

**MINUTES OF THE
SENATE COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-fifth Session
April 22, 2009**

The Senate Committee on Government Affairs was called to order by Chair John J. Lee at 2:11 p.m. on Wednesday, April 22, 2009, in Room 2144 of the Legislative Building, Carson City, 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 John J. Lee, Chair
Senator Terry Care, Vice Chair
Senator Steven A. Horsford
Senator Shirley A. Breeden
Senator William J. Raggio
Senator Randolph Townsend
Senator Mike McGinness

GUEST LEGISLATORS PRESENT:

Assemblyman Pete Goicoechea, Assembly District No. 35
Assemblyman Tom Grady, Assembly District No. 38
Assemblywoman Kathryn A. McClain, Assembly District No. 15

STAFF MEMBERS PRESENT:

Heidi Chlarson, Committee Counsel
Michael Stewart, Committee Policy Analyst
Cynthia Ross, Committee Secretary

OTHERS PRESENT:

Cindy Jones, Deputy Director, Department of Employment, Training and Rehabilitation
Laurie L. Carson, County Commissioner, White Pine County
Michael E. Fischer, Director, Department of Cultural Affairs
Doug Busselman, Executive Vice President, Nevada Farm Bureau Federation
Bob Johnston

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Beverly Cornutt, Treasurer, White Pine County
Elizabeth Frances
Wes Henderson, Government Affairs Coordinator, Nevada Association of
Counties

CHAIR LEE:

We open our meeting with Assembly Bill (A.B.) 338. This is Assemblywoman Kathryn A. McClain's bill. It authorizes a program to provide grants to nonprofit private entities concerning small business start-ups for veterans and senior citizens.

ASSEMBLY BILL 338 (1st Reprint): Authorizes a program to provide grants to nonprofit private entities concerning small business start-ups for veterans and senior citizens. (BDR 53-123)

ASSEMBLYWOMAN KATHYRN A. MCCLAIN (Assembly District No. 15):

Assembly Bill 338 sets out to help veterans, including those returning from conflict who are without jobs. It is also directed to assist senior citizens experiencing difficult economic hardship. Many need gainful employment because they do not have sufficient retirement plans.

There is a high rate of unemployment, and Nevada has nearly 1 million senior citizens and 340,000 veterans. Many veterans are also retirees. This bill could improve their way of life as many need to earn supplemental income. Our veterans are capable of volunteering, but they cannot afford to volunteer in this economy. This bill would help senior citizens and veterans begin small businesses. There are many barriers for people who traditionally have had salary or hourly wage jobs. This bill will provide a program to help seniors and veterans create small businesses that, in turn, will stimulate our economy.

The Unemployment Compensation Administration Fund provides employment training programs to foster job creation and minimize unemployment costs for employers. It also meets the needs of employers for skilled workers. It supports job training programs to help incumbent workers update skills.

This fund can also support a third program: to provide grant money to nonprofit private entities to help make loans for veterans and senior services to start up small businesses.

The Legal Division amended the bill down to 50 or fewer full-time employees and gross annual sales of less than \$5 million. My take is this does not qualify as a small business, but this is a standard threshold the Legal Division has been using in other bills.

CHAIR LEE:

The Commission on Economic Development says the fiscal note is \$70,000 in a biennium and the Department of Employment, Training and Rehabilitation has a \$7 million fiscal note. Is this correct?

ASSEMBLYWOMAN MCCLAIN:

This is the first I have heard of a fiscal note. This bill did not go to the Assembly Committee on Ways and Means.

CINDY JONES (Deputy Director, Department of Employment, Training and Rehabilitation):

The fiscal notes attached to this bill pertained to the original bill where 30 percent of the revenue was going to be removed from this new Career Enhancement Program. The bill has been amended and the fiscal notes can be removed from the Department of Employment, Training and Rehabilitation. Executive Director Michael E. Skaggs, Division of Economic Development is not present to remove the fiscal note for the Nevada Commission for Economic Development (NCED), but he would be of the same mind.

CHAIR LEE:

This account is available under the NCED and can be used for this veterans and senior citizens program?

