

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

**Seventy-Fifth Session
March 2, 2009**

The Committee on Government Affairs was called to order by Chair Marilyn K. Kirkpatrick at 9:01 a.m. on Monday, March 2, 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/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: 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
Assemblyman James A. Settlemeyer
Assemblywoman Ellen B. Spiegel
Assemblyman Lynn D. Stewart
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

Assemblywoman Peggy Pierce (excused)

GUEST LEGISLATORS PRESENT:

Assemblyman Pete Goicoechea, Assembly District No. 35
Assemblyman John C. Carpenter, Assembly District No. 33

STAFF MEMBERS PRESENT:

Susan Scholley, Committee Policy Analyst
Cyndie Carter, Committee Manager
Denise Sins, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Lon DeWeese, Chief Financial Officer, Housing Division, Department of Business and Industry
Todd Butterworth, MBA, Bureau Chief, Office of Disability Services, Department of Health and Human Services
Constance J. Brooks, Senior Management Analyst, Office of the County Manager, Administrative Services, Clark County, Las Vegas, Nevada
Julianna L. Ormsby, MSW, Public Policy Analysis and Government Affairs, Carson City, Nevada
John Slaughter, AICP, Director of Management Services, Washoe County, Reno, Nevada
Mark S. Bassett, Executive Director, Nevada Northern Railway, Ely, Nevada
John Tyson, Locomotive Engineer, Nevada Northern Railway, Ely, Nevada
Pete Mangum, Private Citizen, Ely, Nevada
Janice Ayers, President, Northern Nevada Railway Foundation, Carson City, Nevada
Peter Barton, Acting Administrator, Division of Museums and History, Department of Cultural Affairs
Michael E. Fischer, Director, Department of Cultural Affairs

Chair Kirkpatrick:

[Roll taken.] This morning I would like to welcome the 4-H kids. If you all want to stand, we will give you a round of applause because it is a good thing to get up this early on a Monday. I am sure you will have an eventful morning. With that I am going to turn the meeting over to Vice Chair Bobzien. The Subcommittee to Study Mortgage Lending and Housing Issues asked me to present Assembly Bill 139 this morning.

Assembly Bill 139: Requires the compilation, analysis and reporting of information concerning low-income housing and housing suitable for use by persons with disabilities. (BDR 25-225)

Vice Chair Bobzien:

I would like to open the hearing on A.B. 139.

Assemblywoman Marilyn K. Kirkpatrick, Clark County Assembly District No. 1:

Most of you know I was on the mortgage committee last interim session and I was on the affordable mortgage committee before that. So I guess it is appropriate that I introduce this bill. Mr. Conklin is in an Assembly Ways and Means Committee hearing.

This bill came before us last session. It was a bill requiring the Housing Division of the Department of Business and Industry to create a statewide, low-income housing database. One of the things we miss out on in this state is the lack of databases for various agencies. We lose a lot of federal dollars due to that situation.

Last session, this was introduced as Assembly Bill No. 255 of the 74th Session. The Assembly Government Affairs Committee rereferred the bill to Ways and Means. At that time, the money needed to come from the General Fund budget, and the bill died a slow death in Ways and Means.

Mr. Conklin and I served on the Committee and we did get approval from the Committee to do it a little bit differently this time. We decided, as a Committee, that the Housing Division had some extra money, and we thought it would be appropriate if the \$175,000, which is the estimate for this database, came from that agency, because it was going to be something beneficial for the housing industry to obtain more funding.

The database would attract more affordable housing units, rental rates, vacancies, and availability of land. Demographic factors that affect housing demand, such as population groups that need affordable housing, persons with disabilities, domestic violence victims, the elderly, the homeless, and persons with special needs, will be greatly assisted.

The bill also requires the landlords of affordable housing who receive government or other public money to report on a quarterly basis to the Office of Disability Services. As of fiscal year 2009, they had \$5.8 million in an allocated reserve fund. During the 25th Special Legislative Session, we did take \$3.5 million of that money.

This bill is asking for \$175,000. Whether the Housing Division contracts it out, or we send it to the University system, the database will materialize. I think we underutilize our University system and personally would like to see them get the work; however, the Committee voted to have the agency contract it out. If there was an amendment, I would not be disappointed with that.

According to the U. S. Department of Housing and Urban Development (HUD), it will help us collect more revenue. Historical times repeat themselves. In 1984-1985 we were in the same position we are now, but not as deep. I wager that in the future we would again recover and have the same problems. Hopefully we will not have another mortgage crisis, as we will tighten up the laws a bit.

This is a one-time funding proposal which would be subsequently maintained by the Housing Division.

Assemblyman Christensen:

I see you served on the mortgage committee and the affordable mortgage committee; which one did you like more?

Assemblywoman Kirkpatrick:

The affordable one was a lot easier to work with, but they were both very interesting. As a person who has bought only one house in her life, I found both committees very educational.

Assemblyman Christensen:

As a follow-up to that, you mentioned it would not hurt your feelings if there were an amendment. Is that something that you already have in mind? Is that here on the desk?

