

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

**Seventy-Fifth Session
April 8, 2009**

The Committee on Government Affairs was called to order by Chair Marilyn K. Kirkpatrick at 8:39 a.m. on Wednesday, April 8, 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
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:

Assemblyman Morse Arberry Jr., Clark County Assembly District No. 7

STAFF MEMBERS PRESENT:

Susan Scholley, Committee Policy Analyst
Cynthia Carter, Committee Manager
Michelle Smothers, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Rusty McAllister, President, Professional Firefighters of Nevada,
Las Vegas, Nevada
Ryan Beaman, President, Clark County Firefighters Local 1908,
Las Vegas, Nevada
Russell Cameron, Deputy Fire Chief, Clark County Fire Department,
Las Vegas, Nevada
Tom Collins, Private Citizen, Logandale, Nevada
Sabra Smith-Newby, Director, Department of Administrative Services,
Clark County, Las Vegas, Nevada
John Wilson, General Manager, American Medical Response and
MedicWest Ambulance, Las Vegas, Nevada
Alejandro Ocampo, Acting Vice President, Service Employees
International Union Local 1107; Paramedic, American Medical
Response, Las Vegas, Nevada
Jesse Chmielewski, Paramedic, MedicWest Ambulance, Las Vegas,
Nevada
Chris Ferrari, representing Reno-Sparks Chamber of Commerce, Reno,
Nevada and North Las Vegas Chamber of Commerce, North
Las Vegas, Nevada
George Ross, representing Las Vegas Chamber of Commerce, Las Vegas,
Nevada
Samuel P. McMullen, representing Regional Emergency Medical Services
Authority, Reno, Nevada
Kate Marshall, State Treasurer
Bill Uffelman, President and CEO, Nevada Bankers Association,
Las Vegas, Nevada
Jan Gilbert, Coordinator, Progressive Leadership Alliance of Nevada,
Carson City, Nevada

Lon DeWeese, Chief Financial Officer, Housing Division,
Department of Business and Industry
Robin Reedy, Deputy Director, Department of Business and
Industry

Chair Kirkpatrick:

[Roll was called.] We are going to start with Assembly Bill No. 225.

Assembly Bill 225: Revises certain provisions relating to county fire departments. (BDR 20-908)

Assemblywoman Peggy Pierce, Clark County Assembly District No. 3:

I am honored to bring to you A.B. 225 this morning. This is a tiny bill, and it does something very simple. It gives the Clark County Fire Department the ability to do what the other five fire departments in Clark County do—the ability to collect fees for transporting city people in an emergency situation. I am going to turn this over to the folks who can speak better to this bill, but I wanted to start out by telling you that North Las Vegas, Henderson, Las Vegas, Boulder City, and Mesquite all have this ability. Yesterday, the Clark County Commission took a motion in support of this bill. With that, I would like to introduce Rusty McAllister, President of the Professional Firefighters of Nevada, and Ryan Beaman, President of Clark County Firefighters Local 1908. They are going to explain the bill and answer your questions.

Rusty McAllister, President, Professional Firefighters of Nevada, Las Vegas, Nevada:

With your indulgence, Madam Chair, I would first like to turn the microphone over to Ryan Beaman to discuss A.B. 225, how we got to this point, and where we want to be. I will reserve my comments for after his testimony.

Ryan Beaman, President, Clark County Firefighters Local 1908, Las Vegas, Nevada:

[Spoke from prepared testimony ([Exhibit C](#)).] With that, I would be happy to answer any questions that you might have.

Assemblyman Stewart:

Approximately what percentage of incidents is handled by the Clark County firefighters as opposed to private ambulances? Do you have a ballpark figure on that?

Ryan Beaman:

For the Clark County Fire Department, we currently transport 300 to 450 incidents in the county alone.

Assemblyman Stewart:

Do we know what percentage that is?

Rusty McAllister:

Last year, the two private ambulance companies, owned by the same mother company, transported 61,764 patients out of Clark County's jurisdiction. Of that, the Clark County Fire Department transported between 350 and 400 patients, so you can see that there is quite a disparity: 61,764 compared to 400 people. I do not know what the percentage on that is, but I know it is minimal.

Assemblyman Stewart:

Would this law affect all of the counties or just Clark County?

Rusty McAllister:

The bill is a statewide bill, so the board of county commissioners, it says, can do this.

Assemblyman Settlemeyer:

What is the response time for the current private companies, and has there been a problem with response times? Why the need for a change?

Rusty McAllister:

I do not believe there is a problem with response times, although a new franchise agreement was just signed between the private ambulance companies and the local governments that increased the response time for the private ambulance companies from 8 minutes 59 seconds, to 11 minutes 59 seconds. Increasing that time could have the effect of increasing the number of responses that we need to transport for critical patients. We are allowing them to increase their response time by three additional minutes. Three minutes is a lot of time.

Assemblyman Settlemeyer:

I agree. Why are you allowing them to increase their response time?

Rusty McAllister:

My understanding of the franchise agreement process is that there were several different time frames they had to meet. The penalties inflicted upon them if they did not meet certain response times for certain levels of calls were confusing. Most calls are broken down into A, B, C, or D, but basically critical

and noncritical calls are considered. They had different response time levels for that, and if they did not respond within a certain amount of time on a certain percentage of calls per month, they had to pay a fine. That became cumbersome, so they combined all the calls. The companies said, give us 11 minutes and 59 seconds for all calls, and if we do not respond or meet the response guidelines that we have agreed upon, then we can be fined. In negotiations, the local governments gave them additional time to respond in an attempt to clarify and clean up a lot of that multiple level response time problem.

Assemblyman Settlemeyer:

I am asking for clarification because I am used to Douglas County, where it is the firefighters who run the ambulances for our fire protection district. The 8 minutes and 59 seconds is the average time they are not allowed to exceed?

Rusty McAllister:

That is correct.

Assemblyman Settlemeyer:

Do you have any idea what the average time was on their calls? I know the average time for Douglas County, so I am just trying to put it into perspective.

Rusty McAllister:

I do not know what the exact response time was, on average.

Assemblyman Munford:

What is the average cost to transport a patient? The private companies that do charge, do they have problems collecting the fees? At one time, I used to drive an ambulance and transport patients, and I remember my company had a tremendous problem with collecting the fees. Is that charged against their medical expense or do insurance companies cover ambulance fees?

Rusty McAllister:

Yes, the private ambulance companies bill out. Currently, the other fire departments in southern Nevada that have the ability to transport, also bill. The rates that the ambulance companies and the fire departments charge for the transport portion are very similar in nature. The fire departments are slightly underneath the private ambulance companies, but they are very similar in costs. And yes, if the person has insurance, those costs are billed to the insurance company.

Assemblyman Munford:

Is it expensive?

Rusty McAllister:

I have some numbers here: The private ambulance company rates, for a basic life support, nonemergency transport, was \$650.55 in 2008.

Assemblyman Munford:

That was about the figure when I did it. It has not changed much.

Assemblyman Aizley:

What was the statement I heard, Medicare and Medicaid are not being billed for some reason?

Ryan Beaman:

Currently, the way the state law reads, Clark County cannot charge for transporting. We cannot even apply for a Medicare ID number unless we have a billing company set-up. A billing company will not allow us to have a contract unless we can legally bill. We are in a quandary there. The reason we need an ID number set-up is because there was a threatened strike pending in November, and we would have been left with transporting those patients. It is not as if you can just turn on a switch and start billing; it is a process of sending the application through Medicare, and it takes about 90 to 120 days. If we had been stuck with transporting, we would have been transporting those patients without being able to bill during that time frame.

