim Salo:**

I did not understand this bill to be a disclosure-type bill. I understood it to be a collections bill, and so I do not know how this bill would either improve or not improve the public knowledge as to what any agency is doing, except in the narrow area of whether or not debts owed to them are being collected. The rest of what the agency is doing would not, in my mind, be disclosed further because of this bill.

**Chair Kirkpatrick:**

I said that out of turn. I apologize. What I am saying is that the more openness we have, the better the public understands us.

**Jim Salo:**

We agree with that, and we put our annual financial papers on our website and have for years. They are readily available. We send a copy to anyone who asks for them. We have done that for at least 10 or 12 years that I am personally familiar with, and I think longer than that, basically as long as we have had a website. Prior to that, copies were available on request. I do not want to leave an implication that we are trying to be secretive about how we do our business or what we do, because we are not.

**Chair Kirkpatrick:**

Okay.

**Assemblywoman Spiegel:**

I have a question related to the amendment packet, which I am assuming you have. On page 2, under section 353C.195, subsection 4, based on your testimony, it seems as though you passed the litmus test for having the requirements of this waived. I am not an attorney, so I can use the clarification, but it says the requirements would be waived if the Controller determines the agency has the adequate authority and resources to collect its own past debt.



If you have a track record that shows you have no uncollected debts, to a lay person it seems that you passed that litmus test. So I am curious, what is wrong with that litmus test from your perspective, that your agency would still be included?

**Jim Salo:**

Let me answer your question in two parts. The first part, where you in effect paraphrased this language and indicated you thought it covered our situation, we agree that we think we would come under that language. We think we clearly come under that language. However, if any third person is going to make a determination as to whether we come under that language—in this case, the Controller or future controller—this is where we have some concern. If it were just our decision to say, yes, we need not comply because we follow these two or three criteria, we could do that in a minute; and it would be no problem. But the issue is in the future. If somebody for whatever reason chose to read that language more narrowly, we would have a problem.

**Assemblywoman Spiegel:**

Not to nitpick, but isn't that the difference between "shall" and "may"?

**Jim Salo:**

No, because when it says "shall" in this context, if it did not have those criteria, if it simply said that, if requested by the agency, the State Controller shall waive all or some of the requirements of this section, period, then your comment would be correct. It would be the difference between shall and may. That would be a mandatory directive: if the agency asks, the waiver will be granted, period. That would be mandatory.

But when you say that and then add the phrase, if the Controller determines the following things, they are criteria that the Controller must find before the predicate kicks in. So, said differently, if the Controller concluded for some agency that it did not have adequate authority or resources to collect its own past due debts, or for other reasons deemed to be "good cause," the Controller could refuse or decline to provide a waiver. I do not think Ms. Wallin will disagree with me on the interpretation that if she thought it was not in the best interest of the state for an agency to have a waiver, I believe, she would rely on that "good cause" clause and deny the request.

**Chair Kirkpatrick:**

I want to make sure that we totally address your concerns. Could you not have a regulation that said "if your debt was over this amount for 720 days" or whatever worked for you? There might be a happy medium. You and I could talk about this on a separate note, because we really do need to move forward,

but you could come back with some ideas. I am not in favor of exempting someone out and out. I think this is good public policy, and we can work with you to make it happen. Some of our regulations are better than the law. There are some things you could bring to the table, and some things I will bring to the table, and we can see if there is a happy medium.

**Jim Salo:**

I would be happy to do that. A few days after this bill was introduced I met for the first time with the Controller's staff, and then yesterday Controller Wallin and I met, along with her staff. So we have been interacting directly with her office, and I would be happy to continue that process. I think you are probably right that there is some area for bringing the positions together. With reference to the regulation idea, I even suggested off the record to the Controller that one possibility would be that CRC itself could adopt a regulation defining when it deems obligations paid to it to be past due. I do not know if that is acceptable or not, but at least that way we would understand and have the ability to determine our own destiny.

**Chair Kirkpatrick:**

It is all good. I do not necessarily agree with that idea, because your board would determine the regulation and it does not go back to the Legislative Commission. We have time to talk about it, and I am sure we can come up with something. Does any one else have any questions for Mr. Salo? [There were none.] Does anyone else want to come to the table to testify for this bill? [There were none.] We are closing the hearing on A.B. 87.

We are taking a five-minute break [at 9:53]. Please be back at two minutes to ten.

[Meeting called back to order at 10:04.]

