

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

**Seventy-fifth Session  
May 27, 2009**

The Senate Committee on Government Affairs was called to order by Chair John J. Lee at 1:45 p.m. on Wednesday, May 27, 2009, in Room 2144 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 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:**

Assemblywoman Marilyn K. Kirkpatrick, Assembly District No. 1  
Assemblywoman Debbie Smith, Assembly District No. 30

**STAFF MEMBERS PRESENT:**

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

**OTHERS PRESENT:**

John Slaughter, Washoe County  
Steve George, Senior Deputy Treasurer, Office of the State Treasurer  
Mark Winebarger, CPA, Chief Deputy Treasurer, Office of the State Treasurer  
Bill Uffelman, President and CEO, Nevada Bankers Association  
Anne Loring, Washoe County School District

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Paul McKenzie, Executive Secretary-Treasurer, Building and Construction Trades  
Council of Northern Nevada, AFL-CIO  
David Goldwater, City of Las Vegas  
Bill Arent, Acting Director, Office of Business Development, City of Las Vegas  
Jan Gilbert, Northern Nevada Coordinator, Progressive Leadership Alliance of  
Nevada  
Susan Fisher, Board of Directors, Reno Downtown Improvement Association  
Richard "Skip" Daly, Laborers, Hod Carriers, Cement Workers and  
Miners Local 169  
Nicole Rourke, Director of Intergovernmental Relations, Government Affairs,  
Clark County School District  
Robert F. Joiner, Government Affairs Manager, City of Sparks  
Armando Ornelas, City Planner, City of Sparks  
Clara Andriola, President, Sierra Nevada Chapter, Associated Builders and  
Contractors, Inc.  
Danny L. Thompson, Executive Secretary-Treasurer, Nevada State AFL-CIO  
John W. Griffin, Cabela's  
Brian Wachter, Retail Association of Nevada  
Steve Polikalas, Northern Nevada Urban Development Company, LLC  
Michael Alonso, Harrah's Entertainment, Inc.  
Alfredo Alonso, Nevada Land LLC  
Alexis Miller, City of Reno

CHAIR LEE:

We will start this meeting by addressing bills the Committee wishes to concur or not concur in the Assembly amendments included in the work session document ([Exhibit C](#), original is on file at the Research Library).

**SENATE BILL 31 (2nd Reprint)**: Revises provisions governing certain independent contractors with the State. (BDR 27-305)

MICHAEL STEWART (Committee Policy Analyst):

The first bill considered for concur or not concur is Senate Bill (S.B.) 31. This bill revises provisions governing certain independent contractors. It changes the existing authorization of elective officers and heads of State Executive Branch agencies, boards and commissions to use independent contractors for a variety of services. Authorization is given to the State Board of Examiners to allow its clerks or designees to approve certain contracts that are for amounts less than the amount prescribed by the Board. The bill also repeals the existing statutory

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provision that sets a \$2,000 minimum amount of money under which a contract is not required to be filed with the clerk of the Board of Examiners and the Legislative Council Bureau (LCB).

There were two amendments adopted by the Assembly. The first amendment is Amendment No. 725 that reinstates the dollar limits on which contracts have to be filed with the LCB and the State Board of Examiners and on which contracts can be approved by the clerk of the State Board of Examiners.

The cap for filing contracts is currently set at \$2,000, and the caps on those contracts approved by the clerk are set between \$10,000 and \$25,000.

The second amendment is Amendment No. 900. It clarifies that section 2 of S.B. 31 regarding the authority of State government to use independent contractors does not apply when provisions of Assembly Bill (A.B) 463 are applicable. Assembly Bill 463 requires the approval of the Interim Finance Committee before a State agency might hire a consultant who is a current State employee or a former employee who has left State employment within the past year.

SENATOR CARE:

What is the current law on hiring a consultant who is a current State employee or a former employee who has left State employment within the past year?

HEIDI CHLARSON (Committee Counsel):

This is a new restriction.

SENATOR CARE MOVED TO CONCUR WITH AMENDMENT NO. 725  
AND AMENDMENT NO. 900 TO S.B. 31.

SENATOR BREEDEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR LEE:

We will now consider S.B. 43 for concur or not concur. This bill involves the Public Works Board.