Assemblyman Aizley:

What does it take to get the billing license or have the billing ability?

Ryan Beaman:

When the law was put into effect in 2001, it stated that a county over 450,000 in population could not bill for transport. We can provide transports in emergency situations, but we cannot bill for the transport. This amendment would allow us to bill for those 300 to 450 transports, or allow us all the transports if the ambulance service ceased.

Assemblyman Goedhart:

I realize how important it is to get those in need of medical care to the facilities. Out in rural Nye County, we like to joke that we need more than a golden hour if we get hurt—we need a few golden hours. I always tell my wife, if I get bit by a rattlesnake, get me in the car and drive me to town; I will probably get there faster. We have a firefighter organization that serves the town of Pahrump extremely effectively. They have also gotten involved in the transport of patients to the Las Vegas hospitals, and it has put a burden on them in terms of overtime. We have had a lot of problems in Pahrump collecting those

transport fees as well. I do not think that the collections have improved since the days you drove, Mr. Munford.

Rusty McAllister:

There are a few things that I would like to talk about with regard to A.B. 225. First of all, the law that is currently in place already allows the board of county commissioners to establish a rate of fee structure for this process. Under section 1, subsection 2, paragraphs (a) and (b), it says the fire department transports sick or injured persons to a medical facility, and they can require the fire department to defray the cost, or the county commission can pass an ordinance that says they will not have an imposition of these fees. I worked on this bill in 2001. Some of the problem lies where we changed the law to allow the local fire departments, or a board of county commissioners, to start billing for transports at that time. The County Manager for Clark County sent a letter to Senator Rawson stating it was not his intent to perform emergency medical services (EMS) transports and bill for them.

Times have changed since then. There is an economic problem, and last November there was the threat of a strike. Now you have a letter that the private ambulance company is relying upon. They even stated in their contract negotiations that they were relying on the legislative intent of Assembly Bill No. 488 of the 71st Session. The letter came from the former County Manager of Clark County, who said their intent was not to transport.

But today the ability of the local government in Clark County to bill and recover the costs for those transports they perform is an important issue. In the event of a strike by the private ambulance companies, they would need to be able to recover those costs. Currently, there are two private ambulance companies that respond in Clark County, not in the City of Las Vegas or the city proper. They are American Medical Response (AMR) and MedicWest. Although they maintain separate businesses, they are owned by the same parent company and are transporting approximately 170 patients a week out of Clark County's jurisdiction.

If the strike had occurred back in November, the Clark County Fire Department would have been responsible for transporting up to 170 people per day without the ability to recover those costs. That is the number of patients that AMR and MedicWest are transporting per day. From that standpoint, the fire department would not have the ability to recover the costs for those 170 patients a day because they are not allowed to, by this letter of intent that was signed by a former county manager. I know the Legislature is very cognizant of the idea of having somebody bind them for future legislatures. This letter is now being used to bind the Clark County Commission, preventing it from imposing a fee

structure, to recover costs of transports, and from creating a contingency plan to recover costs in the event of an emergency or a strike.

Yesterday, before the County Commission, the private ambulance director, Mr. John Wilson, stated that they had fears there was going to be an expansion. He stated he had to lay off people because the Las Vegas Fire Department had increased their transport so much it impinged upon his business. I talked to the Las Vegas Fire Department, of which I am a member, and they said they have a letter from 1998, when we first started the transport business, that stated we would do 25 percent of the transports. The chief said we could do that. It would take us awhile, but we could build up to that. In 2009, the private ambulance company is transporting 3,180 calls a month and we are transporting 1,000. We are exactly at 25 percent; we are exactly where we told them we would be, and it took us 11 years to get there. We have had them in discussions all along the way, told them our goal was to do two transports a day, for every transport unit we have, and we have done that.

Why would the private ambulance company want to keep the largest fire department in the state from doing what others are already allowed to do? Las Vegas, North Las Vegas, Henderson, Boulder City, Mesquite, and Pahrump and in northern Nevada, Carson City and East Fork—all those fire departments have the ability to transport and recover their costs. I would say that maybe money has something to do with it. The largest private ambulance company in southern Nevada is AMR and the second largest is MedicWest, again, which are owned by the same parent company. The only one that I have numbers for is MedicWest. Their revenue is approximately \$2 million a month and \$24 million a year. The cost that the county was looking to recover is \$34,000 to \$40,000 a year. I am not sure why these ambulance companies would have a problem with the local fire department having the ability to recover costs of \$34,000 to \$40,000 a year, while they are making \$24 million in revenue a year out of one of their two companies.

There was a discussion about the billing, in that it costs a huge amount of money to set up a billing system, and we would be in the hole. Currently, all the fire departments in southern Nevada are getting an electronic charting system, and within that is a billing mechanism. It costs 85 cents a chart to bill, and it is set up through the computer. The Clark County Fire Department would be required to get their Medicare ID number. It would take at least six months, and once everything was all set up they would have the ability to recover those costs by using their billing system within their electronic reporting program.

The Clark County Commissioners have taken a motion of support for Assembly Bill 225. We have been talking to the leadership of the Service Employees International Union (SEIU), which represents the ambulance workers for AMR, and we have explained to them what the intent of this bill is and what we want to do. They have essentially said that they have no concerns based on what we provided to them. There will probably be a greater need to transport some critical patients because we have increased that allowable response time from 8 minutes and 59 seconds to 11 minutes and 59 seconds. Those additional 3 minutes might require a few more critical patients to be transported, but certainly Clark County has stated that they are not trying to run the private ambulance companies out of business.

Mr. John Wilson, the general manager of AMR and MedicWest, said in an article in 2007 that competition is good for the rates, and what we need is more competition, not less. We are not asking to compete; we are just asking to recover costs and to have a contingency plan in place, in the event that they go on strike. We cannot now do this by law, but they can.

Assemblyman Christensen:

This is something I have actually experienced. I have been out twice for a ride-along with Station 12 in Clark County. It seemed that every time we went out to a call, whether we got there first or AMR or MedicWest got there first, they were the ones that were always handling the transport. As you said, Clark County is not allowed to or set up to transport to the hospital, but they are there to make sure that the people who are hurt are taken care of and the situation is stabilized. Did I understand you correctly that the Henderson, North Las Vegas, and Las Vegas departments have the ability to transport and recover costs?

Rusty McAllister:

That is true. Henderson transports approximately 13,000 patients a year, the City of Las Vegas transports 11,000 to 12,000 patients a year, and North Las Vegas just started transports, so they did 128 transports last year. They have the ability to transport and to bill and recover costs.

Assemblyman Christensen:

So when you mention the counties with populations greater than 450,000, I just assumed that it was anywhere in Clark County that they were not allowed to transport. I am sure that you went through this and I just missed it, but why specifically is the Clark County Fire Department different? Is it because of the laws that the state has or is it what the Clark County Commission has decided?

Rusty McAllister:

It is because, after 2001 when this law was first put into place, the Board of County Commissioners could impose a fee structure. The County Manager at that time sent a letter to Senator Rawson, the Chairman of the Senate Health Committee. Now a private ambulance company is relying upon that letter of intent from the 2001 County Manager, that it was not the intent of the Clark County Fire Department to transport and recover costs.

Assemblyman Christensen:

That makes sense. Thank you.

Chair Kirkpatrick:

Does anybody else have any questions? I see where you already have the ability to recover costs, so is it the attorney who is saying that you cannot? If you read the law the way it is now it says, "if the fire department transports sick or injured persons to a medical facility, the board of county commissioners shall adopt an ordinance requiring the fire department to defray the expenses of furnishing such transportation by imposing and collecting fees and establishing a schedule of such fees." Then it says, "or an ordinance prohibiting the imposition and collection of any fees." Is there currently an ordinance that prohibits you from getting these fees?

