

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-fifth Session
June 1, 2009**

The Senate Committee on Finance was called to order by Cochair Bernice Mathews at 9:15 a.m. on Monday, June 1, 2009, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Bernice Mathews, Cochair
Senator Steven A. Horsford, Cochair
Senator Bob Coffin
Senator Joyce Woodhouse
Senator William J. Raggio
Senator Dean A. Rhoads
Senator Warren B. Hardy II

GUEST LEGISLATORS PRESENT:

Senator Shirley A. Breeden, Clark County Senatorial District No. 5
Senator Dennis Nolan, Clark County Senatorial District No. 9
Senator Randolph Townsend, Washoe County Senatorial District No. 4
Assemblyman Joe Hardy, Clark County Senatorial District No. 20
Assemblywoman Marilyn Kirkpatrick, Assembly District No. 1
Assemblywoman Debbie Smith, Assembly District No. 30

STAFF MEMBERS PRESENT:

Brian M. Burke, Principal Deputy Fiscal Analyst
Brenda J. Erdoes, Legislative Counsel
Gary L. Ghiggeri, Senate Fiscal Analyst
Bradley A. Wilkinson, Chief Deputy, Legal Division
Patricia O'Flinn, Committee Secretary

OTHERS PRESENT:

Edgar J. Roberts, Director, Nevada Department of Motor Vehicles
Debbie Wilson, Research and Development Division, Nevada Department of Motor Vehicles
Izzy Hernandez, PMP, Managing Partner, RZ & Associates, LLC
Robert Ruckman, State Commander, America First Leadership
Lee Rowland, Northern Coordinator, American Civil Liberties Union of Nevada
Russell M. Rowe, Representative, Nevada Development Authority
Robert A. Ostrovsky, President, Ostrovsky and Associates Government Affairs Consultants
Steven T. Polikalas, Representative, Northern Nevada Urban Development Company
Michael Alonso, Representative, Harrah's Entertainment, Inc.
Robert F. Joiner, AICP, Government Affairs Manager, City of Sparks

Senate Committee on Finance
June 1, 2009
Page 2

Alfredo T. Alonso, Representative, Nevada Land, LLC
Leslie Pittman, Representative, City of Reno
Brian O'Callaghan, Representative, Las Vegas Metropolitan Police Department
Michael J. Pomi, Director, Department of Juvenile Services, Washoe County

COCHAIR MATHEWS:

The Senate Committee on Finance will come to order. We will open the hearing on Senate Bill (S.B.) 52.

SENATE BILL 52: Revises provisions relating to drivers' licenses and identification cards. (BDR 43-391)

EDGAR J. ROBERTS (Director, Nevada Department of Motor Vehicles):

We would like to reiterate to the members of the Committee that S.B. 52 contains proposed changes to the *Nevada Revised Statutes* (NRS) granting the Department of Motor Vehicles (DMV) authority to enhance the issuance process for driver's licenses and identification cards. There are a few differences between the cards currently issued and the enhanced issuance process. One is the requirement for the verification and placing of the physical address on the cards, with exceptions as defined in regulations. The second is the requirement for the holder of these documents to present evidence of lawful status to be verified by the DMV. Driver's licenses and identification cards issued to lawful immigrants will expire on the date their immigration status expires.

The remaining changes in S.B. 52 include items such as clean-up language regarding medical indicators, affidavits, and requirements for surrendering out-of-state driver's licenses. Prior to central issuance, the Nevada driver's license or identification card had only five security features. As of January, the new driver's licenses and identification cards have 17 security features. The added security comes from changes in the process of issuance.

COCHAIR MATHEWS:

I understand there will be two types of driver's licenses or identification cards. What will the new type be called?

MR. ROBERTS:

A name has not been assigned. We have stricken the language that references the Real ID Act from S.B. 52. The DMV is requesting the ability to have a secure driver's license or identification card.

COCHAIR MATHEWS:

There will be two categories of these documents: one can be used to board an airplane for domestic flights as well as to drive around town; the other can only be used for driving around town. I understand there is a possibility the physical address will be on these licenses, but there is a mechanism in regulation to request it not be printed on the face of the document. There are a number of people in the population who have valid reasons for not wanting their addresses so readily available.

DEBBIE WILSON (Research and Development Division, Nevada Department of Motor Vehicles):

Regulations will define the requirements for resident address. If an applicant chooses not to have the resident address on the driver's license, there will be an affidavit process and the DMV will print an alternate address on the card.

Senate Committee on Finance
June 1, 2009
Page 3

COCHAIR MATHEWS:

Would that still be acceptable identification for boarding an airplane?

MS. WILSON:

Yes.

SENATOR RHOADS:

Will we get to keep the present number we have on our driver's licenses?

MS. WILSON:

Driver's license numbers will not change when the card is renewed.

COCHAIR HORSFORD:

For the record, please answer some of the questions that were raised in the Senate Committee on Energy Infrastructure and Transportation last night.

MS. WILSON:

The current driver's license or identification card is valid for air travel, even when the changes are implemented.

SENATOR RAGGIO:

Is that true with this one? It is pretty old.

MS. WILSON:

That card is valid until it expires.

