

MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS

Seventy-Fifth Session
May 28, 2009

The Committee on Ways and Means was called to order by Chair Morse Arberry Jr. at 10:26 a.m. on Thursday, May 28, 2009, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/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:

Assemblyman Morse Arberry Jr., Chair
Assemblywoman Sheila Leslie, Vice Chair
Assemblywoman Barbara E. Buckley
Assemblyman Marcus Conklin
Assemblyman Mo Denis
Assemblywoman Heidi S. Gansert
Assemblyman Pete Goicoechea
Assemblyman Tom Grady
Assemblyman Joseph (Joe) P. Hardy
Assemblyman Joseph M. Hogan
Assemblywoman Ellen Koivisto
Assemblywoman Kathy McClain
Assemblyman John Ocegüera
Assemblywoman Debbie Smith

STAFF MEMBERS PRESENT:

Mark Stevens, Assembly Fiscal Analyst
Tracy Raxter, Principal Deputy Fiscal Analyst
Linda Blevins, Committee Secretary
Vickie Kieffer, Committee Assistant

Following the call of the roll, Chair Arberry adjourned the meeting of May 27, 2009. Chair Arberry recessed the meeting and reconvened at 9:15 p.m.

Chair Arberry requested the Committee discuss Senate Bill (S.B.) 427 (R1).

[Senate Bill 427 \(1st Reprint\)](#): Revises provisions governing the Public Employees' Retirement System. (BDR 23-1290)

Brenda J. Erdoes, Legislative Counsel, Legal Division of the Legislative Counsel Bureau, presented a review of Senate Bill (S.B.) 427 (R1) with amendment no. 968 (the adopted Senate amendment) attached as [Exhibit C](#).

Ms. Erdoes explained that the bill was organized into three basic parts. The first part of the bill had to do with the Public Employees' Benefits Program (PEBP), and the second part with the Public Employees' Retirement System (PERS) and collective bargaining.

Ms. Erdoes directed attention to section 1 on page 4 of the exhibit. Section 1 was a declaration which explained the proposed PEBP changes in response to the severe economic crisis in the state.

Ms. Erdoes moved to section 10 on page 14. This section applied to local government retirees initially hired on or after January 1, 2010, who had continuously participated in the PEBP since retirement. The local government must pay the same subsidy as the state paid its retirees if the retiree had at least 15 years of service or 5 years of service and a disability payment from PERS or a retirement program for professional employees offered by or through the Nevada System of Higher Education (NSHE).

Section 11 of the bill eliminated the subsidy for coverage under the program for state retirees (hired on or after January 1, 2010) with less than 15 years of service, with the exception of disabled retirees. Those persons who retired with at least 15 years of service must have had continuous coverage in the program since their retirement date to qualify for the subsidy.

Ms. Erdoes noted that most of the PEBP changes were contained in the declaration in section 1 of the bill.

Ms. Erdoes directed attention to section 1.8 on page 5 of the attachment. This section reduced the PERS retirement increases for retirees who became members of PERS on or after January 1, 2010, so that the increase in benefit caps at 4 percent at the 12th anniversary and each year thereafter.

Section 2 of the bill revised the type of call-back pay that may be considered compensation for employees who became members of the system on or after January 1, 2010. Call-back pay as compensation was limited to a situation in which a member returned to duty within 12 hours after regular working hours to respond to an emergency involving clear and imminent danger as declared by the governing body or chief administrative officer of the public employer.

Ms. Erdoes stated that the provisions in section 1.7 also applied to members of the system who joined on or after January 1, 2010. All of the provisions that applied to PERS also applied to people who became members on or after January 1, 2010.

Sections 3, 4, and 5 made changes to the PERS to retain the contribution rate for new members of the system after January 1, 2010. Ms. Erdoes noted that section 7.1 provided that the monthly retirement allowance for each member whose effective date of membership was on or after January 1, 2010, would be determined by multiplying a member's average compensation by 2.5 percent for each year of service, which was a change from the 2.67 percent for each year of service earned on or after July 1, 2001, under current law.