MS. JONES:

The Commission on Economic Development had put a fiscal note on the bill because the original bill indicated the funds would run through the NCED, but the fund belongs to the Department of Employment, Training and Rehabilitation under Nevada Revised Statute (NRS) 612.606 for purposes Assemblywoman McClain identified. The fund is for purposes of employment and training programs and to foster job creation. It is funded by a 0.05-percent tax on taxable wages for Nevada employers.

CHAIR LEE:

Has this fund been accruing and we start using an existing account?

MS. JONES:

This program has been in place since 1989. It originated to serve those who were vying for unemployment benefits. It was amended in 2003 to serve Nevada's entire workforce to provide skill upgrades, reemployment-related expenses and training to incumbent workers. This fund is a continually operated program. The services are generally provided through our JobConnect system, and we can embrace this program within our existing resources and tax structure.

ASSEMBLYWOMAN MCCLAIN:

The original bill did not represent what I wanted. The bill was 10 to 12 pages and had money going to various places. This was not the bill's intent. The First Reprint is the bill as intended. Sections 1 through 4 are deleted.

CHAIR LEE:

This change is not showing in the bill book.

SENATOR CARE:

We have the First Reprint in front of us but not in our bill books. I do have a copy of the First Reprint. It is not given that one will get a loan because a person is a senior citizen, has a qualifying small business or is a veteran. The bill in the First Reprint requires the promulgation of regulations that would set the standards. There would be a demand for people to make use of this program.

ASSEMBLYWOMAN MCCLAIN:

Working in the field with senior citizens and our veterans, we see a need. This program would be beneficial because training is provided to help people start a small business. People would be assisted on how to write a business plan and how to plan a budget. They can talk through their ideas, discovering if they have the expertise to run a small business on their own or if they are able to work on their own. Some people do not make good independent contractors or business owners due to a lack of self-discipline. To those who meet the criteria, seed money can be distributed to help them get their businesses established. I do not know how to quantify this program other than to evaluate the program once in place and return to the Legislature in two years if problems arise.

SENATOR TOWNSEND:

On page 2, lines 19 and 20 state, "Establish a program to provide grants of money to a nonprofit private entity" Is there a definition of "nonprofit private entity" in statute, or what do you mean by that?

ASSEMBLYWOMAN McCLAIN:

I do not know if this "nonprofit private entity" is defined, but it could be a 501(c)(3). I am thinking of organizations such as HELP of Southern Nevada.

MS. JONES:

I am not positive. Statutory language within this chapter provides it cannot supplant any program offered through any of the apprenticeship councils. I envision the program would run through a community-based organization or leveraging funds through the Small Business Administration. As always, the difficulty is in the details—setting regulations and determining the needs.

ASSEMBLYWOMAN McCLAIN:

This is the reason why we are allowing them to set the regulations.

SENATOR MCGINNESS:

On page 2, line 25, what does "Pay the costs of the collection of payments required pursuant to NRS 612.606" refer to?

ASSEMBLYWOMAN McCLAIN:

That is language in NRS 612.607. In A.B. 338, under section 5, subsection 2, " ... the Administrator may only expend the money collected for... ," paragraphs (a), (b), (c) and then "Pay the costs of the collection of payments required ... " was moved down to paragraph (d).

SENATOR CARE:

The statute is NRS 612.606, subsection 1.

... in addition to any other contribution required by this chapter, each employer shall make payments into the Unemployment Compensation Administration Fund for the program for the employment and training of unemployed persons and persons employed in this State at the rate of .05 percent of the wages he pays.

MS. JONES:

Unemployment insurance contributions to pay unemployment insurance benefits are collected in concert with the Career Enhancement Program Funding, which is this 0.5-percent tax. The collection staff for the Department is housed in our contributions unit. That section of the law allows this Program to pay its fair share of running the operation to collect separate employment and training tax because the federal government cannot pay for staff to collect that tax.

CHAIR LEE:

If this passes and becomes effective on July 1, how long will it take to establish this program?

MS. JONES:

It would be a matter of getting a Request for Proposal (RFP) published and finding a nonprofit organization with the ability to create or administer the program for us and set the regulations and staff. I expect it would take a couple of months.