For those Committee members who are not back in their seats, we have lost our privileges to have breaks. It will not happen again, I promise. The whole Committee will pay the price.

We will now open the hearing on Assembly Bill 86. May God be with you, because it is a little more stressful now.

**Assembly Bill 86:** Provides general authority for a local government to impose a new tax or fee or increase an existing tax or fee for any purpose upon voter approval. (BDR 31-485)

**J. David Fraser, Executive Director, Nevada League of Cities and Municipalities,  
Carson City, Nevada:**

I would also like to state clearly for the record that we were in our seats on time. On my left is Dan Musgrove, representing the Nevada League of Cities and Municipalities, and on my right is Steve Driscoll, Assistant City Manager of the City of Sparks. I would like to say that I appreciate the passionate testimony given earlier for Assembly Bill 67, because I am pleased to tell you that A.B. 86, which is before you, is all about the will of the people, transparency, and more specifically, the ability of the voters to address a need without delay. Having said that, I would like to turn it over to Dan Musgrove to walk through some of the parts of the bill.

**Dan Musgrove, Las Vegas, representing the Nevada League of Cities and  
Municipalities, Carson City, Nevada:**

We want to point out that in the first line of the bill's new language, section 1 at line 3, it reads, "Except as otherwise provided or limited by a specific statute, a local government may impose or increase a tax or fee if." One of the things we talked about with you, Madam Chair, before the hearing was whether or not that language would preclude or preempt any of the current abilities that cities and counties have under statute. More importantly, I think that members of the audience who may want to oppose or express concerns with this bill may be concerned whether or not that language takes away any of the protections that already exist within the *Nevada Revised Statutes* (NRS), whether it is NRS Chapter 278 as it relates to impact fees, whether it is the imposition of fees or fines. This bill does not preempt or preclude NRS; we want to make sure that this is on the record.

Again, if you want to ask legal counsel, we want to preempt those fears and concerns, especially with our own local governments, because obviously it is not our intent to go in front of the people to ask their permission to raise the cost of usage of the swimming pool from \$1 to \$1.50. It is the big issues that we are concerned about. This bill gives a great deal of protection, gives a great deal of transparency, and goes to the will of the people.

On page 2, we are talking about going to the people, and let me not delude folks. We are coming to the Legislature with this bill to ask for local authority on local issues and, to be quite frank, to bypass some of the legislative process, with the ability of the Legislature to perhaps preempt or preclude the county from taking that step. Call it what you will, but this is the Legislature giving local governments the ability to control their own destiny. This Legislature has said to us time and time again, why do the counties come to us on some of these issues when they have the ability to do it themselves? We want the

ability to go to our people, ask for their permission, and then go forward, immediately and without delay.

As we look to the future of Nevada, I think there are some people on this Committee who really ought to take heed of what I am talking about. At the next census, this Legislature is going to have to look at two things: either expanding the size of the Legislature or, because of the population changes in Clark County and some of the larger urban areas, talking about again taking away seats from rural and northern Nevada. It is going to happen because of the population shifts. I will never say that the Legislature does not look at the state as a whole, but the smaller communities are beginning to lose their ability to come to the Legislature and have voices that actually represent their community. So whether it is Mr. Settelmeyer or Mr. Goedhart, their seats may not exist a couple of sessions from now because of population changes, but their communities ought to have the ability to be able to decide for themselves that they need help. Let us say it is a sales tax increase, or something else to address a local problem—that is what this bill does, and it gives a lot of protections to make sure that it is a very clean, transparent process.

The bill makes sure the voter understands what the rate of the increased tax is. That is in section 1, subsection 2, line 8. The question submitted to the voters also will state the purpose and the duration of the proposed tax. It has to have a sunset, a specific amount of time to raise the money for this issue, whether it is the "More Cops" issue in southern Nevada, or whether it is the initiative on a similar issue that the Assistant City Manager from the City of Sparks will discuss. It is local governments having the ability to address local problems and go to the people.

The bill also talks about the duration of and discontinuing that new or increased tax, and the authority to not re-impose that tax without again going to the voters. That is the bill in a nutshell. It is very simple. It is straightforward, and I think much of today's testimony demanded that. We were lucky in a sense to follow that testimony, because you can look at this bill and realize that straightforward approach is exactly what we are attempting to do.