Assemblywoman Kirkpatrick:

Mr. Christensen, I did not follow my own rule of a 24-hour lead for the submission of an amendment because I was notified on Friday that I would be presenting this bill. I will leave it to the discretion of the Committee. I am thinking that we could give a little bit to our University system instead of to an independent contractor, and I think it would be good for the University system to start doing a little more of our work, rather than sending it out. If you wanted to propose an amendment, I would be okay with that.

Assemblyman Stewart:

If we did send it to the University system, would that reduce the fiscal note?

Assemblywoman Kirkpatrick:

I do not believe so; however, it might. The original cost was calculated in 2005, so I am sure the cost has increased. The University system had said at that time they could probably do it for \$150,000; however, with inflation, we put it in for \$175,000.

Assemblyman Stewart:

Maybe we could have a little competition there?

Assemblywoman Kirkpatrick:

We debated it. Senator Washington and I debated it because he wanted \$500,000 for the bill and it took us a long time just to get to \$175,000.

Assemblywoman Mastroluca:

I thought I heard you say that it would be a one-time payment of \$175,000, and in the bill it says \$175,000 per year.

Assemblywoman Kirkpatrick:

My understanding is the \$175,000 is for them to set up and start the process, and then after that, the Housing Division will be able to maintain the program. However, the money comes from that same agency, so it might just be part of their overall budget. I would be more than willing to get that information for you.

Assemblywoman Mastroluca:

I would like to see that because it would concern me if the upkeep was the same as the initial cost. Maybe we are not using the most efficient system.

Lon DeWeese, Chief Financial Officer, Housing Division, Department of Business and Industry:

I am here to speak in support of this bill. I would like to clarify a couple of points on the fiscal note that the Assemblywoman was questioning.

The Housing Division believes that there should be a cooperative effort between the Housing Division and the demographic analysis group up at the University of Nevada, Reno (UNR). We think they are a valuable resource, and it is our intention to try to make sure we optimize our utilization of that valuable resource within the constraints of the bill as it is currently drafted. It is our understanding that this was to be \$175,000 ongoing. There was an initial, larger expenditure if you look at the fiscal note related to the information database and equipment, and that had to do with being able to buy the equipment and put the information online. Once that information and database server were online, then it was expected that the useful life of that equipment

would be somewhere between three and five years before we would have to replenish or refresh that information system.

There are a couple of points we want to bring to the Committee's attention that are a bit difficult for the Housing Division to address in taking on this sort of task. The Housing Division does concur that it is a necessary element in evaluating the overall housing market, and I do not think anybody on this Committee, or elsewhere in the Legislature, is going to dispute the fact that housing got a little ahead of itself with regard to production versus demand. As a consequence, a rebound reaction is occurring now that is part of the overall foreclosure crisis.

One point I would like to make is with regard to section 3, subsection 2, paragraph (b) of the bill insofar as it asks the Housing Division to track the supply and demand, so-to-speak, of the homeless. I think everybody here is aware that this is a controversial number to try to nail down. For example, in some jurisdictions, there may be a large number of homeless people and in some jurisdictions there may be little or no homelessness. This number is always very difficult and in great dispute. While the Housing Division would endeavor to gather this information, we also recognize it is very difficult to accurately gauge and is somewhat seasonal, which makes it very difficult to arrive at an agreement between various jurisdictions.

I think the other issue we are concerned about is the fact that the \$175,000 is being written hard into the legislation, when in fact, we do not know before we get into the establishment of the database, and the labor time consumed included in the fiscal note, whether or not that \$175,000 should be a hard cap in the legislation or should be subject to regular budgetary review.

Assemblyman Settlemeyer:

If you think that the \$175,000 is not correct, what are you asking for? A floating number?

Lon DeWeese:

I am not saying that \$175,000 is not correct initially. I am saying that five years from now the \$175,000 may prove to be inadequate, or may prove to be more than adequate. I am saying that instead of having the \$175,000 hard-capped into legislation, perhaps making it part of the normal budgetary review would be a more logical way to go.

Assemblywoman Spiegel:

How many employees were counted in at that \$175,000 rate? Have you also computed cost savings for the department that will be realized from having the database and being able to access information more efficiently?

Lon DeWeese:

With regard to the first question, we are presuming that there would be a phase in of 1.5 full-time employees (FTEs). A full-time accountant would be needed to make sure that the database information coming from the various jurisdictions, which is the primary source as we envision it, is in fact entered into the database in a precise fashion. We are not talking about an Accountant III, we are talking about an Accountant I or II. At the end of the first full year that the database would be up, we are presuming we would have a technical analysis-type position to do the actual projections and graphing of the information. They would also make sure that any correlations related to supply and demand could start being done. Those are not functions that are currently allowed under some of the definitions of a pure accountant. We are looking at an ongoing basis with 1.5 FTEs to manage this as well as the data that would be coming out of the demographic department up at UNR.

Assemblywoman Spiegel, would you please repeat your second question?

Assemblywoman Spiegel:

I was wondering if you had done an assessment of the cost savings that the state will realize from having this database, having the ability to access data on a more efficient and effective basis?

Lon DeWeese:

The cost savings that the Housing Division would realize is probably not measurable at this point because we do our own individual assessments based upon hard demand, with regard to whether we issue bonds for mortgages or whether we issue bonds related to a specific project in any one jurisdiction. Those are very precisely measured in terms of local market demand. We do not do general forecasting of supply and demand under our current statute.