SENATOR MCGINNESS:

Are you thinking of a statewide organization? How would this play in the role of Nevada?

MS. JONES:

It would depend upon who responds to the RFP, but it would be my hope that we would provide services throughout Nevada.

CHAIR LEE:

The hearing on A.B. 338 is closed. The next bill is A.B. 180 which addresses Engine No. 40 as an official state locomotive.

ASSEMBLY BILL 180 (1st Reprint): Designates Engine No. 40 of the Nevada Northern Railway as an official state locomotive of the State of Nevada.
(BDR 19-734)

ASSEMBLYMAN PETE GOICOECHEA (Assembly District No. 35):

Assembly Bill 180 designates Engine 40 of the Nevada Northern Railway as an official State locomotive. In the original bill, it was "the" State locomotive but that met opposition as a number of engines throughout the State could also be added to this list. In an effort to avoid creating a roster of State locomotives,

we changed the language from "the" to "an." In the future, if one wants to bring another State locomotive forward, they could clearly do so. Engine 40 has been in operation since 1910 in Ely on the same rail, responding to the same people. It is entering its hundredth year of operation in White Pine County. Assemblyman John C. Carpenter rode this engine back and forth to school.

LAURIE L. CARSON (Commissioner, White Pine County):

William L. Withuhn was Curator from 1983 to 1995 of the National Museum of American History, Division of Transportation, Smithsonian Institution. His personal and professional view is "Esthetically, 40 is the prettiest 20th century locomotive running anywhere. Handsome, light-of-step with stylish tall wheels and graceful in motion, the 40 is unique to Nevada and thus, is uniquely a Nevada icon not duplicated elsewhere."

SENATOR MCGINNESS:

Have you discussed this bill with Senator Mark E. Amodei as he alleges to represent old locomotives?

ASSEMBLYMAN GOICOECHEA:

I spoke with Senator Amodei and this is the reason for not having a roster.

SENATOR CARE:

Assemblyman Goicoechea anticipated my question. I want to make sure we were not going to have an Engine 39 hiding out in southern Nevada. This Committee has done the State insect, the State soil, we attempted to add a second State animal What will we do with the State locomotive?

ASSEMBLYMAN GOICOECHEA:

It is fitting to recognize an engine maintained by a community such as White Pine County, understanding full well we have the Tahoe, the Inyo and a number of other engines that would also qualify. This is the reason Engine 40 is one engine that should be included in remembering Nevada and Nevada's rail history.

MICHAEL E. FISCHER (Director, Department of Cultural Affairs):

We are in support of this bill as rewritten. A number of railroad engines around the State could also meet these qualifications, but this is truly an excellent line and engine that should be honored with others in the future.

CHAIR LEE:

The hearing is closed on A.B. 180. We will open the hearing on A.B. 226.

[ASSEMBLY BILL 226 \(1st Reprint\)](#): Makes various changes concerning the financial organization of irrigation districts. (BDR 48-991)

ASSEMBLYMAN GOICOECHEA:

Assembly Bill 226 is a request from the Truckee Carson Irrigation District (TCID) as well as Pershing County Water Conservation District (PCWCD) and the Walker River Conservation District.

Chapter 539 of NRS is an old chapter that has not been visited in the last 30 to 60 years as only three irrigation districts in northern Nevada are governed under the chapter. Originally, there was opposition to A.B. 226 because the bill takes the assessment on all lands within an irrigation district from \$1.50 per acre to \$5 per acre. This assessment has not changed since 1973. The request from the TCID was to raise the cap of \$1.50 per acre to \$5 in response to the emergency repairs they needed to make on the Truckee Canal. The Canal breached and flooded a great portion of Fernley. This caused the TCID to spend a tremendous amount of money they did not have. This bill, with amendments, allows up to a \$5 assessment. Any money beyond the \$1.50 is committed to infrastructure emergency improvements. Under statute, assessment and anything over the \$1.50 can be used for ordinary and concurrent expenses.