Before I turn it over to Mr. Driscoll, there maybe some folks following our testimony who are going to oppose the bill, whether they are business organizations or trade organizations that are going to say this is a way to tax business or that we do not support the local governments having this kind of authority. You know, businesses do not pay taxes. It is the people who pay the tax. They have employers, they have employees, and if they do not believe an initiative is in the best interests of their community, they are going to work against it and not vote for it. A few years ago the Las Vegas Chamber of

Commerce supported the "More Cops" initiative because they saw a need. They were willing to go to their membership and say, we support this initiative on a limited basis. All we are asking for is that arrow in the quiver to say, if that community needs to figure out a way to take care of a need, whether it is the Fernley flood or something else, then they can go to their people, get it, and impose it immediately to take care of their problem. It is a very open process. With that, I am open to any questions that you may have. Mr. Driscoll will talk about a specific instance of why this bill came before this legislative process.

**Assemblyman Settlemeyer:**

One of my concerns comes from a recent bill in Washoe County, where the ballot language referred to going to the State Legislature to seek additional funding, but deep in the ballot language was the fact it was going to raise the fuel tax. I am worried about the truthfulness in ballot language. This is the reason I am hesitant to give the counties the right to raise taxes upon the vote of the people, unless we can require perhaps a two-thirds vote, or that it has to be a 55 percent, 60 percent, or another percentage majority, that the people clearly understand, when voting on a particular bill, that it is not just a feel-good issue, that it means their taxes will be raised. This is one of my concerns.

**Dan Musgrove:**

If you look through the bill, you will see it is very specific as to what needs to be in the ballot language, what the true intent is, and what kind of tax will be implemented. I will tell you, philosophically, I am not a fan of the two-thirds vote. I think it puts the power in the hands of the minority. I know the state has looked at that issue numerous times. We would be in opposition to that provision. We think 50-plus-one is the mandate of the people, and obviously they would understand that when they went to the ballot box.

**Assemblyman Goedhart:**

In section 1, subsection 4, does it say the only way you can put that question up to a vote is if the local government determines by unanimous vote that an emergency exists? So that means if you had a board of five county commissioners, they would all have to vote to put that question on the ballot.

**Dan Musgrove:**

Again, that is to have a special election. If the officials were choosing to go to the voters during a normally—scheduled election, then it would be a simple majority. But for that council or commission to determine that the question requires a special election, then yes, there would have to be unanimity amongst the members to allow that to go ahead. Obviously, there is a cost to a special election, and we want to make sure that there is a complete consensus, and we are willing to put that on ourselves. This is not something that can take place

willy-nilly. It either happens during a regular election, or if it is deemed so important that it has to go to a special election, then it has to be a unanimous vote.

**Assemblyman Goedhart:**

In the absence of a special election, then it is basically a simple majority of the governing board, and that would be scheduled on a regular primary election or on the general election date?

**Dan Musgrove:**

It would be on the general election day.

**Assemblyman Goedhart:**

Thank you.

**Assemblywoman Pierce:**

In section 1, subsection 2, paragraph (b), it says the question must contain "the purpose of the proposed new or increased tax or fee," which means that, if you do this too often, you will end up with a budget that is all earmarks and no general fund. Is that a concern to you?

**Dan Musgrove:**

Again, I think the intention was to make sure it was transparent. I do not see this as something that local governments are going to use as a way to fill numerous holes within their budget. I do not think they are going to have the ability to convince the voting public that this is how they want to pay for services. To me this process is going to be used for perhaps a public safety issue, perhaps an emergency measure with a finite length of time to raise funds to take care of a finite problem. Whether it is putting more cops in police cars or paying for a Fernley devastation, these are a few examples. I understand your point, I agree, and I cannot imagine that elected officials would arbitrarily choose this as a process to fill holes in their budgets.

**Assemblywoman Pierce:**

I think you may have just answered this, but the part about the election—why did you decide to do it in June and not a general election?

**Dan Musgrove:**

Typically, city and municipal elections are in June. I know that in Washoe County they are on the general election cycle. So that might need some clarification. That is a good point. Obviously, our intent is to follow normal courses of election processes. Only if we need a special election would we use the unanimous provision, but our intent would be to use the normal

general elections when the city or county voters would have the opportunity to vote. If that requires some clarification, we would be happy to work that out in some type of staff amendment.

**Assemblywoman Pierce:**

Is there a place in the bill where there is an automatic sunset? Is there an automatic sunset on the statute or on the actual fees or taxes that are raised?