To the extent that information would be made available to the marketplace, we could perhaps ameliorate some of the distortions between market supply and demand. We would hope this information would prevent, perhaps, as much of a peak or valley in the distortions between supply and demand. So I think the savings would not be realized necessarily by the Housing Division itself, as much as it would be utilized by both the banking industry and the construction industry in evaluating whether or not it can match supply against demand.

Assemblyman Stewart:

Do you have any preference as to the ability and the cost of the University versus a private supplier?

Lon DeWeese:

We have not priced it out at this point, but we understand that the University is statutorily charged with the annual population forecast, and since they have that database and maintain it, we are not all together certain that the marketplace has a similar database to measure up against the University's current system. We think the University has almost an exclusive with regard to that kind of information. It is very difficult for us to believe that the marketplace has better demographers and better databases on the Nevada population, particularly the subgroups and the cohorts, regarding income strata. However, in fairness, under purchasing rules, I suspect that we will have to also look at what the marketplace has to offer.

Assemblyman Stewart:

So, you think the University would be more apt to fulfill the requirements of the bill? Is that correct?

Lon DeWeese:

With regard to the demographic information that is part of this bill under section 3, we have utilized the University system in the past, and it would be our intention to try to once again utilize that system. It is a matter of prudent spending, and if there is equal data out there at a cheaper price, I think we are bound to investigate that.

Vice Chair Bobzien:

I know you are requesting \$175,000 to start this project. You mentioned you have not priced it out, but I am trying to get a sense of where you are in the process of coming up with a document that describes what the project is, what the scale of it is, the number of records in the database, and if there has been any work on the architecture side to try to put this together. It just strikes me that this does not have to be that large of a database to require the heavy hardware and life-cycle costs for ongoing management. I do not know if you have had any preliminary discussions with the University about what it would take to put something like this together, but I am still a little bit confused as to why there is no difference between the start-up, which I would expect to cost a bit, and the ongoing expenses.

Lon DeWeese:

We have not had a discussion with the University about this since the last session. At that time, this entire bill was focused strictly on them, but as

Chair Kirkpatrick indicated, there were fiscal problems that prevented the bill from getting through the Committee on Ways and Means.

We have not pursued the sizing of the database; however, we were committed to making sure that this information would, in fact, be online, so the initial costs associated with putting the database together, getting software up and online through all of the information systems protocols with regard to security, were an important component in our analysis of the fiscal impact.

With regard to ongoing upkeep, the only concern we have at this point would be the useful life of the equipment that was initially purchased. We would expect the equipment to last a minimum of two bienniums, hopefully longer. As far as the \$175,000 hard cap, our only concern is if the University's direct costs, as well as its indirect pricing on all contracts, were to jump up because of a lack of funding from other sources. Then we would be concerned that the \$175,000 hard cap would be problematic as well as ongoing wages and benefits associated with the 1.5 FTEs.

Vice Chair Bobzien:

You mentioned security. What are the data elements that you perceive need protection?

Lon DeWeese:

It is not the individual data elements; it is just the general data elements that the database could be a gateway into the overall state system, and we have to have security and firewalls to protect people from using the platform, like any web-based platform, as an entrée to create mischief in the overall state network.

Vice Chair Bobzien:

So, firewall and network security are all existing infrastructure, is it not?

Lon DeWeese:

Each time we create a note of entry onto the state's network, it has to have its own unique security codes and software.

Assemblyman Aizley:

What department at UNR is involved with this? Is it a department or an agency, or the vice president?

Lon DeWeese:

It is our understanding it would be the Office of the State Demographer that we would be trying to contract with to provide the additional information with

regard to the breakdown on how many people live in rental units versus ownership units and how many are at various income levels.

Assemblywoman Spiegel:

Do you know approximately how many units you anticipate there being in this database?

Lon DeWeese:

No, ma'am, I do not know at this time. We need to start gathering information. Some of the rural jurisdictions do not track this information, and obviously the urban jurisdictions are very wealthy with data in this area. Until we start seeing where there are holes in the fabric, so to speak, we will not know how big the database is going to be.

Assemblywoman Spiegel:

Do you have a general sense, though, at least from the urban areas, just to give me a framework?

Lon DeWeese:

The State Housing Division currently maintains the only very large database on apartment rental units. For example, we have over 113,000 units. It is our understanding, based upon a reluctance on the part of many commercial operations to provide data, that we are touching somewhere between 30 and 40 percent of the actual number of units that exist. If that is the case, then hopefully when we issue regulations associated with the strong language in the bill, and when we get all the reported information in, making it site, census track, and zip code specific, we will be looking at a database on rental properties alone in excess of 300,000.

Assemblyman Stewart:

Is this going to cause a financial burden on the counties, especially the smaller ones, to provide you with this information?

Lon DeWeese:

I cannot answer that question until we get at the specifics of the database in concurrence with the people that are advising us on this bill. We will not know whether or not the local jurisdictions actually have that data or not. Hopefully, we will be able to deal with this like we do the apartment survey, which is by postcards and email or voicemail follow-up.