MR. ROBERTS:

One of the questions asked last night was about a national database. There is no national database. The State of Nevada keeps its information in-State and secure within the Department.

COCHAIR MATHEWS:

Is that true even with the federal requirements?

MR. ROBERTS:

Yes.

COCHAIR MATHEWS:

Some people have expressed concern that this is the forerunner to a national identification card.

MS. WILSON:

Identification cards and driver's licenses will always be issued at the State level. All of the information collected for the issuance of those documents will be held and secured at the State level. There is no intention of creating a national driver's license or identification card.

SENATOR COFFIN:

Can you bring me up to date on the difference between a passport card and a passport?

IZZY HERNANDEZ, PMP (Managing Partner, RZ & Associates, LLC):

The passport is allowed for all travel: land; air; and sea. The passport card is only allowed for land and sea travel between the United States and Canada, the

Caribbean and Mexico. If you fly into any other country, even Canada or Mexico, you must have a passport.

SENATOR COFFIN:

You must have a passport to fly anywhere internationally. We will have two options for driver's licenses. It seems needlessly complicated. People are afraid of some sort of national database when one already exists. The original federal legislation for a Real ID card was intended to provide security against terrorists. Now that the requirements have been scaled back due to people's fears about a national database, how will fraudulent documents be detected?

MR. ROBERTS:

The Nevada DMV has already increased its security requirements for the driver's licenses and identification cards it issues.

SENATOR COFFIN:

We will still have a secure document.

COCHAIR MATHEWS:

In all fairness, we are already in a national database: even newborns must now have a social security card. Are there any other questions from the Committee? Is there anyone else who would like to testify? Is there someone in Las Vegas who wants to testify?

ROBERT RUCKMAN (State Commander, America First Leadership):

I am not a radical terrorist. I am a semi-retired senior vice-president with a major consulting company. I am a former vice president with Bank of America in Information Technology. I was also a vice president in consumer and corporate lending. I have an extensive background in smart card technology. This technology is not intended to stop with a simple smart card.

As of June 7, 2006, and recently reaffirmed through a press release from the Institute for Information Infrastructure Protection at the Dartmouth College of Public Affairs, a consortium of 17 universities is working on disparate pieces of this, to include your medical data, your political party affiliation, and the locations and addresses of all of your relatives. That is one piece of the database that they have contracted to build. They have contracted this with the banks. I can verify this because I worked on a piece of this project which would consolidate all of your banking information and make it available in phase two of the Real ID and Radio Frequency Identification (RFID). This program is also intended to be translated into an RFID. If you look at the 2009 mandate, every vehicle you purchase will have an RFID that transmits from your car. It is in the tires. You can check that information with any tire manufacturer. This information is also going to be transmitted to sending and receiving units along all the highways. We have been told by the Nevada Department of Transportation (NDOT) people that there is a test platform already here in Las Vegas.

To what extent is there a national database? Yes, there is a social security database for a very particular use. When you expand this to include all of these other fields, and each of the 17 universities is building a particular database on its own without contacting any of the other universities, this is very similar to how they built the atomic bomb. The intent is the same here. I have worked on these projects. I was sending information to a variety of Senators on some of

the research I have done over the last 15 weeks. America First Leadership is non-partisan. We have found these databases are being funded by the Department of Homeland Security, but the taxpayers of Nevada are going to have to pay for this RFID implementation. Our initial research shows the cost could be upwards of \$500 million in a state the size of Nevada. These are issues that are not being discussed.

I understand what the NDOT has brought to the table, but there are far more issues that transcend that. We have tremendous concerns at America First Leadership that this is an invasion of our privacy. I find it interesting we would logically have an issue with seat belt laws because you could profile citizens. Yet, you are considering passing a bill that would absolutely lead to super-profiling and an intrusion into everybody's privacy. We say these things are secure, but there was a project at the Massachusetts Institute of Technology where for \$600 the students were able to read these IDs and download and break the security codes in less than one semester. The German company that sold that to the Boston Transit Authority said on the record the security was unbreakable. The students were arrested by the FBI at the behest of the German company with no input from the United States and held until it was determined there was no malicious intent, it was part of a school project and the professor was aware of it.

COCHAIR MATHEWS:

Mr. Ruckman, you have good information and the Committee appreciates your testimony, but we must limit the time of testimony. There are other people who are waiting. Can you get a copy of your testimony to the Secretary?

MR. RUCKMAN:

I have tried to send information about S.B. 52 through my account, but it was blocked.

COCHAIR MATHEWS:

You do not have to send it through your account. There is staff in the building in Las Vegas who can get it to us.

MR. RUCKMAN:

I will get all of the information and come back.

COCHAIR MATHEWS:

We only need the statement you are making today for the record.

MR. RUCKMAN:

We adamantly oppose this bill.

COCHAIR MATHEWS:

Will the next person who wants to testify against S.B. 52 please come up.