**David Fraser:**

That would be on the tax or fee imposed by the voters under this measure, and that would be a maximum sunset. Obviously, the ballot measure could indicate any shorter sunset as well.

**Assemblywoman Pierce:**

If you have that sunset, will it interfere with the ability to bond and that sort of thing?

**David Fraser:**

The next provision does talk about that. It cannot be discontinued in a manner that would interfere with bonds, but it might also be the reason why the 30-year provision was in there.

**Assemblyman Goedhart:**

I have one more point of clarification directed to Mr. Musgrove regarding section 1, subsection 4, paragraph (b). The way I read that is, if you have the special election on the first Tuesday after the first Monday in June of an odd-numbered year, in that case, the special election could be brought forth by a simple majority of the governing board and not a unanimous vote of the board. Is that correct?

**Dan Musgrove:**

It appears that you are correct. I would yield to legal counsel on that, but again, our folks did not have a problem with the language as written.

**Assemblyman Goedhart:**

It appears that, under paragraph (a), if you want to declare an emergency, that requires a unanimous vote of the governing board, but if a special election is to be held on the first Tuesday after the first Monday, then it requires a simple majority of the governing board. This is what it looks like to me.

**Dan Musgrove:**

I would agree with you.

**Chair Kirkpatrick:**

Does anyone else have any questions? I have a couple of questions to follow up on what Mr. Goedhart is saying. This bill applies to all local governments, whether they are counties or cities, correct? So that portion really refers to a city election cycle when people would be voting on the measure. The way it is worded, it is a municipal election cycle. What happens to the counties? Does it then become a special election? Secondly, where is the budget for these elections? Where does it fit within the budget to hold these types of elections? I do not know how it works now.

**Davis Fraser:**

Your first question was?

**Chair Kirkpatrick:**

This was set up for municipalities and not for counties?

**David Fraser:**

I think that question raises a good point. Obviously, we were within our own world. I think that language probably ought to be changed, and even with some of the cities that differ. We ought to amend that somehow to say the regular city or county election. Whatever language satisfies that, because that was the intention.

Your second question was, where in the budget are these elections provided for? Each of the cities, and I am sure the counties as well, have budgeted money for the elections, because they have regular election expenses. So as a routine they budget those expenses.

**Dan Musgrove:**

I think that is an issue the local government has to decide. The local officials are going to have to determine whether the matter is important enough and whether they have the requisite funds to be able to call that special election and go to the people. I think that is all part of the decision-making process. The responsibility lies on the shoulders of those elected officials.

**Chair Kirkpatrick:**

One more thing. I am not picking on North Las Vegas, because that is where I hang my hat. However, I am going to use them as an example, please do not take it personally.

I have lived in North Las Vegas for 20 years, and we were emerging as a community. Everything went to the voters. We must have had 15 things that the voters voted for to help improve our community. We have seen only one



reverse. What is the mechanism to rein it in at some point? We kept voting for things, I understand that, but at the same time we were a small community.

**Dan Musgrove:**

Madam Chair, thank you for our perfect testimony. This is the reason for the bill.

**Chair Kirkpatrick:**

I am not trying to help you. I am trying to go the other way.

**Dan Musgrove:**

But in essence you did, Madam Chair, and I am so thankful for that. That is exactly the reason for this bill. I think this bill puts in some very requisite responsibilities that the local government is going to have when it goes to the people—to make sure that the people understand just what the intent is, just what the time period is that the tax is going to be imposed, just how long the tax is going to last, and just exactly what it is going for. I think we have learned from all of those past lessons. We are trying to clean up the process and give you some comfort when you give us that authority.

**Chair Kirkpatrick:**

Let me ask you this question. What is the drawback for the residents if we do not get the service we were promised? That has happened, in my opinion.

**David Fraser:**

Not to oversimplify, but our local elected officials have to look their constituents in the eye every two weeks. That is an open and transparent political process, and there are opportunities for public comment at all of those meetings. In addition to the sunset provisions, this bill gives the governing body—the city council or county commission—the ability to eliminate that tax or fee short of the day it sunsets, assuming that it does not interfere with bonds issued. Frankly, the citizens can seek that action from their elected officials.

**Chair Kirkpatrick:**

Does anyone have any other questions or comments?

**Stephen W. Driscoll, CGFM, Assistant City Manager, City of Sparks, Nevada:**

The Sparks City Council supports this bill because it requires the specific details to be listed, which is very similar to any ballot question that we have done. We make sure to tell the people why we need the initiative, what it is for, what it is going to cost, and how it is going to be used. Because we are so close to the people and we have a lot of meetings, we have to have the accountability.