Rusty McAllister:

My understanding is there is no ordinance that has been passed by the Clark County Commission to either impose the fees or not to impose the fees. They have not passed an ordinance to do either, and part of the reason that they have not is because of the letter of intent that was produced back in 2001 that was probably for litigation purposes. The private ambulance company depends upon that letter that says the county's intent is not to collect fees, so why is the county passing an ordinance to do this?

Assemblyman Goedhart:

I am not an attorney, but you could resolve your situation by having the Clark County Board of Commissioners pass an ordinance allowing you to collect and defray the cost. In light of a new stated policy, I do not see where you are bound not to be able to collect under the current state regulations.

Assemblyman Stewart:

Even easier, why can't we get Ms. Valentine, the Clark County Manager, to send a letter revoking the letter of 2001?

Rusty McAllister:

I do not know if a county manager can send a letter and revoke what a previous county manager did. I am not sure how that works, legally.

Assemblyman Stewart:

I do not see why they could not.

Chair Kirkpatrick:

I am not going to have an opinion on that myself, so I will just leave it at that. Are there any other questions? [There were none.] At this time, I am going to call up those folks who are in favor of Assembly Bill 225. Is there anyone in Las Vegas who would like to speak?

Russell Cameron, Deputy Fire Chief, Clark County Fire Department, Las Vegas, Nevada:

We are very appreciative of the opportunity to have this discussion this morning. There was considerable discussion before the Committee hearing in regards to the Clark County Fire Department and response times. As a fire administration, we are in support of A.B. 225. As the first responders for Clark County, we hold ourselves to time standards for first responders of 8 minutes and 59 seconds, 90 percent of the time. The ambulance companies' previous response time standards were 8 minutes and 59 seconds, 90 percent of the time, and it was just upped as a combination of all the calls to 11 minutes 59 seconds, 90 percent of the time.

We believe that as the first responders, serving the citizens of this county, we can be there taking care of our patients and providing advanced life support in a timely manner. We believe that this bill does several things. It allows us to recover our costs, as previously stated, for patients who are in critical condition and in need of immediate transport to the hospital, when the ambulance companies are not on the scene. We also believe that in the event of any contingency that may arise, we would have the ability to recover our costs to make sure that our citizen's needs are served during that particular period of time. We just want to voice our support for this. I will be more than happy to answer any questions that you might have in regard to the Clark County Fire Department's first response transport times or anything of that nature.

Chair Kirkpatrick:

Does anyone have any questions? [There were none.] Is there anyone else in Las Vegas who would like to testify in support?

Tom Collins, Private Citizen, Logandale, Nevada:

I came up here for some of your work session bills, but when I saw A.B. 225 up there, I wanted to give my support. Yesterday, in our County Commission meeting, we heard some comments in regard to this, but I am speaking here today as Tom Collins, not as County Commissioner. The board supports this. Our firefighters know their neighborhoods; they go out to folks and help them with all kinds of things. Commissioner Lawrence Weekly made it very clear yesterday that his Station 23 firefighters help people with medication and issues such as when they have fallen out of bed. They pick them back up, set them on the couch, and get their friends or family to come over and help them. There are no fees or charges for that. There is no intent here to do anything beyond recovering costs for the transportation in the most critical cases. I was an Assemblyman when the County Manager at the time came to the Legislature and was not in support of the fire department transporting because of the lack of ability and facilities.

Things have changed in the last few years. One thing that the firefighters brought up, that I had not even considered, was the fact that we would not have anybody to operate emergency response vehicles in the private sector in the event of a strike. This is a partnership between the county, the fire department, and the private sector. Yesterday, the Clark County Commission revised a franchise agreement with the private sector not only to adjust times, but to clear up some of the difficulty in reporting and accountability issues in the franchise. To clear that up, there was some leeway given on time responses; and, because of budget issues, our fire department has been able to respond better to these emergency situations than they were a few years ago.

I concur with your comments that you could just strike out this ability that the county cannot charge or have an ordinance that prohibits charging fees to recover costs. It looks like someone is making it a lot simpler, so I would certainly support the Committee on approving this bill and allowing our fire department to be able to collect fees when they transport. As a former legislator, and now as a local government representative, I know we all give and take up here all the time. The state finds programs for local governments to do and local governments find things for the state to do. We partner back and forth regarding things in all areas. This is one time when the Legislature could make it very simple and tell us that we should be collecting for those charges by passing A.B. 225.

Chair Kirkpatrick:

Does anyone have any questions? [There were none.] Is there anyone else who would like to testify in support of A.B. 225? Is there anyone in Las Vegas who would like to testify in support of this bill? Go ahead and go to the table.

Sabra Smith-Newby, Director, Department of Administrative Services, Clark County, Las Vegas, Nevada:

You have already heard from a number of our folks today, so I am not going to repeat what they have said. You have heard a lot from me this session so far about parity, and I think that this is just another example. I am going to end my testimony right here, but I would be open to questions if you had any.

Chair Kirkpatrick:

How would the ordinance process work, and how would the fees be determined? Do you know or could you get us that information?

Sabra Smith-Newby:

From what I understand, the ordinance process would be a business impact statement process where the notice would go out to those businesses that would be affected. I am not sure at this point if there would be an impact. They would have a chance to respond, and we would then compile a report and take that into account in designing the ordinance. It would be up for at least two hearings, one with public input, where people would be able to provide their input on that ordinance before its eventual passage or nonpassage, depending upon, of course, the feelings of the Commission.

Assemblyman Stewart:

Is there a race to get to my house between the private sector and the firefighters when I call 911?

Sabra Smith-Newby:

Maybe one of our fire colleagues would be better able to answer that question, but I do understand that we have a dual response policy, in which both would show up at your home.

Rusty McAllister:

No there is not a race. As long as I have been on the fire department, which is about 25 years, and probably before that, the emergency response system in southern Nevada has been a dual response system. The private ambulance company responds and so does the fire department, the idea being that one of us will be closer and hopefully get there in a timely fashion. Now fire stations are located in central locations, so we are in your neighborhoods. If the private ambulance is tied up on another call or they are responding from the hospitals, which they do quite often because that is where their units take people, a fire department unit would arrive first, start treatment, and get medical treatment under way. Then the private ambulance would show up, put the injured person in the private ambulance company's ambulance, and transport them to the hospital. This way, the system helps to assure that citizens receive the

quickest response possible for care, regardless of what the staffing capabilities are of the private ambulance company or of the fire department.

The private ambulance companies locate their units based on computer modeling. If their computer model says that between 4 p.m. and 7 p.m. they are going to have a call in a certain neighborhood, they are going to put an ambulance over in the parking lot of the Best Buy near that area. That is how they maneuver their units around. They do not really have stations; they have rotating locations, whereas your neighborhood fire station is in your neighborhood. If the private ambulance has a call and the computer was not quite right and takes that ambulance a little further away, another ambulance, also from further away, will respond and will take longer to get to you. But, your fire department is right there, and they can roll out right on your call.

[Chair Kirkpatrick left the Committee meeting.]

Assemblyman Stewart:

So, initially, is it the 911 operator's decision as to who would be the first to respond?

Rusty McAllister:

The call comes in either through 911 to the fire departments or they call the private ambulance companies. We ship the information over to them right away, and they ship the information over to us right away, regardless of who is called first. We dispatch a unit based on a computer calculation; the computer will automatically pick the closest unit available for the fire departments and for the private ambulance companies. The units have vehicle locators in them, so the computer can actually pick the station that is closest to that address and will send a dispatch to that station.