LEE ROWLAND (Northern Coordinator, American Civil Liberties Union of Nevada):
The amendment still incorporates references to the Real ID Act on page 17 of [Exhibit C](#), (original is on file in the Research Library). We oppose S.B. 52 because it is Real ID. The question I have for those presenters who have stated this is not Real ID, and references to the Real ID are being removed, is what precisely is the federal mandate that requires us to pass this? There is none. There is no such thing as Pass ID. There are competing versions of legislation in

the U.S. Senate and House of Representatives currently. The reason this legislation is being debated is the opposition of many states to the implementation of the Real ID. A few weeks ago, on a call with investors, the head of L1 Equity Groups, a company that will stand to be a key beneficiary of private contracts if Real ID or Pass ID is passed, stated on a call with earners that since Real ID is not working, we will have to change the name. We will call it an enhanced or distinguished or advanced ID. That is the reason there is no fancy name for it yet. The private entities that stand to benefit from creating these cards have not yet come up with an Orwellian euphemism. The only change in the amendment made available to the public last night was the implementation date. It previously said this will become effective either in 2011 or when the deadlines for Real ID are required by the federal government. The amendment removes that second paragraph. The bill will now become effective in 2010, regardless of what the federal government does. No state is currently in compliance with Real ID. There is no state that is in compliance with Pass ID because Pass ID does not exist. Why would Nevada rush to be the first state to be in compliance with a nonexistent federal mandate?

The state of Oregon began to comply with Real ID, but stopped two days ago because it proved too costly. The requirements for scanning copies of all identity documents and retaining them in electronic form were more expensive than they had anticipated. On May 29, 2009, both houses of the Oregon Legislature passed a bill stating that unless and until the federal government provides specifics and more grants become available, we cannot do this. This makes Oregon the twelfth state to actively implement a resolution forbidding the state from enacting the provisions of Real ID. It is deeply ironic that Nevada, with its libertarian traditions, would accept a national mandate from unelected appointees in the Department of Homeland Security, who have no control over the final regulations coming out of Congress. The current enactment date for Real ID is 2017. The date that has been proposed for the Pass ID Act, which is currently working its way through Congress, is 2021. This is not an emergency. There is no federal legislation that requires this at the present time.

If the State of Nevada has security needs, we should imitate what was done in Arizona: create a coalition of law enforcement entities to determine if enhanced security features are required for the Nevada driver's license and identification cards and then implement their suggestions. The Pass ID bills that are being considered include provisions for states to receive waivers if their security technology meets those minimum standards. Arizona has essentially been told they will be granted that waiver.

You heard Mr. Roberts testify that the Nevada system now has 17 security features. That is the same number of features Arizona has adopted. The Department of Homeland Security is panicking because all of the states have opted out and they are desperately looking for an ally. I do not think Nevada is the right fit. Of all the states in this nation, it seems irresponsible for us to be the first state to comply with a non-existent federal mandate so expensive that Oregon attempted in good faith to enact it and stopped after one year. I have spoken with many members of the public in the last 24 hours. I have heard from people of every political persuasion, from every part of the State who are frightened and do not understand why this legislation is being passed. The public education to explain it has not occurred.

COCHAIR HORSFORD:

When we heard the bill originally in March, I did not like it. Since that time, my staff has gathered additional information from the federal administration, including Secretary of Homeland Security Janet Napolitano. We have also had the Legislative Counsel Bureau Legal Staff review some of the provisions in the bill. The document titled, Summary of the Changes in the Draft Providing for Additional Security in States' Identification Act of 2009 (PASS ID), will be made part of the record of today's hearing ([Exhibit D](#)). The implementation date, the cost of the database to the states, the removal of information-sharing mandates, the validation of documentation, the photo requirements, the copy retention and the other issues that have come up in discussions about this measure are addressed in [Exhibit D](#). It is a draft created by the federal administration. I do not disagree with many of the comments made by Ms. Rowland; there is not a current requirement, the Congress is in the process of revising the Act. The expectation is the process will move forward. We must position Nevada to be prepared as these federal regulations are adopted so the State is not behind. It will be better to be prepared, to have the time to inform the public of what this means.

SENATOR HORSFORD MOVED TO AMEND S.B. 52 WITH AMENDMENT 974 AND TO DO PASS THE BILL.

BRADLEY A. WILKINSON (Chief Deputy, Legal Division, Legislative Counsel Bureau):
The reference to the federal Real ID Act can be removed to be consistent with the other changes in the amendment.

SENATOR RAGGIO:
Will that change also be made in the digest?

MR. WILKINSON:
The digest is not part of the statute.

SENATOR RAGGIO:
I understand that, but it would be good to change the digest as well because that is what most people read.

MR. WILKINSON:
We certainly could make that change as well.

COCHAIR MATHEWS:
On page 17 of [Exhibit C](#), it says pursuant to Section 5. Is there a reference to the Real ID in Section 5?

MR. WILKINSON:
Section 5 pertains to printing principal addresses on the card; there is no reference to the Real ID Act.

SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Senate Committee on Finance
June 1, 2009
Page 8

COCHAIR MATHEWS:

We will close the hearing on S.B. 52.

We will open the hearing on Assembly Bill (A.B.) 317.