Three years ago, the Roger's Dam failed in the PCWCD. The emergency repair cost was \$750,000, and the total cost resulted in \$3 million. As we were going through NRS 539 in our efforts to increase assessments, we selected another section, NRS 539.255, that said no irrigation district could expend under an emergency nature more than 5 cents per acre. In Pershing County, this amounts to \$1,500.

By statute, Pershing County could not expend over \$1,500 to meet an emergency, so we deleted that section of the statute because it was truly capped at 5 cents per acre. This statute went into effect at the turn of the century and is outdated. We also increased the maximum allowable debt for an irrigation district from \$350,000 to \$500,000.

To recap, we deleted the 5 cents per acre, we increased the maximum allowable debt in an emergency measure from \$350,000 to \$500,000 and we

increased the \$1.50 assessment to \$5 as long as the increase went to a capital improvement fund.

CHAIR LEE:

It says the Board of Directors by unanimous vote would set the assessment per acre. Is this an ongoing assessment? Is the goal to accumulate money for an emergency or to make repairs along the way? The federal government is not helping, correct?

ASSEMBLYMAN GOICOECHEA:

The only irrigation district imposing the \$1.50 is the PCWCD, and they are using the \$1.50 to cover ordinary operating expenses of the District. To answer the second question, the federal government has appropriated \$2.5 million to study the Truckee Canal and to come up with a plan design. We anticipate it will cost a significant amount of money to repair and meet that design. The TCID is not imposing the \$1.50 assessment, but they are looking to go to the \$5 assessment. There are 100,000 acres in the TCID, so this would give them \$500,000 per year to use as match money to leverage money on the federal side or out of A.B. 226. They understand it will take a lot of money to repair the Fernley canal.

I attended the TCID annual irrigators meeting about a month ago and presented the bill to ensure there is no opposition. Initially, there was opposition. This bill, however, should not impact nonirrigated lands. Under NRS 539, the people who do not have water rights in the district can petition the Board to become exempt. The Board has discretion whether to impose the assessment and at what rate. This bill is to help the TCID meet the needs of the Truckee Canal as well as assist Pershing County. As mentioned, the PCWCD has had the expense of the Roger's Dam failure, and they have the Pit Taylor Diversion that is in stages of disrepair. They own the project, and they will need money to make the needed repairs before they lose more of that system. It is an ongoing process with irrigation systems. Mother Nature takes her toll, year in and year out.

CHAIR LEE:

How does one get on an irrigation district board?

ASSEMBLYMAN GOICOECHEA:

One is elected by irrigators in their district to a nine-member board and serves a three-year term.

ASSEMBLYMAN TOM GRADY (Assembly District No. 38):

The devastation in Fernley with the breach of the canal caused problems they are still trying to work out. The community came together. The Walker River Irrigation District, located in Mason Valley and Smith Valley, presently does not use these funds, but if there were an emergency, they would be looking at them too. Assemblyman Goicoechea mentioned folks questioning the assessment rising above \$1.50, but many are saying \$5 is not high enough to do what we need to accomplish. These folks are saying we should go to a \$7 or \$10 assessment. Assemblyman Goicoechea and I agree that \$5 is enough in this economy. The three irrigation district projects located in Lovelock, Yerington and Fallon are aged. They all are in need of repair.

DOUG BUSSELMAN (Executive Vice President, Nevada Farm Bureau Federation):

We are one reason why there is a First Reprint. As the bill was originally drafted, we had concerns. The original bill took the assessment to the \$5 level but did not put in provisions to ensure increases above \$1.50 would go to capital improvements. We wanted the bill to specifically address this intent. We support A.B. 226 as amended.

ASSEMBLYMAN GOICOECHEA:

I have talked to the irrigation districts, and they have agreed to visit NRS 539 during this interim and come back with cleanup language, as we touched only the edges as to what is old and archaic in this chapter of the law. We will bring it forth next Session.

BOB JOHNSTON:

Fallon residents have talked this over several times with Assemblyman Goicoechea. At first, there was opposition to raising the assessment from \$1.50 to \$5, but we support this bill. You possess the research former Assemblywoman Marcia de Braga and others have done regarding the repair of the Truckee Canal ([Exhibit C](#)). This \$5 per acre is a drop in the bucket.