Assemblyman Stewart:

My mother-in-law had a situation, and the Henderson Fire Department responded within five minutes, did an excellent job, and was very courteous and helpful.

Vice Chair Bobzien:

Are there any other questions? [There were none.] Do we have anyone else in support of A.B. 225?

Tom Collins:

I just want to make sure that you understand, especially some of the rural representatives, that Clark County has both professional and volunteer fire districts, so we have different fire and tax districts. In both cases, this is where

the assistance is needed, so that we can continue to have equipped response people and timeliness to do those things.

Vice Chair Bobzien:

Is there anyone who is in opposition to A.B. 225?

John Wilson, General Manager, American Medical Response and MedicWest Ambulance, Las Vegas, Nevada:

I think it is important to note, right from the beginning, that we have the utmost respect for the Clark County firefighters and Fire Chief Russell Cameron down south, and our relationship with the fire departments are good. We just happen to have a fundamental difference of opinion in this matter. [Spoke from prepared testimony ([Exhibit D](#)).]

Our rates are substantially lower than some counties, such as San Bernardino, Riverside, and Maricopa. We are a very efficient and cost-effective service. We understand that times are tight for the fire department; they are tight for us as well. We understand why they are coming forward with this.

I want to clarify something. Mr. McAllister made a statement that I testified yesterday that we had laid off 40 people because of what has happened in the City of Las Vegas. If that is the way it was taken in the testimony, I apologize and I will go back and correct that. What I did say is that the fire department transport program in the City of Las Vegas has grown over the years. This started out as a small service and has evolved over the years to 40 transports a day. The direction that was given to me when I came back into AMR was that they were going to make two transports a day, per rescue, roughly 40 transports a day. The impact to that, within the public sector, is the equivalent of 40 private sector jobs that are no longer there. That is what we are concerned about as we go forward.

I have been managing ambulance services in Las Vegas for 15 years. We have eliminated 32 full-time positions because the volume has decreased at AMR. Our company can only make the investment back into the community, and it is a massive capital investment in vehicles, computer technology, and medical equipment technology. The only way we can make those investments is when we can collect on a bill for service. We feel that it is unfair to ask us to pay more in taxes and then allow local government to take away revenue and our ability to take care of our employees.

Vice Chair Bobzien:

Thank you. What I would like to do is just continue the testimony and have you stay at the table to see if we have any questions after all the testimony.

Alejandro Ocampo, Acting Vice President, Service Employees International Union Local 1107; Paramedic, American Medical Response, Las Vegas, Nevada:

[Spoke from prepared testimony ([Exhibit E](#)).] I understand that there was a concern with respect to a potential strike last year. I just want to assure the Committee members that we did, in fact, ratify a contract. We have a no-strike, no-lockout clause, and the contract is good for three years. There has never been a lapse in a private sector's ability to respond to any call. There was not then, during our potential strike, nor has there been since 1953. I implore you, on behalf of my brothers and sisters, to vote no on A.B. 225.

Jesse Chmielewski, Paramedic, MedicWest Ambulance, Las Vegas, Nevada:

[Spoke from prepared testimony ([Exhibit F](#)).]

[Chair Kirkpatrick returned to the Committee meeting.]

Chair Kirkpatrick:

Does anyone have any questions? Mr. Ocampo, you are here today as an AMR representative, but you wanted to state for the record you sat on the Executive Board of SEIU, correct?

Alejandro Ocampo:

I am sorry; I was just clarifying my position. I represent SEIU. I am the Acting Vice President for my local, and I am a paramedic at AMR.

Chair Kirkpatrick:

I am just trying to make sure the record is clear.

Assemblyman Munford:

I have to say that I concur with you on many things that you have said because, as I mentioned earlier, I worked for a private company called Triple A. I do not know if you remember that company from years ago. We had some of the same problems you have in collecting fees, and I know that is so important for you because that is what actually drives the business. You need it. I know we also had a policy where we would accept calls and transport, no matter what the socioeconomic level or the area and so forth. That is something that you regard very highly. I can see what you are up against. I have worked in the private sector before, so I understand.

John Wilson:

Today, we are collecting about 41 cents on every dollar billed, so it is a 41-percent collection rate. Our modeling right now, what we do day in and day out, is our lifeblood, so we take it very seriously and we put a lot of resources into doing this successfully. We believe that we are going to be dipping below 40 percent here shortly, as the uninsured and unemployed population grows in southern Nevada. We have to scale our business accordingly, but we remain committed to our response times. We remain committed to this community and will be there no matter what. There have been a lot of questions about the issue of response times. We are not changing how we respond to calls; we are changing the measurement of those calls. We have no plans to modify in any way, shape, or form, or to delay response times. It was a clarification to take away what were known as exceptions, so we could automate our response time compliance through GPS technology going forward.

Assemblywoman Mastroluca:

I appreciate what your companies do. Without private ambulance service in this state, life would be very difficult for everyone. I know that your paramedics and EMTs are very well trained and that you take pride in your work. I just wanted to bring to light a couple of statements. First, someone mentioned earlier that the county picks and chooses which patients they pick up based on insurance, and I take offense to that. They are county employees, they work for us, and they do not do that. I think that you are going down a slippery slope with that statement. Unless you can back it up with some proof, I would not recommend making that statement. Second, I understand the position that you are in financially, and we want businesses to succeed in this state. If a business does not succeed, then the government does not succeed. The other thing that you have to remember is anytime the county picks up a patient who does not pay, the taxpayers pay for that. You are asking us to make a decision between taxpayers and your company. I am trying to find a balance. I hope we can work it out and that you will work with the sponsor of the bill to do that. I think that we can find some common ground, so that it does not hurt your business and it does not impact the taxpayers who are ultimately footing the bill.

Assemblyman Settelmeyer:

What was your average time?

John Wilson:

Our average response time was under 6 1/2 minutes last year.

Assemblyman Settelmeyer:

In Douglas County, our ambulance providers operate through the county, and it really depends on who is in charge at the time as to how our collections are done. One manager reduced nonpayments to 30 percent, but the one before him let it go up to 60 percent for just the county, due to staffing or other reasons. I think it really came down to the will of the person in charge. On your 41-percent collection rate, who pays for the ones who do not pay it? Does your company eat the cost?

John Wilson:

Last year, we had \$47 million of uncompensated care.

Chair Kirkpatrick:

Does anyone else have anything to add? Is there anybody else in Carson City or Las Vegas who would like to testify in opposition to A.B. 225?

Chris Ferrari, representing Reno-Sparks Chamber of Commerce, Reno, Nevada, and North Las Vegas Chamber of Commerce, North Las Vegas, Nevada:

I do not want to get into the merits of all the very valuable services that our firefighters provide to our communities, but we are very opposed to the broader concept incorporated in A.B. 225, which essentially enables the public sector to directly compete with the private sector where a service is already being provided. In the North Las Vegas Chamber's policy statement, it dictates that government should only do what the private sector cannot or will not do. Government must demonstrate that it can implement changes that result in efficiency. This bill puts the public sector in direct competition with the private sector, and it does not create government efficiency.

It will also, as Mr. Wilson stated, put more private sector folks out of work, increasing the ability for a fire department to provide transports or require staff with salaries, training, purchases of equipment, and set up of a billing and collection mechanism. If the fire department, for example, averages 30 transports per month at \$850 a transport, and the collection rate on those transports is 40 percent, that is a net profit of about \$10,000 before you incorporate the costs associated with collection. If this nets roughly \$10,000 or less than \$10,000 a month for these local governments, the service and equipment and everything else that go into it, could possibly create a financial loss for these governments if the financial impact on local government has not been calculated. Madam Chair, I respectfully suggest that the Committee review this before implementation.