ASSEMBLY BILL 317 (2nd Reprint): Provides for the disbursement of a portion of the proceeds of the state tax imposed on certain businesses to regional organizations for economic development. (BDR 32-616)

RUSSELL M. ROWE (Representative, Nevada Development Authority):

You should have before you proposed amendment 5542 to A.B. 317 ([Exhibit E](#)). The thrust of this amendment is to clarify the revenue cap and bring it into conformance with the budget provisions for the next biennium to ensure A.B. 317 is revenue neutral. The amendment also adds reporting requirements to the Interim Finance Committee (IFC) and adds a two-year sunset review to ensure the program is working properly.

COCHAIR HORSFORD:

The amendment also includes the smaller rural development authorities on page two of [Exhibit E](#).

MR. ROWE:

That is correct; the rural development authorities are included in the program. The key for the participation of the rural development authorities, as stated on page two of [Exhibit E](#), is that "All other eligible organizations must not exceed the cumulative sum of \$1,000,000, without regard to any other amounts allocated or appropriated by the Legislature to those eligible organizations for that fiscal year." The Nevada Development Authority (NDA) and the Economic Development Authority of Western Nevada (EDAWN) each have a \$1-million cap, but any General Fund allocations or other appropriations would be considered part of the cap for these latter two organizations.

COCHAIR MATHEWS:

I do not know if this amendment made this any clearer to me. These groups are already receiving money, correct?

MR. ROWE:

Yes, they are receiving General Fund revenue.

COCHAIR MATHEWS:

I still do not understand how this is better.

MR. ROWE:

The rural development authorities currently receive approximately \$1.9 million a year in General Fund allocations.

COCHAIR MATHEWS:

Where would this money go if it did not go the development authorities?

MR. ROWE:

Assuming a development authority recruited a company into Nevada the Modified Business Tax (MBT) paid by that company would all go into the General Fund.

Senate Committee on Finance
June 1, 2009
Page 9

COCHAIR MATHEWS:

Is the purpose of A.B. 317 to reserve 50 percent of the MBT for the development authority directly?

MR. ROWE:

If a development authority brings a new company into Nevada, a portion of the MBT from that new company would go to the development authority that recruited it.

SENATOR RHOADS:

Why is it limited to counties with populations of 100,000 or more?

MR. ROWE:

The 100,000 population limitation applies only to the NDA and EDAWN. The rural development authorities which exist in counties where the population is less than 100,000 would be able to receive General Fund revenues even if they bring in new businesses.

COCHAIR MATHEWS:

The accountability will be to the IFC?

MR. ROWE:

Yes. The IFC will have oversight of the program and the ability to shut it down if necessary.

COCHAIR MATHEWS:

Are there any other questions from the Committee? Is there anyone here who would like to speak about A.B. 317? Seeing none, I will entertain a motion.

SENATOR COFFIN MOVED TO AMEND A.B. 317 WITH AMENDMENT 5542 AND DO PASS.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR MATHEWS VOTED NO.)

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COCHAIR MATHEWS:

We will close the hearing on A.B. 317.

We will open the hearing on S.B. 113. We heard this bill on April 6.

[SENATE BILL 113 \(1st Reprint\)](#): Creates statutory subcommittees of the Advisory Commission on the Administration of Justice. (BDR 14-626)

SENATOR STEVEN A. HORSFORD (Clark County Senatorial District No. 4):

Proposed amendment 5519 ([Exhibit F](#)) to S.B. 113 contains one change to the bill. On page 4 of [Exhibit F](#) "Attorney General" has been replaced with "Director of the Legislative Counsel Bureau."

COCHAIR MATHEWS:

Does this change take care of the concerns this Committee had about the fiscal note?

Senate Committee on Finance
June 1, 2009
Page 10

SENATOR HORSFORD:
Yes.

COCHAIR MATHEWS:
Are there any further questions from the Committee?

SENATOR HORSFORD MOVED TO AMEND S.B. 113 WITH
AMENDMENT 5519 AND TO DO PASS.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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COCHAIR MATHEWS:
We will close the hearing on S.B. 113.

We will open the hearing on A.B. 397.

[ASSEMBLY BILL 397 \(2nd Reprint\)](#): Authorizes redevelopment agencies to
expend money to improve schools located within certain areas under
certain circumstances. (BDR 22-130)

ASSEMBLYMAN JOE HARDY (Assembly District No. 20):
Assembly Bill 397 came about when the redevelopment agency in Boulder City
tried to determine what could be done that would be helpful to education. It
became apparent that the borders of the redevelopment agency did not
encompass the schools. Given the challenges facing education in general, and in
light of the fact that redevelopment agencies take a portion of the incremental
monies they use and divert it for capital improvement projects, it seemed
reasonable to allow the redevelopment agencies to use their monies, or a
portion thereof, to put back into the educational system. The use of
redevelopment agency funds would be restricted to the grant processes like
those in the Community Education Advisory Boards. The intent of this bill is not
limited to Boulder City; any redevelopment agency would have the option to
provide money to schools that may not be within its boundaries.

ASSEMBLYWOMAN MARILYN KIRKPATRICK (Assembly District No. 1):
The Assembly Committee on Government Affairs heard A.B. 397 and agreed
the redevelopment agencies could be a good source for grant funding for our
schools. As the law is currently stated, however, it is not clear if schools are
within their jurisdictions. Proposed amendment 5561 to A.B. 397 contains
reporting requirements for the redevelopment agencies. These requirements will
assist the State in analyzing the way in which the redevelopment monies are
being expended and what portions are going to education.