Also, if at any time down the road we determine the tax is not needed, even though the sunset has not been reached, the council does have the ability to discontinue the tax, and they would not be able to bring it back unless it was approved by another vote. We talk to our voters annually about things they would like to see, but we have not chosen to bring them forward because there has not been enough support. If there is something with enough public support, and they are willing to tax themselves, this bill will give us the ability to proceed.

**Chair Kirkpatrick:**

Does anyone have any questions? Is there anyone else who would like to testify in support of Assembly Bill 86?

**Tracey Woods, Vice President, Government Relations, Sierra Strategies, Reno, Nevada, representing the City of Reno, Nevada:**

We support the bill in concept, but we do need clarification on whether fees would be impacted in the normal process the cities have now.

**Chair Kirkpatrick:**

Does anyone have any questions for Ms. Woods? We are going to those in opposition to A.B. 86. Please come on up.

**John Wagner, State Vice Chairman, Independent American Party, Elko, Nevada:**

This bill is infinitely better than the last bill mentioned, insofar as it does give the people the right to vote, which is always good. We have the right to vote now. The county in our case can present something for an advisory vote. Then they have to come to you. That is the way the system works. I do not see any problem with the way the system works now. Yes, it might take the commissioners a little longer before they get their hands on the loot, but basically I do not want to cut the Legislature out of the picture. I think it is very important that the Legislature stays in the picture. We do not support this bill.

**Juanita Cox, Citizens in Action, Sparks, Nevada:**

Dan Musgrove and Mr. Driscoll have painted such a wonderful picture. I could hear the birds in the background, but we oppose this bill, and we have named it "the Energizer bunny tax" because it keeps going and going and going. They have put in a duration of 30 years, except that on page 2, lines 20 through 24, it says, "unless doing so would impair any outstanding bonds or other obligations which are payable from or secured by a pledge of the tax or fee." I remember a few years back Washoe County had a tax on gas, and it had expired, but the people were still paying it. For some reason the government still felt it needed that money even though the debt was paid off. This is an example of what I see here, because the local government would determine that

there is still a need for this money, and so it would go on and on and on. Also, I have discovered that governments procure loans on the basis of the tax or fees coming in, without the people's vote and often their knowledge. The governments could continue this forever.

There is also a problem with the emergency provision under the special election. It says in line 31, "At any time, including, without limitation." It sounds as if at any time by a certain vote of all the county commissions and/or city fathers, they could determine they need something, and that would be an emergency. The voters would not have the time they need to address the language of the tax or even try to promote for or against it, because it is a long process. That is a problem. Therefore, please do not give the Energizer bunny tax any further funds.

**David Shumann, Chairman, Nevada Committee for Full Statehood, Minden, Nevada:**

We oppose this bill. Anytime you try to take money from the people, I think having 50 percent plus one of the people say, we are going to take from you another 50 percent less one....

**Chair Kirkpatrick:**

Excuse me, Ms. Cox, could you stay at the table, because we have a couple of questions for you? Please, Mr. Shumann, continue.

**David Shumann:**

Anytime you are going to allow 50 percent plus one of the people to take money at the point of a gun from 50 percent minus one, which is bad government, so we need a minimum 60 percent vote to pass this. Mr. Settelmeyer's point about truth in the ballot box is important, because some people have a tough time reading these ballot questions. I appreciate Mr. Musgrove's concern for going to the people, but counties are not spending any time thinking about how to cut services. Because they seem to need to continually grow their government, they look to me like greedy folks. Please vote against this bill.

**Chair Kirkpatrick:**

Does anyone have any questions?

**Assemblyman Claborn:**

In regards to a wastewater treatment plant built by Clark County in 1977, we were paying taxes on that for four years. It was built at an estimated cost of \$50 million. That was a lot of money back in 1977. I am a property owner; I have four or five little pieces of property. Then I find out we have never paid

that wastewater treatment plant off. Now it comes to me as assessments, and I have to pay assessments of \$300 or \$400 on each piece of property that is vacant and has no water or sewer. You are absolutely right. They start off with one thing, followed by subterfuge, which in the dictionary is trickery. We are paying on a \$50 million wastewater treatment plant that was built in 1977. We fought that because of cost overruns. We have never paid it off, as far as I know.