George Ross, representing Las Vegas Chamber of Commerce, Las Vegas, Nevada:

The Las Vegas Chamber of Commerce has the utmost respect and gratitude for the firefighters of Clark County, so I want to say that in no way does this diminish that. We just happen to have a disagreement on a matter of policy. As the prior speakers have said, we view this as a public sector attempt to compete with the private sector. It is essentially a double-dip, in which a taxpayer funded business or organization—which has its capital, its operating cost, and its salaries all funded by the taxpayers—now will be attempting to compete with the private sector, so the taxpayers will end up paying twice for something they have already paid for. With that, I urge you to vote against A.B. 225.

Chair Kirkpatrick:

Are there any questions? [There were none.] Mr. McMullen, are you going to come up to the table with an amendment?

George Ross:

Mr. McMullen is representing a different client.

Samuel P. McMullen, representing Regional Emergency Medical Services Authority, Reno, Nevada:

I am having an amendment passed out to the Committee ([Exhibit G](#)). I do not want to take too much of your time, but I just want to give a little history. This is an amendment similar to Senate Bill No. 288 of the 74th Session, which a lot of you may not remember from 2007. It basically created an exemption for a county where there was an exclusive franchise to provide ambulance service.

Here is a bit of history on the exclusive franchise in Washoe County. The genesis of the bill is really the important thing. In the 1980s, there were ambulance wars, for lack of better wording. There were ambulance companies showing up, almost fighting at the scenes, to try to carry patients to the hospital. There was a situation where all three governments decided that there needed to be a single response, so they created a quasi-governmental franchise—basically a nonprofit corporation that is the one body, by interlocal agreement and by exclusive franchise with the county, to provide exclusive ambulance service in Washoe County. It is a nonprofit entity and does not receive taxpayer funds. It is paid totally out of the efficiency and effectiveness of that organization. Consequently, it is the governmental response that has been in place for 23 years and it is working. It was somewhat inherent in the testimony this morning that there are places it may not apply, but in Washoe County this is the governmental response—not only of the county but of all three local governments, who decided that this was an appropriate solution. It

has worked for 23 years, so we would like to ask for the same courtesy, if this bill processes, that was allowed in a similar situation last year. It is the consistent response.

Assemblyman Bobzien:

I understand the Reno-Sparks Chamber of Commerce weighed in on this bill. Does the amendment clean up their concerns, or was it more just a philosophical weigh in on the part of the Chamber?

Samuel McMullen:

My understanding is that there are really two issues here. I am trying to present a subissue, if in fact this bill goes forward, but I think their concern was with the policy issue of public resources competing with private resources, which is some of the testimony you have heard today. That is fundamentally their issue. Again, I think if A.B. 225 does go forward, this is an amendment that would clear it up for the situation in Washoe County.

Chair Kirkpatrick:

Does anyone have any questions? [There were none.] Is there anybody else in Carson City or Las Vegas who would like to testify in opposition to A.B. 225? [There were none.] Is there anyone who is neutral on A.B. 225? [There were none.] With that, I am going to close the public hearing on A.B. 225. We are going to move to work session now, and I am going to start with Assembly Bill 119, which was heard yesterday.

Assembly Bill 119: Requires the comprehensive regional plan in certain counties to include provisions concerning the identification and sustainability of certain supplies of water. (BDR 22-750)

Susan Scholley, Committee Policy Analyst:

Assembly Bill 119 was introduced by Assemblywoman Leslie and heard in this Committee on March 16, 2009 ([Exhibit H](#)). It amends the statutes controlling regional planning in Washoe County to incorporate Washoe County Question No. 3, as passed by the voters at the 2008 General Election. Amendments were proposed and discussed at the hearing, as set forth in the attached mock-up ([Exhibit I](#)). With the addition of language on page 3, there is a text box pointing to the last sentence which reads, "This subsection shall not in any matter negate or limit the authority of the State Engineer." That sentence is proposed to be included in the amendment that was worked out with the State Engineer's Office to clarify the relationship of the amendment to his authority.

ASSEMBLYWOMAN SPIEGEL MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 119.

ASSEMBLYWOMAN PIERCE SECONDED THE MOTION.

Chair Kirkpatrick:

Is there any discussion?

Assemblyman Bobzien:

I greatly appreciate the State Engineer weighing in on this bill. The question of what exactly are sustainable water resources, and his indication that he is talking about perennial yield, those are the typical assessments that he makes. The original bill definitely had some issues conceptually and was not exactly connected to what people voted on. This has been through the ringer, and those sponsors worked with the local government folks who are responsible for planning and making sure that they can live with whatever language comes out and that they can go forward and still do what they need to do. We are in a much better position to process this bill. We are doing a lot of things with planning, zoning, and development this session, just in light of where we are economically. Something tells me that we are going to be back in legislation again two years from now, dealing with a lot of these same issues; and also, this is just part of a larger conversation that needs to continue. I will be voting yes for A.B. 119 this morning.

Assemblyman Settelmeyer:

The question that I was asking was regarding the Truckee Meadows Regional Plan. I do not think that we need to be getting involved in something that should be decided in Washoe County. I do not understand why the state is involved, and I think this should have been done in an open forum, under the open meeting law in Washoe County, so the people could weigh in on it. Because of that I will be voting no on A.B. 119 today.

THE MOTION PASSED. (ASSEMBLYMEN GOEDHART,
SETTELMAYER, STEWART AND WOODBURY VOTED NO.
ASSEMBLYMAN CHRISTENSEN WAS ABSENT FOR THE VOTE.)

Chair Kirkpatrick:

We will now go to Assembly Bill 352.

[Assembly Bill 352](#): Makes various changes relating to the Spring Mountains National Recreation Area. (BDR 22-488)

Susan Scholley, Committee Policy Analyst:

Assembly Bill 352 was sponsored by Assemblyman Mortenson and heard in this Committee on March 23, 2009 ([Exhibit J](#)). Assembly Bill 352 essentially grants the same protection to the Spring Mountains National Recreation Area as those which currently exist for the Red Rock Canyon National Conservation Area, including some zoning freezes and a limit on other nonresidential zoning changes. The sponsor has proposed an amendment to exclude property owned by the Boy Scouts of America on Mt. Potosi Road, near Blue Diamond, from the scope of the bill. I do not have a mock-up, but it would simply involve eliminating a couple of tracts of land from the description in the bill.

ASSEMBLYMAN AIZLEY MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 352.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

Chair Kirkpatrick:

Is there any discussion?

Assemblyman Goedhart:

In talking about the west side of the Spring Mountains Range that lies within Nye County, how much of that land is covered under the proposed National Recreational Area? I was just wondering if there was someone here who could answer that question.

Chair Kirkpatrick:

I am not sure. I have spent more time on this bill than I have my own bills.

Assemblyman Goedhart:

It sounds good to me, but I will reserve my right to change my vote on the floor, depending upon when I can see that map.

Chair Kirkpatrick:

They gave us the map during the hearing. I worked with the Boy Scouts late yesterday to pull out their direct coordinates. They already have a map in place. I think this is where the confusion and the frustration are on my part. It says if you currently have your zoning, you are good; you just cannot increase it. There are a lot of people who already have their zoning and are concerned about this bill, but it is pretty clear. I think the Boy Scouts especially are happy. Mr. Christensen, I have talked with everybody else on Mt. Charleston, and I spent ten hours on this bill, to where I had to beg Doctor Hardy to help me on something because I let my own bills go.