SENATOR RAGGIO:
Dr. Hardy, as I understand it, A.B. 397 creates the opportunity for
redevelopment agencies to redirect some of the forthcoming funding to schools.
Is that correct?

ASSEMBLYMAN HARDY:

You are correct. The language that pertains to this is in Section 4, subsection 2(d) and Section 3. This permissive language does not require the agencies to do anything unless they so choose.

SENATOR RAGGIO:

Does this apply to existing redevelopment districts?

ASSEMBLYMAN HARDY:

Yes, it does.

SENATOR RAGGIO:

That is the objection I had to the bill that would create a stabilization fund for education: it would take money away from the purposes for which a redevelopment agency was created.

ASSEMBLYMAN HARDY:

The Boulder City redevelopment agency has \$3 million. The redevelopment agency has used its funding to restore historic buildings and facades, but does not have large-scale construction projects. Since we have taken money, in essence, from education and put it into a redevelopment agency, it seemed appropriate to allow the schools to benefit from the redevelopment agency in the community.

SENATOR RAGGIO:

Where have we taken money from education?

ASSEMBLYMAN HARDY:

In the incremental financing, money is not taken directly from education, but money is put aside for the redevelopment agency rather than being used for school support. This bill allows the redevelopment agency the option of using some of their funding for schools. Not all schools are created equal. The larger the school, the more opportunity for grants.

SENATOR RAGGIO:

Assembly Bill 397 would apply to all redevelopment agencies, not just the Boulder City agency. The original concept of a redevelopment district was to infuse an area suffering from blight or stagnation with capital for redevelopment. My concern with these proposals is they are taking money from development projects designed to create incentives for private investment. When you say it takes money from the schools, there was no money being raised for any purpose.

ASSEMBLYMAN HARDY:

I do not think the concept is to take money away from specific entities as much as it is to expand the options.

ASSEMBLYWOMAN KIRKPATRICK:

The definition of redevelopment has changed ten times in the last five Sessions. One of the cities in Clark County used redevelopment funds to upgrade restrooms and to sponsor a picnic in the park for the kids. We are trying to get our young people involved with the redevelopment process. If necessary, we can tighten the language of A.B. 397 to specify the grant must be spent within the redevelopment agency's area. Because the school in Boulder City is two

blocks outside the redevelopment area, they are fortunate enough to take historical walks, but they cannot utilize the redevelopment dollars. The initial thought was to set up a grant process so the redevelopment funds could be used for educational purposes related to redevelopment.

COCHAIR MATHEWS:

Are there any other questions? We have another amendment to A.B. 397.

SENATOR HORSFORD:

The primary purpose of proposed amendment 5545 to A.B. 397 is in Section 2 ([Exhibit G](#)). This language allows a redevelopment agency that is created by ordinance to be dissolved by ordinance. As you may be aware, Clark County recently mothballed its redevelopment agency so money could be reverted back to schools and other entities. Section 2, subsection 4 of proposed amendment 5545 states, "Upon termination of a redevelopment plan pursuant to this section, tax allocations pursuant to NRS 279.676 must continue until all obligations lawfully entered into before the termination of the plan have been repaid." This ensures current obligations are met while allowing future money to be made available to schools or other governmental entities. I urge the Committee's support of this amendment.

ASSEMBLYMAN HARDY:

I agree with proposed amendment 5545 to A.B. 397.

COCHAIR MATHEWS:

Are there any other comments on this amendment? We will hear another proposed amendment to A.B. 397.

ASSEMBLYWOMAN DEBBIE SMITH (Assembly District No. 30):

Before you is proposed amendment 5561 to A.B. 397 ([Exhibit H](#)). Related to redevelopment are the Sales Tax Revenue (STAR) bonds. For the last year, I have been working on this issue in an attempt to clarify some of the provisions in STAR bonds legislation regarding clarification, enforcement, reporting and transparency. There is legislation relating to these issues in another committee that is not moving forward. I have grave concerns about leaving this Legislative Session without addressing a fiscal responsibility of concern to the taxpayers and to local governments. Based on that, I offer this amendment to repeal the provisions of STAR bonds. If adequate enforcement and reporting about how STAR bonds are utilized, we should not extend these provisions beyond this Legislative Session.

COCHAIR MATHEWS:

Is this amendment essentially a cease and desist order?

ASSEMBLYWOMAN SMITH:

Yes, it is.

SENATOR RAGGIO:

People have been working to resolve these issues for a long time. Rather than amending A.B. 397, that negotiation process should be continued.

ASSEMBLYWOMAN SMITH:

I have brought the various stakeholders to the table. We have serious issues. There is a case in district court because of the lack of enforcement provisions

on these projects. There are no reporting requirements. Mayor Bob Cashell of Reno was here yesterday asking about the progress of the negotiations because the Reno City Council took a position on the bill. I do not want to return to my constituents and report there has been no action.