Because the Newlands Project is a federal project, the Bureau of Reclamation has determined that the cost of repairs to the canal must be reimbursed by the

project's water rights owners. Reimbursement costs have been estimated as follows. One, there is \$1.5 million for soil testing. Two, there is \$2.5 million for engineering costs to determine proper repairs on the canal; this has already been done. The engineers did this on the break of the canal. As an insurance adjustor, we did adjusting on the canal damage. Many people did not even know the canal was behind their houses. Three, there is an undetermined amount for an Environmental Impact Study estimated to take up to three years to complete. Lastly, it will cost \$30 million to \$80 million to repair, reinforce or line the 11.7 miles of the canal. If they line the canal with cement, do you know what will happen to the rechargeable water those people depend on for their wells? They have to throw in the water from the Truckee Canal. In the district, we get 65 percent of our allocated water from the Carson River and 35 percent from the Truckee River. Due to the canal break, we did not get that 35 percent last year. My allotment started at 90 percent, and it was reduced to 80 percent. I received a notice my allotment will drop to 60 percent. The allocation of water we are getting is 350 cubic feet, which barely gets the water to Lake Lahontan. If it lowers and projections drop to 150 cubic feet, Fallon will be in dire straits. I urge you to consider this bill. This bill is only a drop in the bucket, but we need every dime we can get.

SENATOR MCGINNESS:

We have talked about this bill. Assemblyman Goicoechea has been proactive, going to the water users meeting, explaining the bill and allaying everybody's fears on this bill. We need to thank former Assemblywoman Marcia de Braga. Everybody is in agreement.

SENATOR RAGGIO:

I support the bill. Have they ever determined what caused the canal breach in Fernley?

ASSEMBLYMAN GOICOECHEA:

They feel it was a rodent hole. The plan includes 11 miles of 3-foot-wide and 12-foot-deep slurry bank that will go down the canal. TCID favors this plan.

SENATOR RAGGIO:

Will this deter rodents?

ASSEMBLYMAN GOICOECHEA:

They believe a gopher cannot get through three feet of cement.

CHAIR LEE:

The hearing is closed on A.B. 226. This bill will go to work session along with the other bills. I will open the hearing on A.B. 415.

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

ASSEMBLYMAN GOICOECHEA:

I am bringing before you A.B. 415. Staff is handing out a written presentation (Exhibit D). Every year, a bill asks the Legislature to combine or separate a county office. This Session is no exception; there are three to five bills. Assembly Bill 415 is in response to meeting the needs of rural counties and avoiding future legislative procedure. This bill addresses counties under 40,000, giving the board of commissioners the ability to combine or separate nonconstitutional county offices. My understanding is there are only two county constitutional offices, the board of commissioners and the district judge. Any other office could be combined or separated.

There are a number of combined county offices across the State. One might be a recorder-auditor or a clerk-treasurer. There are a number of combinations. Assembly Bill 415 will require that the board of county commissioners determine what is in the best interest of the county, ensuring combined offices will not conflict and require a popular vote of the people by use of an advisory question.

The controversial part of the bill is found in section 4, subsection 3. In December of last year, the Board of Commissioners from White Pine County asked the Legislature for approval to combine their Clerk and Treasurer's Offices. That bill was brought forward in another bill, A.B. 419, but the bill was rolled into A.B. 415 by the Assembly Committee on Government Affairs. As a result, we are dealing with the controversial issue of A.B. 419 in A.B. 415, a bill which I felt was uncontroversial. The language was requested in a formal action by the Board of Commissioners in White Pine County. They requested the ability to join eight other counties in the State that have combined clerk-treasurer's offices. The reason they sought the combination is they had a vacant Clerk's Office which they filled by appointment. They asked if I would bring the bill forward to would allow them to combine the Clerk and Treasurer's Offices because they had only one elected incumbent and felt it was an opportune time. This action did not require an advisory question or a vote of the people.