**Chair Kirkpatrick:**

That was more of a comment. If there is anyone who would like to speak in opposition, please come up now.

**Samuel P. McMullen, Las Vegas, Nevada, representing the Las Vegas Chamber of Commerce:**

I am here to echo the testimony of Veronica Meter made earlier this morning on Assembly Bill 67. I will try to add some additional points. We actually appreciate this bill being out in front of the Committee because this speaks to one of the long-term concepts that the Chamber has fought for years, and will continue to fight for, and that is a comprehensive and systematic budget process. That process should be very thoughtful, and holistic, and include all the features that need to be considered in a budget. In effect, what is before you today is an ad hoc mechanism, and we have fought to make sure that those kinds of mechanisms are not used in the budget process.

I thought it was wonderful that Mr. Musgrove brought up the "More Cops" ballot proposition. It was not an emergency—I do not think it was the kind of situation that this bill speaks to—but a good case was made, the Chamber of Commerce ultimately helped support it, and the process worked. Unfortunately, there is only one set of revenues to pay for all government in the State of Nevada, and if you look at it from the point of view of the constituents, and our members, there is really one taxpayer pocket. So it is important that government thoroughly evaluates all of the things that it needs to do. This bill, however, offers a vehicle to separate a particular item from the comprehensive budget process.

The second part of the supporters' argument is transparency. If you look at the transparency features of the bill, they are all excellent, but they do not go far enough. What we like about the comprehensive process that is in place is the twists and the turns and the trades of a budget and how you fund it. There is only a certain amount of revenue, but how do you put on the ballot why there were not additional revenues available for this? We talk about true transparency. The budget process, as difficult as it is for local governments, looks at what the total revenues are, all the things that need to be funded, and

why there are not enough revenues for certain things—and then we go outside the budget process

So if you create a safety valve or an ad hoc mechanism, you start adjusting and, I think, damaging that process. Local governments have to figure out what the priorities are, because, no matter what we believe, not everything needs to be funded in the same order of priority. Some hard decisions need to be made, and that is what we elect people to do.

I have some other technical issues. I think you need to understand that this bill allows every local government in the state to go directly to the ballot with a proposition. This is currently not the mechanism. If you look at the definition of "local government" on page 3, section 3, paragraph (a), it means every city, every town, every school district, and any other district organized under any of the general improvement districts, under page 2, can go directly to the ballot. All they have to do is find an emergency, and they get to go directly to the ballot. I do not think that is the process we currently have, but that is exactly what you would be creating.

These are the kinds of issues I think you need to understand about this bill. That is why we like the process the way it is right now. I know there are difficulties. I grew up in Elko. We had floods and other emergencies, and I can remember the city fathers struggling with how to come up with funding. It is difficult, but that is exactly what government does. If you offer a mechanism that starts pulling the process apart and makes it less comprehensive and less thoughtful regarding the needs and services of local government, I think you are doing a disservice. So we are unequivocally against this bill.

**Chair Kirkpatrick:**  
Thank you.

**Janine Hansen, State President, Nevada Eagle Forum, Elko, Nevada:**

We do appreciate the fact that the bill's supporters have been more willing to go to the people and to provide for transparency. However, I would like to mention a few of my concerns with this bill. In the Legislative Counsel's Digest on line 3 it says a tax or fee can be imposed for any purpose whatsoever. There would be no limitations on why local governments could do this. Now, if they can find an emergency or a particular thing that the people really want, and if they say, if you do not do this, we are going to have dire consequences, they can twist the arms of the voters and force them to vote in favor.

I appreciated what Mr. McMullen said about the budgeting process, and I appreciate the question by Assemblywoman Pierce about the earmarks. I do

believe the bill will result in that kind of patchwork. On page 2, lines 18 and 19, it talks about a 30-year time period. This is a generational tax. In 30 years I will not be 93 years old like my mother, but I will be getting up there. I am not going to be paying this tax as much as my seven grandchildren, who are ages six and under. They are going to be the ones paying this even though they will never have an opportunity to vote on it or read the ballot. They will be in debt because the city, the county, or the school district will be putting them into debt. So we are here providing another mechanism to fund debt and go further into debt.