Ms. Erdoes described section 7.4 that contained an "anti-spiking" mechanism for a member whose effective date of membership was on or after January 1, 2010. The compensation was limited to 10 percent per year for the two years immediately preceding the top three years on which the compensation was figured. An increase may not be more than 10 percent per year for each of those years when compared to the previous years.

Chair Arberry asked whether the bill covered a situation where a retired employee returned to the state system. He wondered how that employee would be affected by the changes in the PERS.

Ms. Erdoes responded that the bill only contained provisions for individuals who became members of the system on or after January 1, 2010.

Assemblyman Goicoechea understood Ms. Erdoes to mean that as long as an individual was vested with five years in the PERS, had a break in service, and returned to the system, that individual would be qualified as a pre-January 1, 2010, hire.

Ms. Erdoes confirmed Assemblyman Goicoechea's understanding of the bill. The term "first becoming a member after January 1, 2010," would cover that situation. The individual would be covered whether or not he was vested.

The third part of the bill—the local government collective bargaining issue—was reviewed by Ms. Erdoes. She explained that section 13 of the bill required that a new, extended, or modified collective bargaining agreement be approved by the governing body of the local government employer at a public hearing. Additionally, the chief executive officer of the local government must provide a report on the fiscal impact of the agreement.

Section 14, according to Ms. Erdoes, paralleled sections 15 and 16 and applied to local government employees other than police, firefighters, and teachers. The provisions of this bill continued the existing practice. Section 14 amended the local government employee language. The same provisions were changed in the sections relating to police and firefighters in section 15 and teachers in section 16. Section 14 contained a requirement that before a local government collective bargaining dispute could be submitted to a fact-finder, the parties to the dispute must have failed to reach an agreement after at least six meetings. The section also deleted the option for a dispute involving a bargaining unit of less than 30 persons to submit a dispute without going to mediation.

Section 14 also required the local government to hold an open public meeting within 45 days after the receipt of a report from the fact-finder to discuss the report and the overall fiscal impact of the decision. Ms. Erdoes pointed out that the section also provided that the fact-finder must not be asked to discuss the decision during the hearing. After determining the financial ability of the local government to grant monetary benefits, the fact-finder must, as appropriate, consider compensation of the local government employees, both in and out of Nevada. The fact-finder must consider funding for the current year unless the parties agreed to a multi-year contract, in which case they must consider the ability to pay over the term of the contract.

As indicated by Ms. Erdoes, sections 15 and 16 brought forth the provisions to disputes between police and firefighters and their employers and disputes between school district employees and their employers.

Chair Arberry opened the floor to public comments or questions. There being none, Chair Arberry requested additional information on the processing of S.B. 427 (R1).

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division of the Legislative Counsel Bureau, explained that the Committee had not yet received the bill and, therefore, could not vote on the bill. The bill was presented to the

Committee only for comments, questions, and discussion. The bill would be placed on the General File for a vote in the Assembly.

Assemblywoman Buckley commented that the bill was in the process of being printed; however, she felt it was important for a bill of this magnitude to be presented to the Committee and for the Committee and the public to have the opportunity to ask questions and provide comments.

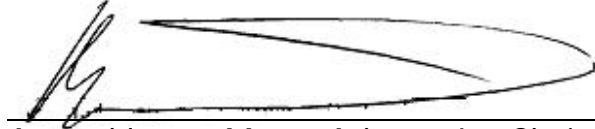
Chair Arberry closed the hearing on S.B. 427 (R1).

There being no further business, Chair Arberry adjourned the hearing at 9:27 p.m.

RESPECTFULLY SUBMITTED:

Linda Blevins
Committee Secretary

APPROVED BY:



Assemblyman Morse Arberry Jr., Chair

DATE: _____

<u>EXHIBITS</u>			
Committee Name: <u>Committee on Ways and Means</u>			
Date: <u>May 28, 2009</u>		Time of Meeting: <u>10:26 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 427	C	Brenda J. Erdoes, Legislative Counsel, LCB	Proposed amendment