COCHAIR MATHEWS:

Does Mayor Cashell support the elimination of the STAR bonds as well?

ASSEMBLYWOMAN SMITH:

Although he does not support repealing it, Mayor Cashell supports making the corrections and passing the language previously agreed upon during negotiations.

COCHAIR MATHEWS:

The amendment this morning is to repeal.

ASSEMBLYWOMAN SMITH:

Yes, it is. I have been a supporter of the STAR bonds; I helped pass the legislation in 2005. But I cannot continue to support them if we cannot make the necessary corrections to the process.

SENATOR RAGGIO:

Are you saying that Mayor Cashell supports the repeal?

ASSEMBLYWOMAN SMITH:

No. Mayor Cashell and the Reno City Council support the clarifications and corrections proposed in other legislation that is stalled in another committee.

COCHAIR MATHEWS:

Does this amendment make those clarifications and corrections?

ASSEMBLYWOMAN SMITH:

No, it does not. It just repeals the provisions.

SENATOR COFFIN:

I know this has been described as a Washoe County creation, but does this affect the Clark County redevelopment agencies?

ASSEMBLYWOMAN SMITH:

This amendment would repeal the provisions allowing STAR bonds. It would affect anyone who wants to use the projects. It is only related to Washoe County inasmuch as that is where the STAR bonds projects have occurred. This is how the problems with the process were discovered.

SENATOR COFFIN:

What effect would the amendment have on the Las Vegas redevelopment agencies?

ASSEMBLYWOMAN SMITH:

It does not affect the redevelopment agencies per se, but it does affect the STAR bond district.

SENATOR COFFIN:

Does the City of Las Vegas have a STAR bond proposal?

SENATOR HARDY:

Is the amendment you are proposing today supported by the Sierra Nevada Chapter?

ASSEMBLYWOMAN SMITH:

No. I decided to present this amendment this morning when it became apparent the negotiation process in the other committee was breaking down.

COCHAIR MATHEWS:

Is there anyone here who would like to testify on this amendment?

ROBERT A. OSTROVSKY (President, Ostrovsky and Associates Government Affairs Consultants):

I am here to represent the City of Las Vegas. There is currently no authorized STAR bonds project in the City of Las Vegas. However, there is a project in the process of obtaining authorization for such a project. The project could be finalized before the existing law sunsets in October. The repeal of these provisions would foreclose the use of any other STAR bonds by the City of Las Vegas for redevelopment purposes.

COCHAIR HORSFORD:

Since the amendment indicates it is effective upon passage and approval, Chapter 271 of NRS would be eliminated.

MR. OSTROVSKY:

If this proposal is approved, it would eliminate the project currently in process.

STEVEN T. POLIKALAS (Representative, Northern Nevada Urban Development Company):

We have been working with Assemblywoman Smith to try to reach agreement to resolve her issues with STAR bonds and to preserve the ability to use STAR bonds. We have been in the STAR bond process with the City of Reno since executing a Memorandum of Understanding (MOU) on June 25, 2008. Under existing law, the STAR bonds sunset in October 2011. We oppose amendment 5561 to A.B. 397 and any amendment that does not preserve our right to use the STAR bonds as they were intended.

MICHAEL ALONSO (Representative, Harrah's Entertainment, Inc.):

We oppose amendment 5561 to A.B. 397. We have worked with Assemblywoman Smith throughout the session on A.B. 422. Harrah's announced a project two years ago for a large-scale arena on the Strip approximately behind the Imperial Palace. Repeal of the STAR bond capacity would effectively stop that project.

[ASSEMBLY BILL 422 \(1st Reprint\)](#): Makes various changes regarding the financing of local improvements with revenue pledged from sales and use taxes. (BDR 21-54)

COCHAIR MATHEWS:

Are there any questions from the Committee?

ROBERT F. JOINER, AICP (Government Affairs Manager, City of Sparks):

We have worked through the inception of this proposed bill with its sponsors. The City of Sparks along with the City of Reno had the first project using the

STAR bonds in the State. We have worked through many Sessions to bring this to fruition. It is a great tool. We are sensitive to the needs of others and the amendments that are proposed. We support the viability of this program going forward. To repeal the program now would be unconscionable.

COCHAIR MATHEWS:
Do you still have STAR bonds projects?

MR. JOINER:
We have one project that is not completed. We are very sensitive to any changes that would devalue that project in the minds of bondholders or future bond purchasers. We could have a future project. We do not envision one currently, but that could change.

MR. POLIKALAS:
In the last hearing in the Senate Committee on Government Affairs, the City of Reno testified they supported the amendment Mr. Alonso and I brought that would preserve the right for us to use STAR bonds for our projects.

ALFREDO T. ALONSO (Representative, Nevada Land, LLC):
We developed the baseball stadium in downtown Reno, as well as a large portion of the blighted area near the stadium. We have an MOU and studies have been completed. We are in the midst of this process as well. It is a significant concern that the STAR bonds would no longer be a tool.

COCHAIR MATHEWS:
For the record, have all of you testified with the other committees?

MR. ALONSO:
That is correct.