Assemblyman Stewart:

As a former Boy Scout, I appreciate very much your working with the Boy Scouts on this; they were very concerned about it. I think we have covered everything, but I am going to vote yes and reserve my right to change, in case we have not covered everything, but I appreciate very much all you have done.

Assemblyman Bobzien:

For full disclosure, I am an Eagle Scout, and I may have my Totin' Chip revoked for asking this question, but has Mr. Mortenson agreed to this amendment for the exemption? A simple shake of the head is fine. Okay, thank you.

Chair Kirkpatrick:

Mr. Mortenson and I spoke on Sunday about the Boy Scout issue; we have addressed it. Is there any further discussion?

Assemblyman Christensen:

I want to make sure this is on the record as I represent the area. I have received calls from the operators of the ski resort, and as you and I have discussed, their lease agreement with the U. S. Forest Service exempts them from the provisions of this bill, as well.

THE MOTION PASSED UNANIMOUSLY. (ASSEMBLYMEN
GOEDHART, SETTELMAYER, AND STEWART RESERVED THE
RIGHT TO CHANGE THEIR VOTES ON THE FLOOR.)

Chair Kirkpatrick:

We will now go to Assembly Bill 360.

[Assembly Bill 360](#): Authorizes the creation of certain special districts.
(BDR 25-733)

Susan Scholley, Committee Policy Analyst:

Assembly Bill 360 is sponsored by Assemblyman Goicoechea and others and heard in this Committee on March 25, 2009. It authorizes the creation of special districts within a county for the purpose of receiving certain federal payments ([Exhibit K](#)). No amendments were proposed.

ASSEMBLYMAN SETTELMAYER MOVED TO DO PASS
ASSEMBLY BILL 360.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Kirkpatrick:

We will now go to Assembly Bill 397.

Assembly Bill 397: Authorizes redevelopment agencies to expend money to improve schools located within redevelopment areas. (BDR 22-130)

Susan Scholley, Committee Policy Analyst:

Assembly Bill 397 is sponsored by Assemblyman Hardy and others with a joint sponsor in the Senate, Senator Hardy. Assembly Bill 397 authorizes a redevelopment agency to pay for school improvements within a redevelopment area ([Exhibit L](#)). During the hearing, amendments were proposed and have been agreed to, with some, in fact, suggested by the sponsor, as set forth here: (1) to expand the area within which the redevelopment funding may be spent to include schools within the jurisdiction of the city or county in which the redevelopment agency is located, so that it would not be restricted to schools within the redevelopment district; (2) to clarify that the funding would be in the form of grants to the schools and would not be used for ongoing costs; and (3) to add reporting requirements for redevelopment agencies as set forth in the attached conceptual amendment ([Exhibit M](#)), which lists the procedures and the information that would be required to be filed annually with the Legislative Counsel Bureau and also given to the governing body of the appropriate city or county regarding redevelopment agency matters.

ASSEMBLYMAN AIZLEY MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 397.

ASSEMBLYMAN STEWART SECONDED THE MOTION.

Chair Kirkpatrick:

Is there any discussion? [There was none.]

THE MOTION PASSED UNANIMOUSLY.

I will give floor assignments tomorrow. We will now go to Assembly Bill 415.

Assembly Bill 415: Makes various changes concerning the organization of county offices in certain smaller counties. (BDR 20-507)

Susan Scholley, Committee Policy Analyst:

Assembly Bill 415 is sponsored by Assemblyman Goicoechea and others, with a joint sponsor in the Senate, Senator Rhoads, and heard in this Committee on March 25, 2009 ([Exhibit N](#)). The bill enables the 12 smaller counties to combine or separate county offices, other than county commission seats or

judges, if the county commission makes certain findings and the majority of voters voting on an advisory ballot question approve the combination or separation.

The bill also provides for the automatic combination of the offices of county clerk and county treasurer in White Pine County without the requirement of further proceedings.

ASSEMBLYMAN SETTELMAYER MOVED TO DO PASS
ASSEMBLY BILL 415

ASSEMBLYMAN CHRISTENSEN SECONDED THE MOTION.

Chair Kirkpatrick:

Is there any discussion?

Assemblywoman Mastroluca:

Does that mean the amendment is not included?

Chair Kirkpatrick:

That is correct. We have worked with Mr. Goicoechea on this bill, and we are in agreement. Is there any further discussion? [There was none.]

THE MOTION PASSED. (ASSEMBLYWOMAN SPIEGEL VOTED NO.)

Chair Kirkpatrick:

We will now go to Assembly Bill 478.

Assembly Bill 478: Revises provisions relating to certain housing authorities.
(BDR 25-1237)

Susan Scholley, Committee Policy Analyst:

Assembly Bill 478 is sponsored by the Assembly Committee on Government Affairs and heard in this Committee on March 26, 2009 ([Exhibit O](#)). The bill provides for the creation of a regional housing authority in Clark County, including the creation of a regional housing authority board. Proposed amendments were presented at the hearing. The attached mock-up essentially incorporates those amendments and has been worked on between Committee Counsel and Doug Lyon ([Exhibit P](#)). As I understand, albeit secondhand, it does have the support of the proponents.

ASSEMBLYMAN MUNFORD MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 478.

ASSEMBLYMAN ATKINSON SECONDED THE MOTION.

Chair Kirkpatrick:

Is there any discussion? [There was none.] For the Committee's information, we worked over the weekend on the mock-up to address everyone's concerns. That is why I gave everyone the mock-up 24 hours in advance, so you could read it.

THE MOTION PASSED UNANIMOUSLY.

Chair Kirkpatrick:

We will now go over Assembly Bill 483.

Assembly Bill 483: Revises the provisions governing the terms of certain contracts between public bodies and certain design professionals on public works. (BDR 28-932)

Susan Scholley, Committee Policy Analyst:

Assembly Bill 483 is sponsored by the Assembly Committee on Government Affairs, and heard in this Committee on March 30, 2009 ([Exhibit Q](#)). Assembly Bill 483 relates to indemnification and defense of a public body by a design professional, and no amendments were proposed at the hearing.

ASSEMBLYWOMAN SPIEGEL MOVED TO DO PASS
ASSEMBLY BILL 483.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

Chair Kirkpatrick:

Is there any discussion?

Assemblyman Bobzien:

I realize that this bill was a complicated simple bill. I have received a lot of information that I take at face value that was genuinely provided, but there was a lot of back-and-forth discussion as to whether or not the need to defend a public body was actually insurable. I heard from some it was not insurable, and I heard from others that there is group insurance available for it, so I am a bit nervous about this one. I am going to be voting no.

THE MOTION PASSED. (ASSEMBLYMAN BOBZIEN VOTED NO.)

[Chair Kirkpatrick turned the meeting over to Assemblyman Bobzien.]

Vice Chair Bobzien:

We will now move to Assembly Bill 492.

Assembly Bill 492: Imposes certain requirements on the enactment of abatements and exemptions from property taxes and sales and use taxes. (BDR 32-602)

Susan Scholley, Committee Policy Analyst:

Assembly Bill 492 is sponsored by the Assembly Committee on Government Affairs and heard on March 27, 2009 ([Exhibit R](#)). This bill implements the provisions of Assembly Joint Resolution No. 16 of the 73rd Session, as passed by the voters in 2008, with respect to certain findings that must be made in connection with any future sales or property tax exemptions. The bill, as originally drafted, imposed certain limitations on future sales or property tax exemptions or abatements. Proposed amendments, as set forth in the attached mock-up ([Exhibit S](#)), were proposed. The key changes include the deletion of restrictions on future sales and property tax exemptions, with the exception of the Local School Support Tax (LSST), which is 2.25 percent. The amendment provides some additional detail on the required reports relating to tax abatements, not exemptions. The amendment also requires that the Nevada Commission on Economic Development provide at least 30 days' notice to the affected taxing districts of action on proposed applications for abatements.