There is opposition to this combination. If we go through the process under A.B. 415, both terms have to be satisfied, and it will take six years. White Pine County would stand the ballot question in 2010, and the Clerk and the Treasurer would be reelected in 2010. Even if there was an affirmative advisory question in 2010, it would be 2014 before they could actually do the combination. This would put White Pine County out another six years. The anticipated cost of an elected official in White Pine County runs about \$100,000 a year, which would cost another \$600,000. White Pine County is under severe economic hardship and has been managed by the Department of Taxation for a number of years. This bill is a move by White Pine County to help their economic situation. As it reflects back to the full terms of A.B. 415, this bill allows local governments with populations under 40,000 to shape and address local government to fit their needs. If eight county officials are not needed, do with six. This is the bill's intent. If this body determines the bill will not work, I ask you to delete the A.B. 419 section and allow A.B. 415 to survive. It is a good bill and makes sense for rural Nevada.

CHAIR LEE:

The way the law stands today, a vote of the people is necessary?

ASSEMBLYMAN GOICOECHEA:

Yes, this is correct. Once the offices are combined, they would have to do an advisory question to separate them.

CHAIR LEE:

Presently, if we remove this person, we are not going to the vote of the people. We are letting the County Commission bring this forth and do this without the same vote of the people. Is this correct?

ASSEMBLYMAN GOICOECHEA:

This is correct. They are trying to avoid waiting until the 2010 general election to have the advisory question because A.B. 415 also requires the officers to be at the end of their term or the position vacant to make the consolidation or separation. Technically, both these offices would stand for election in 2010, the same time the advisory question would be on the ballot. Both offices would be filled, and this would require they go on another four years before the effects of the advisory question could take place.

This is why the Board of Commissioners from White Pine County requested we put this together in a separate bill asking for a one-time combination of the White Pine County Clerk-Treasurer because they had the vacancy in the Clerk's Office. It is filled by an appointee, and the Treasurer is an incumbent. In an election, she would win. She has been there a long time and is qualified. She is concerned about combining the positions without the vote of the people. It is a political question. I represent the people of White Pine. This is a cost-saving measure and the right time to combine both offices.

CHAIR LEE:

I will listen to what is wrong and look at what has changed to bring this combination forth.

MS. CARSON:

The goal of the White Pine Commission is to improve services to our citizens through more efficient, cost-effective programs and to improve the Commission's ability to communicate and work with our elected and appointed departments. As part of our effort to achieve this goal and put the County on sound financial footing, the Commission has been working toward a countywide reorganization to consolidate our departments into major service areas so we can benefit from coordination of similar functions.

The proposal to combine the offices of Clerk and Treasurer has been a goal of the County Commission for several years, and it is an extension of our reorganization strategy. The Commission has requested the provision that will add White Pine County to the list of eight other counties in Nevada already functioning with clerk-treasurers. The Commission is requesting this legislation for the reasons presented in your packet ([Exhibit E](#)). These include cost-effective and efficient operation; improved control over qualifications of County departments working with finance; cost savings; balance of public accountability and administrative control; benefits of access to Treasurer's financial software for the Clerk's Office; workload and transition to a combined Clerk-Treasurer's Office; and request for the provisions in section 4 versus waiting for a ballot issue. Further testimony is in [Exhibit E](#).

The White Pine County Commission urges you to support A.B. 415.

BEVERLY CORNUTT (Treasurer, White Pine County):

I have been the Treasurer of White Pine County for 15 years. I have spoken to the treasurers and clerk-treasurers in the rural counties concerning the number of staff members in their offices. I will shorten my testimony as you have my written testimony in front of you ([Exhibit F](#)). Since 2005, my office has operated with only me, one full-time staff member and one which is shared with the Recorder's Office. In some counties, elected officials do not work full time but in White Pine County, we do. Our workload could not be accomplished without my 15 years of experience. Due to budget constraints, I do not have a Chief Deputy Treasurer. If the Offices of Clerk and Treasurer were combined, there would be a need for a Chief Deputy Treasurer to handle investments and other duties and a Chief Deputy Clerk. Cross-training the staff in both offices would be a necessity. The Clerk's Office with a staff of four, not including the Clerk, is busy with the court duties assigned to that office, and my staff is busy with the duties of the Treasurer's Office. Combining the staff and expecting them to learn and perform functions of both offices is not feasible without more staff members.