Vice Chair Bobzien:

Thank you for your testimony. We have some people signed in to speak in favor of the bill.

Todd Butterworth, MBA, Bureau Chief, Office of Disability Services, Department of Health and Human Services:

We are here in support of A.B. 139 as a result of our involvement in the housing work study group that occurred during the 2005-2006 Interim. Section 4 of the bill calls for our agency to collect data on affordable and accessible housing. We appreciate the opportunity to do this and we believe we will be able to do it without any additional staffing costs.

As an informational point, I wanted to let you know that our agency has already developed a web-based registry to track affordable and accessible housing. We have had some discussions with the Housing Division and we can make this registry available to them at no cost. It will not be able to track the comprehensive demographic data that is called for in the bill, but it can act as a resource for people in the community who are looking for affordable or accessible housing. Therefore, I think this registry might be able to add value to this bill by making the hard work of the Housing Division useful to Nevadans seeking these types of housing.

Vice Chair Bobzien:

Can you talk a little bit about that existing database that you have. Do people know about it? Do people use it? Is there online entry for the owners of those properties? How is that data maintained?

Todd Butterworth:

This is a database or registry that we developed about four years ago through a federal grant. The database is up, it is available, it does have some data on it. However, it is not being used regularly right now for lack of a source of data.

Massachusetts sort of led the way in this area. Massachusetts made its registry work by compelling owners of accessible rental properties to report their data. We have no such mandate in Nevada, but this bill would give us the mandate. Once we have the mandate to receive the data, we will have something that is worth sharing with the community.

Vice Chair Bobzien:

So you have a data structure, but there is just no mechanism for online public collection or updating of that data; is that right?

Todd Butterworth:

That is right. If this bill is passed, we will certainly develop that.

Constance J. Brooks, Senior Management Analyst, Office of the County Manager, Administrative Services, Clark County, Las Vegas, Nevada:

On behalf of Clark County, we would like to state that we do support this bill, but we have some concerns. We want to thank Assemblyman Stewart for mentioning his concerns relating to the fiscal impact of the bill on local government. In our Department of Social Services, we do keep current information on the availability of housing, but with regard to a more centralized database, we are concerned about the fiscal impact, in particular as it relates to monies that have already been swept clean from our budget due to the fiscal crisis.

Assemblyman Stewart:

Do you have any ballpark figure of what it would cost your county?

Constance Brooks:

At this time we do not have any specific numbers. We are just monitoring right now because we support the bill, but we do not have specific numbers as to fiscal impact. Since we already have deficits, this is of huge concern to us.

Assemblyman Settlemeyer:

You may want to talk to Yolanda King, the county budget director because it says right here that Clark County has no fiscal impact on this bill at all. So I find that interesting now that we are getting different testimony.

Constance Brooks:

At this time, we are monitoring for potential impact. I believe that the gentleman who was presenting earlier said that at this time he did not have concrete information as to how there would be an impact. My testimony is to bring forth our concerns as it relates to a potential impact. If there is none, then we are in full support.

Assemblywoman Spiegel:

Ms. Brooks, you said there is already a database that Clark County is using. Do you know approximately how many different units are in there?

Constance Brooks:

I do not have that exact number. I can get that for you and email it to you.

Julianna L. Ormsby, MSW, Public Policy Analysis and Government Affairs, Carson City, Nevada:

I am here on behalf of the League of Women Voters of Nevada. Last session I supported this bill in the form of Assembly Bill No. 255 of the 74th Session.

The League has affordable housing as one of its priority issues. We are in support of this bill.

Vice Chair Bobzien:

Are there any questions? [There were none.] Thank you very much. Do we have anyone else in favor of the bill who is signed in to speak?

Assemblyman Settlemeyer:

Is there anybody in the audience, by chance, who represents Washoe, Elko, Douglas, Churchill, or Las Vegas who could explain the fiscal note?

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

Mr. Settlemeyer, as you see on that fiscal note, it says that it may have that impact. When staff looked at that, they were uncertain of the exact impact. I think we would consider that the highest level of impact. It will probably be less than that. They are saying that about one-quarter of a person's salary would be the highest level of impact. Certainly, in the planning department that collects that information, that is probably an impact that could be absorbed with the existing staff, but that would be if we were to assign what that cost would be.

Vice Chair Bobzien:

Do we have anyone else who would like to speak on A.B. 139? Madam Chairwoman, would you like to wrap it up?

Assemblywoman Kirkpatrick:

I guess I am going to be a little more passionate about why this bill is so important. Currently through community block grants, we receive a lot of information that is required from the applicants. We also receive a lot of information through our County Assessor's Office. It is just a matter of putting it all together so that we can benefit the whole state.

For instance, I had no idea that Elko has a huge problem with affordable housing. The way that mining turns, they never have enough money to get the housing online, and then they do not have enough places to rent to potential residents.

As our state grows, we need to figure out what is missing and where the loopholes are. I believe that each and every one of these agencies have some type of database, whether it be from Help of Nevada, which does things during the holidays, or the senior citizen law practice that may have some data available. The Assessor's Office has a pretty good idea who is renting and who

owns their own home, according to the percentage of taxes they pay on their property. So I do not understand all the commotion about the possible impacts, because it is really a matter of bringing all this information together from 17 counties so that as a state agency, we can do a better job of applying for the grants we should be getting and managing the information that we have.