ASSEMBLYMAN SETTELMAYER MOVED TO AMEND AND DO
PASS ASSEMBLY BILL 492.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

Vice Chair Bobzien:

Is there any discussion?

[Chair Kirkpatrick resumed the chair.]

Chair Kirkpatrick:

To clarify for the Committee, I worked with Mr. Skaggs at great length. We spent a lot of time on this bill to only include Economic Development and to only address the constitutional piece. Mr. Skaggs and I agreed, and he played a big part in how some of the language works.

THE MOTION PASSED UNANIMOUSLY.

Chair Kirkpatrick:

We will roll Assembly Bill 508 into tomorrow's meeting because I am working with the Legal Division on a piece of that. We will move to Assembly Bill 49.

Assembly Bill 49: Authorizes a board of county commissioners, under certain circumstances, to provide a civil penalty in lieu of a criminal penalty for the violation of certain ordinances. (BDR 20-449)

Susan Scholley, Committee Policy Analyst:

Assembly Bill 49 is sponsored by the Committee on behalf of Clark County and heard in this Committee on February 19, 2009 ([Exhibit T](#)). The bill authorizes a board of county commissioners to enact civil penalties for the violation of ordinances relating to the regulation and licensing of businesses, provided that state law does not already provide a criminal penalty. No amendments were proposed at the hearing. I would remind you that the Clark County District Attorney's Office did submit an opinion letter confirming that the bill is applicable only to counties and is also limited to the enactment of civil penalties relating to business licensing ordinances.

ASSEMBLYWOMAN MASTROLUCA MOVED TO DO PASS
ASSEMBLY BILL 49.

ASSEMBLYWOMAN PIERCE SECONDED THE MOTION.

Chair Kirkpatrick:

Is there any discussion? [There was none.]

THE MOTION PASSED UNANIMOUSLY.

Ms. Scholley and I worked late last night. You should have what is coming on work session for tomorrow. We are trying to work with all the interested parties, so we still need time. You will get your mock-ups for tomorrow in the first part of the afternoon today. With that, we are going to welcome Assemblyman Arberry to Government Affairs. We will now open the hearing on Assembly Bill 451.

Assembly Bill 451: Establishes a program for the issuance of state obligations to provide venture capital to certain minority-owned businesses in this State. (BDR 30-613)

Assemblyman Morse Arberry Jr., Clark County Assembly District No. 7:

I am here to speak on behalf of A.B. 451. The Nevada economy is sagging, and we are having a tough time, the budget in particular and this particular session. Assembly Bill 451, as drafted, would require the State of Nevada to issue up to \$20 million in general obligation bonds to provide loans to minority-owned businesses. The goal of this bill was good, but because we have tough economic times, the path to get there will not be feasible. For this reason, I have been working with the State Treasurer's Office to gut the bill and take a different approach.

I will let the State Treasurer's Office cover most of the details, but the revised version of A.B. 451 ([Exhibit U](#)) requires the State Treasurer to operate a program that links the deposit of state funds to participating financial institutions that loan to qualified small businesses. The State Treasurer is required to invest not more than \$20 million to purchase certificates of deposit under the CD Link Program with qualified financial institutions. These funds must be invested at a rate of interest that is not more than 2 percent less than the interest earned on a CD if it was an investment not made under this program. Loans would be made available to eligible small businesses with consideration provided to those at least 51 percent owned by minorities, women, and military veterans. Small businesses that are engaged in production and sell a power or fuel from renewable resources will also receive a special consideration.

Certain types of small businesses would not be eligible to apply for these loans. For example, ineligible businesses would include nonprofits, financial institutions, real estate development, foreign subsidiaries, strip clubs, other sex related businesses, political and lobbying businesses, and consumer marketing type of businesses. Before turning the microphone over to the State Treasurer, I would like to share a bit of information about the fast growing sector in our business community.

In our business community, minority-owned businesses are fast growing. The United States Department of Commerce released information a few years ago showing that minority-owned firms have been growing at a rate at least three times that of all firms. The rate may be expected to continue in the years to come.

If A.B. 451 legislation is enacted, the bill would need to be carefully crafted to avoid conflict with Section 9 of Article 8 of our *Nevada Constitution*. That section specifically prohibits the state from donating or loaning money or credit or subscribing to or being interested in stock or any corporations except corporations formed for educational or charitable purposes. The revision must contain the legislative declaration found in the beginning of A.B. 451 as introduced:

The Legislature hereby agrees that the purpose of this act is to benefit the general welfare of the people of this state by improving the state economy through development of business opportunities for employment, and finds that this purpose is a charitable purpose within the meaning of Section 9 of Article 8 of the *Nevada Constitution*.

The bottom line of this bill was to try to put a spark back into the economy in the State of Nevada. We have only 120 days in the Legislature, and we have a shortfall in the budget. The Governor has submitted a budget to us that cuts over 50 percent into some of the higher education and K-12 budgets. We are trying to do what we can to put things back. As you know, the unemployment rate in the State of Nevada is around 10 percent. This is a spark that I am trying to do, with the help of the State Treasurer, so we can put people in Nevada back to work first.

Chair Kirkpatrick:

We like it better when you speak from the heart. Are there any questions from the Committee members? [There were none.]

Assemblywoman Spiegel:

I think this bill is fabulous.

Assemblyman Munford:

I will say better than that; it is spectacular.

Assemblyman Settlemeyer:

I appreciate the intent of the bill in sparking businesses. I wish we could amend it and just have all small businesses. The other concept, in section 3, subsection 1, under the Small Business Administration ([Exhibit U](#)), what do you think about a monetary limit being tacked on? In other words, businesses that do not employ more than 50 people and do not have more than \$5 million in assets—try to limit it to small businesses. I was just wondering what your thoughts were on that.

Assemblyman Arberry:

Yes, that is a great concept because we want to make sure that we narrow it down and that it is not overburdened. The banks will be dealing with this issue, and they deal with the financial aspect, in getting all the information they need to make a business a credible business. I will leave that up to the State Treasurer and also to the lending institutions to make that decision.

Assemblyman Settelmeyer:

Then, out of humor, maybe we should include consultants to state jobs.

Chair Kirkpatrick:

I was just thinking that this is a good place for your Small Business Ombudsman bill. Are there any other questions? [There were none.] Is the State Treasurer going to come up and speak more about the bill?

Assemblyman Arberry:

Yes, she will go through the details of the bill and how her office is going to handle it, because we have made some changes.

Kate Marshall, State Treasurer:

This program is not reinventing the wheel. Other states—Washington, Missouri, Ohio—do this program and they do it very successfully. When we were working with Assemblyman Arberry, we were in contact with those states, finding out how the program works and what the good, the bad, and the ugly were about the program. It is almost all good. What happens is, we would take \$20 million from the state's general portfolio and make it available to invest in banks, in CDs.