LESLIE PITTMAN (Representative, City of Reno):
The City of Reno and Mayor Cashell support the process we are working through on A.B. 422. We will continue those discussions. We are opposed to amendment 5561 to A.B. 397.

SENATOR COFFIN:
I have not been involved in this process, but the gist of it is about money for various parts of the State budget. I do not mind getting into this if it is critical, but why should I not be involved? If you do not want me to vote yes on this amendment, why not?

MS. PITTMAN:
STAR bonds are an essential economic development tool. Their implementation in the projects in the city of Reno has demonstrated their usefulness.

SENATOR RANDOLPH TOWNSEND (Washoe County Senatorial District No. 4):
The Chair of the Senate Committee on Government Affairs, Senator John Lee, received the bill regarding STAR bonds about four days ago. There was a hearing of substantial length. All the parties testified regarding their amendments and their concerns on three different occasions. Because of the complexities of the bill, the Subcommittee decided not to act on the bill. Senator Horsford requested an interim study on redevelopment districts and their impacts on communities that we supported. To repeal this entire section

comes as a bit of shock to me. To eviscerate this program now, in the toughest of economic times, is unconscionable. The program has a difficult threshold to meet. There are difficult hoops to jump through; the cities, school districts and the Commission on Tourism are all involved in the decision. I ask you not to process the amendment.

COCHAIR MATHEWS:
Are there any further questions?

SENATOR RAGGIO:
For the record, since Mr. Alonso, a member of my firm, has testified before the Committee, I will not participate in any vote on proposed amendment 5561 to A.B. 397.

SENATOR HORSFORD MOVED TO AMEND A.B. 397 WITH AMENDMENT 5545.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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SENATOR RAGGIO:
I do not understand Amendment 5561.

BRENDA J. ERDOES (Legislative Counsel, Legal Division, Legislative Counsel Bureau):

The intent of the underlying bill is not changed. The amendment is an additional component. Section 9 drives all the other changes in the amendment; it repeals Chapter 271A of NRS which is the Tourism Improvement Districts. Section 6 is a conforming change to contain the language that is removed in Section 9.

SENATOR RAGGIO:
Does this amendment repeal the STAR bonds?

MS. ERDOES:
Yes, this does repeal the STAR bonds.

SENATOR RAGGIO:
I thought there was another amendment.

SENATOR RHOADS MOVED TO AMEND AND DO PASS A.B. 397 WITH AMENDMENT 5561.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR RAGGIO ABSTAINED FROM THE VOTE.)

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COCHAIR MATHEWS:
We will close the hearing on A.B. 397.

We will open the hearing on S.B. 309.

[SENATE BILL 309 \(1st Reprint\)](#): Makes various changes to provisions governing motor vehicles. (BDR 43-533)

SENATOR DENNIS NOLAN (Clark County Senatorial District No. 9):
Senate Bill 309 originally dealt with the governance of motorcycles disguised as motor scooters. As the bill would not have passed on the Floor of the Senate, we were asked by Senator Shirley A. Breeden to use S.B. 309 to carry a piece of legislation dealing with text messaging while driving.

BRIAN O'CALLAGHAN (Representative, Las Vegas Metropolitan Police Department):
During the first hearing before this Committee, I did not have the supporting documentation for S.B. 309.

COCHAIR MATHEWS:

It is important legislation and those who will be returning next Session will be working with you over the interim to ensure passage of this legislation in the next Session.

COCHAIR HORSFORD:

I am committed to working with you on the original intent of the bill.

SENATOR SHIRLEY A. BREEDEN (Clark County Senatorial District No. 5):
Section 1 of proposed amendment 997 ([Exhibit I](#)) to S.B. 309 prohibits a person who is operating a motor vehicle from using a "telephonic device to write, send or read a text-based communication while the motor vehicle is in motion or stopped at an intersection that is controlled by a traffic-control signal." A violation results in a \$75 fine. This prohibition does not apply to any person who reads, selects or enters a phone number or name in a telephonic device for the purpose of making or receiving a call. Violations do not result in a moving traffic violation. The purpose of this bill is to bring about awareness to drivers who do not pay attention to the road. Passage of this amendment will result in a change to NRS 707.375 whereby state and local governments, which are generally prohibited from regulating the use of cell phones by drivers, can enforce the provisions of Section 1 of the amendment.

SENATOR RAGGIO:

I thought we voted this out of our house. Is this amendment different?

SENATOR BREEDEN:

The Senate passed the original bill, but it did not pass in the Assembly.

SENATOR RAGGIO:

If it died in the Assembly, why? Will they act differently if we send it over now?

COCHAIR MATHEWS:

There have been some changes, including the removal of the multiple levels of fines.

SENATOR HORSFORD MOVED TO AMEND S.B. 309 WITH PROPOSED AMENDMENT 997.

SENATOR COFFIN SECONDED THE MOTION.
THE MOTION CARRIED UNANIMOUSLY.

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COCHAIR MATHEWS:

We will close the hearing on S.B. 309.

We will open the hearing on S.B. 85. We heard this bill on March 4.