We should not wait until the next affordable housing crisis to know that we are in a crisis. We should not wait until the next mortgage crisis to know we are in a crisis. I can read in the paper all the time the median cost of housing; it is just a matter of asking everyone to pool all their information.

All those in support of this bill believe it is a good idea to start on it now, rather than wait. I am more than willing to work with everybody involved. I did not know if anybody was going to testify today.

Again, I think the impact will be very limited because everybody should already have some of this information. Elko was great about telling us exactly how many homes they had available for mining workers. They know how many building permits are coming in, and whether they are for multifamily homes, duplexes, or whatever. Again, it is just a matter of collecting the data and putting it together. If that takes one employee eight hours, I am sure I could get the Boy Scouts or the Girl Scouts to volunteer to carry the boxes.

Vice Chair Bobzien:

With that we will close the hearing on A.B. 139. We will take a two-minute recess while we wait for the folks who wish to testify on the next bill.

[Chair Kirkpatrick reassumes the chair.]

Chair Kirkpatrick:

I will call the Assembly Committee on Government Affairs back to order. Good morning, Mr. Goicoechea and Mr. Carpenter.

Assembly Bill 180: Designates Engine No. 40 of the Nevada Northern Railway as the official state locomotive of the State of Nevada. (BDR 19-734)

Assemblyman Pete Goicoechea, Assembly District No. 35:

I appreciate the opportunity to be back here. I sat on this Committee for three sessions and I truly enjoyed it.

Assembly Bill 180 was brought forward by request from White Pine County. It is requesting that this body designate Engine 40 as the state locomotive. I know there are a number of engines across the state that have served in a

number of communities to some extent, but I brought my colleague from Elko to speak on this bill. He believes he is probably the only person in this building as an active legislator who rode Engine 40 when it was once regularly scheduled. I will let him tell you about that.

What makes Engine 40 so near and dear to most of us in eastern Nevada is the fact that it made a regular run from Cobre to Ely. It hauled 100,000 fleeces a year out of Ely when the sheep industry was at its peak. All the produce and foodstuffs that came into Ely arrived behind Engine 40.

It was, and is today, the lifeblood of eastern Nevada. Unfortunately, the Nevada Northern Railway has stopped its service completely, not only with the use of steam, but with diesel as well. We are actively trying to bring that rail line back. Of course, we had a little setback when NV Energy pulled its coal-fired power plant from White Pine County. We had really hoped that coal plant would bring the Nevada Northern back on line.

That does not diminish Engine 40. I do not know how many of you have ever been in Ely and had the chance to ride Engine 40 or Engine 93. They are right out of the 19th century. You need to go there and get a few cinders in your hair. Do not wear new clothes because it is a little tough on them.

With that, our request is that Engine 40, because it is such a big piece of Nevada, be designated as the state locomotive.

I will turn it over to my colleague, Mr. Carpenter, and then I do have a couple of rail fans in the back who will really give you the pitch.

Assemblyman John C. Carpenter, Assembly District No. 33:

Engine 40 was built in 1910. I do not go back quite that far, but I am getting kind of close to it.

During the time I was growing up in Ely, I used to ride Engine 40 out to my uncle's ranch, which was 30 miles north of Ely. That would be on a Friday afternoon or on the weekend, and I would return on Monday morning to go to school. Sometimes they would let me ride in the engine or put me in the caboose.

I have had personal experience with Engine 40. As Mr. Goicoechea said, we used to load our wool in the boxcars, and it would be transported by Engine 40 to Cobre, and from there it would usually go to Salt Lake City. There was a lot of livestock raised in White Pine County, and we would load our lambs and our cattle on the train at Ely, or McGill, where they had stockyards.

Engine 40 has a lot of history of the commerce of northeastern Nevada, not just from the mines, but from ranching and other industries. The Nevada Northern Railway was truly the lifeblood of the area. I am probably the only person in the Legislature who actually had hands-on experience with Engine 40, and I hope this Committee sees fit to make it the official engine of the State of Nevada.

Assemblyman Christensen:

Who was the engine built for? Who owned it?

Assemblyman Goicoechea:

It was built for the Nevada Northern Railway. It was a railroad system that is still in place. We got a Congressional grant that established that right-of-way and dedicated it to the City of Ely. The line runs from Cobre to Ely.

Assemblyman Christensen:

Once I served on the Transportation Committee, I got quite an education on what rail has meant to Nevada from the beginning, which really fascinated me. Was this considered one of the short lines, or was it a long-haul carrier?

Assemblyman Goicoechea:

I think you would have to consider the Nevada Northern a long haul, even though it intersects the main line in Cobre. The big difference between the Nevada Northern and some of the other short lines, such as the Eureka Palisade, was that the others were all narrow-gauge lines. The Nevada Northern can pull mainline boxcars and passenger cars. Riding the Eureka Palisade, when you got to Palisade, you had to offset your load, or the livestock, and load it onto something that would run the mainline. All cars on the Nevada Northern were mainline cars. They had a siding at Cobre; they made trains up, hauled them to Ely, and went back and forth. You could load a carload of cows at McGill or the stockyards in Currie, and they would wake up the next morning in Omaha. That is what made it a true asset.