Here is how it would work. A bank would identify a small business. This would include minority-owned businesses, small businesses, women-owned businesses, and businesses that were pursuing renewable energy goals. The bank would identify a small business that needed a loan, and they would do all the due diligence. The risk of the ability of the small business to pay back the loan is between the bank and the small business. There is no risk to the state. The state does not participate in that. The bank and the small business would then come to the state and say, we would like the state to invest X amount of money in a CD, and that money would be used to loan to the small business. So, a small business would like a \$1 million loan. They meet the requirements of the bank, the bank and small business come to the State Treasurer's Office, and then we are willing to put a \$1 million CD with that bank.

Here is the good part: I will take less interest, up to 2 percent, on that CD. The amount less interest I take is directly passed through to the small business. Say I take 1 percent less interest; the small business gets a loan at 1 percent less than what they would have otherwise gotten. In other states with this program, they are required to report back to their legislators on how many jobs are created and how much sales tax revenue is generated. They have done those reports, and they are phenomenal. Obviously, those programs are larger than what we are trying to start with here, but it does create jobs and it does generate revenue for the state. Although I would have to make sure you understood that I would be taking less interest, a cut of up to 2 percent on a CD, and that would be passed through to the small business. The idea is that it then generates jobs and revenues which come back to benefit the state in a greater amount. This \$20 million is large to you and me but very small in terms of the state's general portfolio.

This would be a pilot program, so we could then see next session how we did with it. We do believe, at this size, we would not have to increase personnel in our department. Notice, I said "at this size." When you get to a much larger program, like Washington or Missouri or Ohio have, they have an individual who is solely responsible for administering that program in their treasurer's office. I believe in checks and balances. Although the Treasurer's Office would identify whether the bank and the business meet certain qualifications, it goes before the Board of Finance for final approval. You do not have the entity in charge of the money finally approving the project. We need to work with the banks on the formula to identify the interest rate and the like. They have said they will work with us to try to figure out these details.

Washington's program is a lot bigger than ours. This last fiscal year they loaned out \$61 million. The average loan amount was \$353,000, and they have 27 banks participating. Their reports state, if you include both full-time and part-time jobs, that their program has generated 1,478 jobs. We could use that in Nevada. They also believe that it has created a tax base of about \$87 million. Missouri's value of loans has been about \$200 million, and they have about 50 banks participating. You would get the same kind of economies of scale benefits. What kind of interest rates are we getting today? It is somewhere between 2 and 2.6 percent. It is low, but that is what you are getting today. How much money does the general portfolio have? It has \$1.9 billion. How much money does the General Fund have? It has \$356 million, and that is low, by the way.

Chair Kirkpatrick:

Are there any questions? [There were none.] Say the business does really well. When they pay off the bond, does the money come back into the state? How does that work? Does the state keep the money? Is it similar to a perpetual fund, where it is always paying itself back and being able to be used?

Kate Marshall:

Say I put in a CD with that bank for \$1 million for X number of years and it earns interest. I take that interest, and if the bank gets another small business, I can loan money, and I will loan up to \$20 million, so there is a cap. I will never have more than \$20 million in CDs with this program. Our CDs are not contingent on the failure or success of that small business. But the amount of money that we put in the bank is directly related to the amount of money they loan the small businesses under this program.

Chair Kirkpatrick:

When you make your money, because you took the risk, does that money just go into your regular budget or does it go back in to make this program bigger?

Kate Marshall:

It goes back to the General Fund, as part of our interest distribution.

Chair Kirkpatrick:

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

Bill Uffelman, President and CEO, Nevada Bankers Association, Las Vegas, Nevada:

I am here to assist the Treasurer in making this program work and to assist Mr. Arberry in getting his bill through. I have had conversations with some of the banks, and we think that this will work. Obviously, there are some details to work out. There are Certificate of Deposit Account Registry Service (CDARS) products, for example. When the Treasurer puts \$1 million in the bank, the Federal Deposit Insurance Corporation (FDIC) covers only \$250,000, but because of things like CDARS we can spread it across a network of banks, so the state CD is fully insured. Regarding the backing for that loan, with the notion that there was a \$1 million loan and that the CD was purchased, the reality is that once the bank has \$1 million of deposits, because of the leverage effect, they can actually lend more than that. You would have a guarantee that at least \$1 million of your minority loan was made, and there is an additional opportunity to lend, based on the fact that the bank has that deposit in hand, for whatever period of time the Treasurer chose to purchase that CD. The state

gets the interest, and the state benefits as a whole, because there are additional business loans made and additional lending to people in Nevada. I think the program has a lot of merit, and the Nevada Bankers Association and its members are in support of it.

Kate Marshall:

Madam Chair, you have in front of you the amendment that says "Assembly Bill 451—Assemblyman Arberry," and it shows sections 1 through 8 ([Exhibit U](#)). That is the amendment that we are offering; it creates what I am going to call a CD Link Program. I am sorry I did not say that earlier.

Chair Kirkpatrick:

Is there anyone else who would like to testify in support of A.B. 451?

Jan Gilbert, Coordinator, Progressive Leadership Alliance of Nevada, Carson City, Nevada:

I want to support both the sponsors of the bill. I think this is a tremendous program. I have seen international programs working very similarly, giving out much smaller amounts of money. In some Third World countries, a woman can have a small business and repay that loan, and it just keeps circulating the wonderful things. I want to be on the same side as Mr. Uffelman on this because we are not always on the same side.

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

We were here to testify on the first draft of this bill and did not see the amendment until just a bit ago, but we do support the concept of economic diversification for the State of Nevada.

Robin Reedy, Deputy Director, Department of Business and Industry:

Dianne Cornwall, our Director, had signed in as supporting the original language. We are going to need time to review the amendment, but, again, we are in support of the concept.

Chair Kirkpatrick:

Are there any questions? [There were none.] Is there anyone else who would like to testify in support of or in opposition to A.B. 451? [There was no one.] Is there anyone who is neutral on A.B. 451? [There was no one.]

Ms. Reedy, we are planning to put this on work session tomorrow, so could you let me know later this afternoon if you have any questions with the amendment, so we could address them? We will now close the hearing on A.B. 451. Is there anything from the public? [There was nothing.] With that, we will adjourn until 9:30 a.m. tomorrow.

Meeting adjourned [at 10:38 a.m.].

RESPECTFULLY SUBMITTED:

Michelle Smothers
Committee Secretary

Denise Sins
Transcribing Secretary

APPROVED BY:

Assemblywoman Marilyn K. Kirkpatrick, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: April 8, 2009

Time of Meeting: 8:39 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 225	C	Ryan Beaman	Prepared testimony
A.B. 225	D	John Wilson	Prepared testimony, Copy of Strike Notice, Copy of a letter of intent
A.B. 225	E	Alejandro Ocampo	Prepared testimony
A.B. 225	F	Jesse Chmielewski	Prepared testimony
A.B. 225	G	Samuel P. McMullen	Proposed amendment
A.B. 119	H	Susan Scholley	Work session document
A.B. 119	I	Susan Scholley	Mock-up proposed amendment
A.B. 352	J	Susan Scholley	Work session document
A.B. 360	K	Susan Scholley	Work session document
A.B. 397	L	Susan Scholley	Work session document
A.B. 397	M	Susan Scholley	Conceptual amendment
A.B. 415	N	Susan Scholley	Work session document
A.B. 478	O	Susan Scholley	Work session document
A.B. 478	P	Susan Scholley	Mock-up proposed amendment
A.B. 483	Q	Susan Scholley	Work session document
A.B. 492	R	Susan Scholley	Work session document

Assembly Committee on Government Affairs

April 8, 2009

Page 37

A.B. 492	S	Susan Scholley	Mock-up proposed amendment
A.B. 49	T	Susan Scholley	Work session document
A.B. 451	U	Kate Marshall	Amendment