[SENATE BILL 85](#): Revises provisions relating to the financial support of regional facilities for the detention of children. (BDR 5-407)

MICHAEL J. POMI (Director, Department of Juvenile Services, Washoe County):

The proposed amendment to S.B. 85 ([Exhibit J](#)) clarifies the reimbursement for the camp rate and moves the effective date from July 1, 2009, to October 1, 2009.

COCHAIR MATHEWS:

What exactly does this bill do?

MR. POMI:

Senate Bill 85 creates the funding stream through the Governor's Office and sets the reimbursement rate to the counties at \$56.90 per bed per day for the detention of children in regional detention facilities.

SENATOR COFFIN:

Would this apply to all Youth Centers in the State?

MR. POMI:

Yes, it would.

COCHAIR HORSFORD:

Is this covered in the budget?

MR. POMI:

That is my understanding.

GARY L. GHIGGERI (Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

I believe this amendment provides an increase in the payment to the regional facilities and it requires the Governor to include that increase in his next budget.

MR. POMI:

That is correct.

COCHAIR HORSFORD:

The formula goes into place now, and the budget for the next biennium will have it included at this rate.

SENATOR RHOADS:

Does this include Clark County? Section 1, subsection 1, amends NRS 62B.150 requiring that "each county shall pay an assessment for the operation of each regional facility for the detention of children that is partially supported by the

State of Nevada and is operated by a county whose population is less than 400,000."

MR. POMI:

It should be inclusive of Spring Mountain Regional Detention Facility in Clark County. It should not say less than 400,000.

SENATOR COFFIN:

The amendment takes care of that in Section 1, subsection 7.

SENATOR HORSFORD MOVED TO AMEND S.B. 85 WITH THE AMENDMENT DATED MARCH 6, 2009, AND TO DO PASS.

SENATOR RHOADS SECONDED THE MOTION.

SENATOR RAGGIO:

This is not a new proposal. We have considered this in previous Sessions. These are worthy institutions. Section 2 requires the Governor to utilize the Consumer Price Index (CPI) whether or not the revenue is available. If this were required of every appropriation in the next budget it would distort the budget the Governor has to prepare. While I appreciate these are worthy institutions, I cannot support setting a precedent of dictating to the Governor what must be provided to meet the CPI.

THE MOTION CARRIED. (SENATORS RAGGIO AND HARDY VOTED NO.)

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COCHAIR MATHEWS:

We will close the hearing on S.B. 85.

We will open the hearing on A.B. 433.

ASSEMBLY BILL 433 (3rd Reprint): Requires county hospitals in certain larger counties to provide outpatient cancer treatment as part of their care to indigent persons. (BDR 40-976)

SENATOR NOLAN:

Assembly Bill 433 began as a bill sponsored by Assemblywoman Peggy Pierce to help fund oncology services at the University Medical Center (UMC). It is now a seat belt bill. The UMC had indicated it was short approximately \$25 million to provide oncology services which have since been assumed through working with various providers and the Nevada Cancer Center. The services have now been restored and there is no need for A.B. 433. The UMC also indicated they were losing between \$20 million and \$25 million a year due to services provided to victims of automobile accidents who were unrestrained.

Proposed amendment 5565 to A.B. 433 ([Exhibit K](#)) creates a study over the interim regarding the efficacy of implementing primary seat belt enforcement. The study would examine the questions raised during this Legislative Session regarding the number of lives saved, morbidity and mortality rates, cost savings and the association of racial profiling with primary seat belt laws. To relieve the State of a fiscal note, staff will not take a major role. The study regarding racial profiling would include members of law enforcement, district attorneys, public

defenders, the American Civil Liberties Union and the National Association for the Advancement of Colored People. None of these are paid positions. Volunteers will come together to establish criteria in how to implement the study. The second study regarding morbidity, mortality and cost savings would be conducted with the help of legislators, including the chair or designee of the Senate Committee on Energy, Infrastructure and Transportation and the Assembly Committee on Transportation, along with law enforcement and emergency service providers. The bill would sunset at the end of next session. The only way to follow through and implement a primary seat belt bill would be after a review of this study during the upcoming Legislative Session.

COCHAIR HORSFORD:

I am glad that the UMC and the Nevada Cancer Institute were able to come to an agreement to reestablish the oncology center. I had objections to the original seat belt bill and voted against it. After discussions with Senator Nolan regarding the importance of this as a policy, and reviewing model legislation from other states, I have changed my mind. This proposed amendment is a good result. This gives us a chance to gather data and evaluate and make a decision that is in the best interests of all the citizens of our State.

COCHAIR MATHEWS:

Are there any other questions? I appreciate your efforts to make us all safer, Senator Nolan.

SENATOR WOODHOUSE MOVED TO AMEND A.B. 433 WITH PROPOSED AMENDMENT 5565 AND TO DO PASS.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR HARDY WAS ABSENT FOR THE VOTE.)

Senate Committee on Finance
June 1, 2009
Page 21

COCHAIR MATHEWS:
We will hear any other bills on the Floor of the Senate. We will call you to the bar. The Senate Committee on Finance is adjourned at 11:34 a.m.

RESPECTFULLY SUBMITTED:

Patricia O'Flinn,
Committee Secretary

APPROVED BY:

Senator Bernice Mathews, Cochair

DATE:_____