Assemblyman Christensen:

I think it is fun looking through these pictures, remembering what our state has been through and our humble beginnings here. That is exciting as well.

Assemblyman Stewart:

I grew up along the Union Pacific Railroad, and I wonder if there is any opposition from them concerning this Locomotive 40; do they have any challengers?

Assemblyman Carpenter:

I do not think they would have any objection to this; they better not.

Assemblyman Goedhart:

Does this engine pull the Ghost Train?

Assemblyman Goicoechea:

It definitely has. I have ridden it and I know you have, too. Anyone who has ridden the Ghost Train in Ely has probably ridden Engine 40 or Engine 93. I think we need to give the opportunity to Mark Basset, the Executive Director, and John Tyson, who you are all familiar with, to give you the real history on the Ghost Train and Engine 40.

In response to my colleague from southern Nevada, Mr. Stewart, yes, there are some other engines that have appeared on the horizon, but Engine 40 is the best, the fastest, and we are in the lead.

Assemblyman Goedhart:

Riding the Nevada Northern is a wonderful experience. I have enjoyed my times on the Ghost Train. I think it is definitely unique to northeastern Nevada. We will do anything we can to help preserve that memory and legacy.

Mark Bassett, Executive Director, Nevada Northern Railway Museum, Ely, Nevada:

[Mr. Bassett read from his PowerPoint presentation ([Exhibit C](#)).]

The State of Nevada has 24 official state symbols. Of all these symbols, none of them represent our rich legacy in railroading. We propose the designation of Locomotive 40 as the official state locomotive, to serve as a symbol highlighting this legacy. Why give this honor to Locomotive 40? Although there are older locomotives in existence in Nevada, no other locomotive represents the state as dramatically as Locomotive 40. In operation until last year, Locomotive 40 is now down for expected periodic repairs. These repairs are necessary for the engine to steam into the 21st century.

Locomotive 40 was delivered to the Nevada Northern Railway in 1910 and has been in almost constant operation since then. She is truly a lively exemplar of the real spirit of Nevada. She is in it for the long haul, and she has been alive and running for almost a century. Once we make these repairs, she will be running for another century.

The locomotive was purchased in 1910 for \$13,139, specifically to haul the passenger trains from Cobre to East Ely and back again. Today, she is still serviced in her original engine house, built in 1907. She operates pulling the original Nevada Northern Railway equipment. One piece of that equipment

which the railroad bought used, dates back to 1872, when Grant was President and not on a \$50 bill.

The train has been running for nearly a century on the original tracks of the Nevada Northern Railway, which is operated in Nevada's newest, and only its seventh National Historic Landmark. A National Historic Landmark is the highest accolade that can be given by the federal government to a historic property.

The other thing about Locomotive 40 is that she operates in a genuine context, and she operates year-round. The railroad bought the locomotive 99 years ago to produce revenue, and she is still doing that this very day for the museum.

Locomotive 40 recalls the real, workaday Nevada. She still picks up passengers at the original depot and takes them out on the original track. She is a historic hauler of miners, immigrants, shoppers, school kids, business people, and the U.S. mail. During her career hauling for the Nevada Northern, she hauled 4.5 million passengers.

She is lovingly maintained in East Ely. We revamped her boiler in 2005, and those repairs will last until 2020. Today, after 99 years, Locomotive 40 is down because she developed cracks in her axles. The repair bill to bring her back is about \$310,000. We have over 2,000 dues-paying members whose goal is to see Locomotive 40 run again. We do have the experience to make these repairs. We just recently completed the repairs on our other steam locomotive, Number 93, and the Governor cracked a bottle of champagne on her pilot on her birthday, January 17, 2009.

William L. Withuhn, Curator of Transportation History at the Smithsonian Institution, in his personal, professional view, said Locomotive 40 is the prettiest 20th century locomotive running anywhere. It is handsome, light of step, with stylishly tall wheels and graceful in motion. The train is also uniquely Nevadan. She was purchased by the Nevada Northern, she has run for 99 years, and she is not duplicated anywhere else. She is Nevadan. Lastly, Locomotive 40 mimics the true spirit of Nevada. She might have had a setback, but just like Nevada, she will persevere and she will keep steaming.

Chair Kirkpatrick:

That was a nice presentation. Thank you.

John Tyson, Locomotive Engineer, Nevada Northern Railway, Virginia City, Nevada:

I have run Engine 40 many, many times. I had the pleasure of running Engine 40 on the original Steptoe Valley Flyer route when it was resurrected after it was put away in 1941. The thing to remember about this locomotive is that she never left the property. She did not become a movie star, and she was not sold to the studios because they needed the revenue to keep the Virginia and Truckee (V&T) Railroad going. This engine came to the Nevada Northern in July of 1910. She ran many, many years and was never really retired. She was put away serviceable, and probably was one of the very few locomotives in this country that was never retired. She stayed in service, even though she had to go in for regular maintenance.