I am aware of White Pine's financial condition. I have been there since the State walked in to assist. Those proposing the combination expect a staff reduction to result, and I do not believe this would happen. I am not in favor of the combination of offices. My elected position is a part of the Executive Branch of government, and I recognize the Legislative Branch makes policy decisions.

Although I do not favor the combination of the Clerk and Treasurer's Offices, I support the bill's main thrust. As with contracts, "What the big print gives, the small print takes away" or as attorneys state, "the devil is in the details." Assembly Bill 415 is an enabling bill. This I applaud. I am in favor of local rights. Section 1 would allow county commissioners of counties under 40,000 population to combine or separate the offices of elected officials if deemed in the best interest of those served. The only criterion is there would be an advisory question on the ballot. My concern is section 4. By adding White Pine County to the list of counties having the clerk as the ex officio county treasurer, it assumes an election has already been held and a decision by the Commissioners has already been made. This language is presumptive.

I would like an amendment considered to make the White Pine County Clerk the ex officio Treasurer only in the event this was decided pursuant to section 1.

ELIZABETH FRANCES:

I am a private citizen of White Pine County and for almost 22 months was the Finance Director for White Pine County. I was hired by the Department of Taxation after White Pine County went into a severe financial emergency. My qualifications to speak to this topic were questioned by Ms. Carson. I have a bachelor of science degree with a major in accounting, I have a master's degree in business administration, and I have worked as an accountant since 1994 and as a government finance officer since 1997. I have 12 years of experience.

My concern with A.B. 415 is combining these offices under the current conditions in the County. White Pine County is under severe financial emergency pursuant to NRS 354; the Department of Taxation is still doing the financial management. In addition, the County recently completed an internal control study to see how they can fix and prevent financial problems from occurring again. The result of the study is a 24-page document I e-mailed to each of you. To read into the record ([Exhibit G](#)) under administration, it says there are "unauthorized bank accounts, potential for fraud, improper grant reporting and management, improper segregation of duties and potential for overspending." In the Clerk's Office, we see a lack of segregation of duties, making it difficult to track, fix and discover mistakes, errors and fraud. And in the Treasurer's Office, there is centralization of the reconciliation of bank accounts. We have major issues regarding internal control.

I applaud what the Department of Taxation and the County Commissioners have worked for in building up the fund balances Commissioner Carson mentioned, but if there is not proper internal control, assets are not protected. This is not the time to combine the Clerk and Treasurer and take resources away from financial control of the County. We need to ensure these issues are fixed. If we can eliminate section 4 of this bill—where we are adding "and White Pine"—and wait those six years, the County will have adequate time to address and fix these issues. In the last published, audited financial reports, there are 14 pages of questioned costs and audit findings. This is not how a report should look when putting out a published audited financial. There should be no questioned costs and no findings, and you should be a low-risk auditee.

Progress is being made, but it is slow. There is an understaffed Finance Department, an understaffed Treasurer's Office, and if you look at the findings, a lot of these are a work in progress. White Pine County needs time to make corrections. Combining offices is a good thing. White Pine County needs to save

money, but this is not the time to take away the control in the finance area until these issues are cleared up. I am concerned as a citizen. I have spoken to other financial people in White Pine County and they, too, have concerns. If you do choose to move this bill forward, eliminate section 4, subsection 3 that combines the offices immediately and allow it to happen as in section 1 in 2010 by the vote of the people with the changeover in 2014.

WES HENDERSON (Government Affairs Coordinator, Nevada Association of Counties):

We signed in as neutral on this bill although we are supportive of legislation that gives counties flexibility to operate in a way they see best. We have no position on the White Pine piece of this bill. This is why we are neutral.

The hearing on A.B. 415 is closed and this meeting is adjourned at 3:24 p.m.

RESPECTFULLY SUBMITTED:

Cynthia Ross,
Committee Secretary

APPROVED BY:

Senator John J. Lee, Chair

DATE: _____