One of the other issues that I am concerned with is on page 2, line 31. It says that under emergency, you can have a special election "at any time, including, without limitation." Maybe I am reading it wrong, but it appears to me that they could call an election anytime; it does not have to be at the primary election date. What parameters are there for how much time has to be given before a question can go on the ballot? Will they have what we have now, the ballot committees? I have served on those ballot committees to provide an alternative point of view to what the city, the county, or the school district may put down as their explanation for raising the taxes. I would like to know whether there will be the same safeguards we have now regarding ballot questions, because I think those ballot committees, which come out of the community, are very worthwhile. This is an important part of transparency. I do not know if that feature is in this bill, or if it applies, but I would like to see that.

I am also concerned that one tax at a time is placed on the people. The other day I went shopping, because they said if I spent \$100 at the grocery store, I could get \$20 off. So, I thought, okay, I have to fill up my cart. I got one little thing at a time, and when I got to the checkout, I had \$200 in groceries because I did not have my calculator. This is what happens with taxes. We have a little tax here for this, and a little tax here and a little tax here, and pretty soon it is a lot more than we expected. This is one of the problems we face with this bill. So we still have concerns about this bill and would appreciate your voting no.

**Chair Kirkpatrick:**

We will bring Mr. Musgrove back up at the end to address some of your concerns.

**Madelyn Shipman, Reno, Nevada, representing the Southern Nevada Home Builders Association, Las Vegas, Nevada:**

In the interest of time, "ditto" Mr. McMullen's statements. I also wanted to raise an awareness that the word "tax" in the bill is not tied to ad valorem; it

does not have a tail on it. So it is not an equal and uniform application. It can be a tax for any purpose, for any group, or for any interest, and there is no limitation in this bill for that. I wanted to make that known to the Committee.

**Chair Kirkpatrick:**

Does anyone have questions? Is there anyone that would like to testify in opposition?

**Dan Musgrove:**

Thank you for the opportunity to come back one more time. I think the most important line in this bill is, again, the first line on page 1 that you see in bold print, "except as otherwise provided or limited by a specific statute." Regarding many of the concerns raised today, whether about ballot initiatives, committees, or the ability of the local government to go after ad valorem, I think this legislative body already has prescribed that local governments enact protections for some of the issues that were raised today.

Regarding Mr. McMullen's discussion about the Legislature needing to review this process, again, that is a two-year process that takes place in Carson City. Local governments have elected officials who are the closest to the people, who give access every two weeks for citizens to address those elected officials and raise their concerns at the most important level, which is the grassroots, local level. You do not have to wait two years; you do not have to figure out a way to come to Carson City. Not every group, not every citizen has an eloquent spokesman like Ms. Hansen or Mr. McMullen or Ms. Cox. This gives local people the opportunity to have local authority, and I think there are enough protections to allow this process to be equitable for all.

**Chair Kirkpatrick:**

Does anyone have any questions or comments? Mr. Musgrove, I am going to give you a homework assignment. I think it is important for the Committee to define those chapters. For instance, I live in the City of North Las Vegas. Could I have on the ballot a county bill, a utility question, a school board question, and a city question all at the same time? You do not have to answer today. I am thinking worst-case scenario. Also, how does the health district fit in there? At another time could you explain why the Nevada Rural Housing Authority was left out? It is the only local government not included. I am just curious.

Is there anyone else that would like to testify on this bill? [There were none.] I am closing the hearing on A.B. 86. Is there anything else from the public? [There was not.] I have something for the Committee. On A.B. 87, I failed to recognize the folks in Clark County. We tried to call the one gentleman, who

was signed in to speak, to see if he would like to submit testimony ([Exhibit J](#)), or he could come tomorrow, and we would take public comment from him.

The meeting is adjourned [at 10:51 a.m.]. Thank you.

RESPECTFULLY SUBMITTED:

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Cheryl Williams  
Committee Secretary

APPROVED BY:

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Assemblywoman Marilyn K. Kirkpatrick, Chair

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



**EXHIBITS**

**Committee Name:** Committee on Government Affairs

**Date:** February 25, 2009

**Time of Meeting:** 8:01 a.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Guest List
A.B. 67	C	Wes Henderson	Prepared Text
A.B. 67	D	Bruce Kittess	Prepared Text
A.B. 67	E	Dennis Johnson	Prepared Text
A.B. 67	F	Janine Hansen	Handout from Trends
A.B. 87	G	Kim Wallin, State Controller	Prepared Text
A.B. 87	H	Kim Wallin, State Controller	PowerPoint Presentation
A.B. 87	I	Kim Wallin, State Controller	Amendment
A.B. 87	J	Paul Ripple	Prepared Text