It has been said that when she came out of Cobre and headed for Ely, the engineer could crack out that throttle and make those telephone poles look like teeth in a fine-tooth comb. I believe it, because I have run her up to 35 or 40 miles per hour and I tell you, she just skips along like a jackrabbit.

She is unique, because she was a catalogue engine that was built specifically for the Nevada Northern Railway at Ely. She hauled a lot of copper, gold, and people. Her job, along with the other engines of the Nevada Northern, was really important. During World War I, she hauled copper for the war effort. She was also utilized during World War II and the Korean War. She was in service up until 1941. She was put away serviceable. Many school children got an education because they rode her beautiful cars, which are still in existence and still being used.

There was nothing like running that locomotive and putting your hand on the throttle that has been worn by the many hands touching it through the years.

This is a very unique locomotive. She is fun to run, she is responsive, and she is original. That is what makes this locomotive ooze with history. You get on that engine, and by the time you get off, you are black with soot from the coal the engine runs on; she is a muzzle loader. That is the way she was designed. Everything about her is original. When you hear her going up the track and you blow that whistle, you can make that whistle sound like a song.

I know the V&T has received a lot of publicity over the years. The V&T is known as the "queen of the short lines," and that she certainly was. What makes the Nevada Northern unique is the fact that Engine 40 never left the property. She has never been restored the way the V&T engines have been restored. There is no question about it; the V&T has received more notoriety

than any other short line railroad in this country. While the V&T received all the notoriety, Engine No. 40 was still doing the work she was designed to do.

Chair Kirkpatrick:

Thank you. Ms. Ayres, I think you want to propose an amendment, right? Let me see if there is anybody else who wants to testify in support first.

Pete Mangum, Private Citizen, Ely, Nevada:

I am a resident of Ely. I am here with a group of foresters today. I work for the University of Nevada, Reno.

I am in favor of this because Engine 40 runs, literally, next to my backyard. It is a true blessing to hear it roll down the tracks. I echo the words of John Tyson when he speaks of Engine 40, and I do speak in favor.

Chair Kirkpatrick:

Thank you. Does anybody have any questions? Is there anybody else who would like to speak in favor of A.B. 180? Is there anybody who is in opposition to A.B. 180? Ms. Ayres, you will be neutral with an amendment.

Janice Ayres, President, Northern Nevada Railway Foundation, Carson City, Nevada:

[Ms. Ayres referred to her one-page presentation while she spoke ([Exhibit D](#)).]

I have been involved with the reconstruction of the V&T Railroad for 16 years. I have been to Ely and been on Engine No. 40, and it is a wonderful locomotive. I think it is a real asset to the northern, rural part of the state. I am not here to protest Engine 40 being designated as the state engine. However, in other states, they have as many as four or five engines designated as state engines.

I have given you some information on the Inyo, which is really the oldest engine in the state. The Inyo was the engine that took all the supplies in to build San Francisco. It was built in 1875 by the Baldwin Locomotive Works of Philadelphia, Pennsylvania, at a cost of \$9,065. It had a 4-4-0 wheel alignment, commonly referred to as the American type. As you know, it has been in motion pictures and is still at the Nevada State Railroad Museum in Carson City. It is a beautiful locomotive. Inyo is an Indian name which means "dwelling place of a great spirit." At the steam-ups, people come in droves to ride on the museum railroad.

There is much more here that you can read. I was proposing to let Engine 40 be the engine for the northern part of the state, representing the rurals, and let the Inyo be the designated engine for the capital, which is Carson City, and for

the urban areas as well. Then you would have two magnificent engines, both being recognized. I am not against the other railroad engine whatsoever. I just thought a compromise could be made so that everybody is happy. I have received many phone calls from railroad buffs wanting the Inyo name to be in the forefront. So, rather than arguing about it, I think there is a place for both of them to be designated.

Assemblyman Settlemeyer:

So, what you are asking for is similar to the way Nevada has two state trees, the Single-Leaf Piñon and the Bristlecone Pine. Are you asking for something like that?

Janice Ayres:

Yes. One in White Pine and one here for the Capital.

Chair Kirkpatrick:

Does anybody else have any questions? [There were none.] Thank you, Ms. Ayres. Is there anybody else neutral?

**Peter Barton, Acting Administrator, Division of Museums and History,
Department of Cultural Affairs:**

We are in support of A.B. 180 and the designation of the Nevada Northern Engine 40 as the state locomotive. However, we would ask that consideration be given for multiple designations. There is precedent for this. Twenty years ago, I lived and worked in Pennsylvania building railroad museums and had the opportunity to propose legislation that the State of Pennsylvania have multiple state steam locomotive designations. That bill went into law in 1988.

Nevada is clearly blessed. For a state with limited population, and a vast and differing landscape, railroads played a key role in the settlement and development of the Silver State. Railroads quite simply enabled settlement and the rapid and profitable exploitation of resources in a hostile environment. Nevada is further blessed, in that we have wonderful resources to preserve and interpret our railroad heritage. The Nevada Northern complex in Ely, a National Historic Landmark, is clearly a unique representation of industrial history in Nevada.

We would like to suggest a couple of options. In addition to Nevada Northern Locomotive No. 40, we ask that consideration be given to the Carson and Tahoe Flume and Lumber Company No. 1, the Glenbrook, built by the Baldwin Locomotive Works in 1875, which claims significance in three ways: (1) It is a genuine memento of the Comstock, having worked to haul trains of lumber destined to shore up the Comstock mines, build Nevada's first cities, and supply

cord wood to feed its furnaces. (2) It subsequently participated in Nevada's fledgling tourist industry, pulling trainloads of visitors to Lake Tahoe. (3) It was the first railroad artifact owned by the State of Nevada, being donated for preservation in 1943.

Indeed, in just two years, the Glenbrook will have been owned by the State of Nevada most of its life. For many years, it stood right here in Carson City, outside the State Museum, and is presently undergoing restoration at the Nevada State Railroad Museum in Carson City. Identification of the Glenbrook as the state steam locomotive might enhance interest in its restoration.

We also ask consideration be given to No. 22, the Inyo, also built by Baldwin in 1875. The Inyo is actually three months older than the Glenbrook and is one of the oldest operable steam locomotives in North America. The Inyo is a significant relic of the Comstock, having hauled Virginia and Truckee trains from the transcontinental railroad connection in Reno to Virginia City until 1937. It was subsequently featured in more than 28 motion pictures as an unofficial ambassador from Nevada. It was acquired by the State of Nevada in 1974, has been restored, and is featured every year on July 4 in operation at the Nevada State Railroad Museum. In 2006, the Inyo was the grand marshal of the annual Nevada Day Parade.

Virginia and Truckee No. 18, the Dayton, like the Inyo and the Glenbrook, is a treasured relic of the Comstock, having served the V&T until it was sold in 1938. Like the Inyo, it has been featured in dozens of Hollywood productions. However, elevating the Dayton to yet a higher level of significance is the fact that it was built for the V&T by the Central Pacific Railroad, the nation's first transcontinental railroad, in 1873. Though not operable, the Dayton is the oldest locomotive in the State of Nevada and is proudly exhibited in the Comstock History Center in Virginia City.

Again, we propose consideration be given to multiple designations, that in addition to Nevada Northern Locomotive No. 40, which is significant, that one or more of Nevada's other historic steam locomotives be given consideration.

Chair Kirkpatrick:

How many significant trains are there in Nevada?

Peter Barton:

There are many. In terms of steam locomotives, we have one in the collection in Boulder City, part of the state museum system, that was built for the Union Pacific Railroad. We do not consider it quite as significant as Nevada Northern Engine No. 40 or the other locomotives in our collection. I do not think you will

hear from Boulder City regarding steam locomotives. They have some very significant diesel locomotives in their collection.

Chair Kirkpatrick:

How do you determine which locomotives have priority?

Peter Barton:

We look at the age of the locomotive, how rare it is, where it served, how it was utilized, whether it is still serviceable, how intact the artifact is, what is the integrity of the artifact, and how much of it is original versus restored.

Assemblyman Goicoechea:

We did anticipate that there would be some other engines in the running. One of the joint sponsors, Senator Amodei, said we can probably let Engine 40 lead the roster. I only ask the Committee to support the bill and I do recognize the fact we do have some other engines in the state that are significant. I will go back and talk to the people from the Nevada Northern. They understand the Inyo and the Glenbrook are significant engines with a lot of history. Engine 40 is the engine that really represents true central, rural Nevada.

We can support the amendment that will eventually create some kind of a roster of state locomotives. There might be four or five by the time all are taken into consideration.

Assemblyman Munford:

I do not think I have heard anyone ask how much it costs to ride the train?

Assemblyman Goicoechea:

To my colleague from southern Nevada, if you come, we will be sure to give you a ride on the train and it will not cost you a dime. There are a number of free public tours; you can actually rent the train and have a party on it. Trains run daily in the summertime.

Assemblyman Claborn:

We had a train ride in Ely a few sessions ago; that is not the train we are talking about, is it?

Assemblyman Goicoechea:

It would have been Engine 40 or Engine 93, but I believe at that point, it probably was Engine 40.

Chair Kirkpatrick:

Thank you, Mr. Goicoechea, we appreciate you bringing the bill forward. We will talk with everyone. I am going to close the meeting on A.B. 180. Is there anybody who would like to make any public comment?

Michal E. Fischer, Director, Department of Cultural Affairs:

I would like to encourage all the members of the Committee to take the opportunity to visit the Nevada State Railroad Museum here in Carson City. It is a marvelous experience. Highlighting this bill gives us a chance to fulfill our mission, so we are thankful for that.

Chair Kirkpatrick:

Thank you, we appreciate the invitation.

[Meeting adjourned at 10:19 a.m.]

RESPECTFULLY SUBMITTED:

Denise Sins
Committee Secretary

APPROVED BY:

Assemblywoman Marilyn K. Kirkpatrick, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: March 2, 2009

Time of Meeting: 9:01 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 180	C	Mark Bassett, Executive Director, Nevada Northern Railway Museum, Ely, NV	PowerPoint Presentation on Locomotive 40
A.B. 180	D	Janice Ayres, President, Northern Nevada Railroad Foundation, Carson City, NV	Testimony on <u>A.B. 180</u>