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**SENATE BILL 43 (2nd Reprint)**: Revises the criteria that the State Public Works Board is required to adopt to determine the qualification of bidders on contracts for public works. (BDR 28-323)

MR. STEWART:

Senate Bill 43 provides additional criteria that the State Public Works Board must adopt when determining the qualifications of bidders on contracts for public works to include whether the applicant for a public work has been disciplined or fined by the State Contractors' Board or another State agency or federal agency for conduct that relates to the applicant's ability to perform the public work.

The Assembly adopted Amendment No. 827 which clarifies when setting forth the criteria for qualification that the conduct of the contractor must be seriously improper as it relates to the applicant's ability to perform the public work.

CHAIR LEE:

I am going to ask the Committee not to concur as there are questions in regard to language as it relates to improper conduct.

SENATOR RAGGIO:

I am in agreement. It is inappropriate that seriously improper conduct is not defined.

SENATOR RAGGIO MOVED TO NOT CONCUR WITH  
AMENDMENT NO. 827 TO S.B. 43.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR LEE:

We will now address S.B. 92. This bill enacts the Electronic Notary Public Authorization Act and has one Assembly amendment for consideration.

**SENATE BILL 92 (2nd Reprint)**: Makes various changes relating to the regulation of notaries public. (BDR 19-414)

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MR. STEWART:

Senate Bill 92 came to us from the Office of the Secretary of State. It provides for the use of electronic notaries and enacts the Electronic Notary Public Authorization Act. The amendment adopted by the Assembly was Amendment No. 735 which prohibits a person who has been convicted of a crime relating to identity theft, financial theft, robbery or fraud from being appointed as a notary.

CHAIR LEE:

I have heard no opposition on this bill.

SENATOR TOWNSEND MOVED TO CONCUR WITH  
AMENDMENT NO. 735 TO S.B. 92.

SENATOR BREEDEN SECONDED THE MOTION.

SENATOR CARE:

Do I understand that if the crime is one of the enumerated crimes and the civil rights have been restored, this person still cannot be a notary? Is that correct?

MS. CHLARSON:

The crimes are listed in Nevada Revised Statute (NRS) 240.010 under section 29, subsection 2, paragraph (c), subparagraph (2) of the amendment. It talks about burglary, conversion, embezzlement, extortion, forgery and the like. People convicted of those crimes would never be able to be a notary. However, a person convicted of a crime involving moral turpitude may apply for appointment as a notary public if he provides satisfactory proof as set forth in section 29, subsection 6.

SENATOR CARE:

The reason I ask is that we had a bill in 2001 providing if a person's civil rights had been restored, that person could apply and receive various licenses for various professions. It is incongruous.

MR. STEWART:

I recall the measure, but I would have to see the applicability. I recall the restoration of civil rights bill but not the details. Ms. Chlarson and I will research the bill.

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CHAIR LEE:

I will hold S.B. 92 to allow time for this research. We will move forward and consider S.B. 94 and its two Assembly amendments. Senate Bill 94 relates to fire protection.

SENATE BILL 94 (2nd Reprint): Makes various changes relating to fire protection. (BDR 42-444)

MR. STEWART:

Senate Bill 94 expands the duties of the State Forester Firewarden to include cooperation with the State Fire Marshal in the enforcement of laws and the adoption of regulations relating to fire protection through vegetation management within the Lake Tahoe and Lake Mead Basins. It requires the State Fire Marshal with the State Forester Firewarden to review and evaluate laws and regulations to ensure fire protection districts located in Lake Tahoe and Lake Mead Basins have adequate statutory and regulatory authority to carry out their duties. It requires the State Forester Firewarden to submit a report of this review and evaluation and any recommendations for legislation to the Director of the LCB.

Two amendments were adopted by the Assembly. Amendment No. 828 requires the State Forester Firewarden to submit the report, in addition to the Director of the LCB, to the Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Authority and the Marlette Lake Water System. Amendment No. 839 authorizes the State Land Registrar to transfer the Peavine Fire Station to the Sierra Fire Protection District. The deed involved with that transfer requires the property only be used for fire protection and related public safety services. It would prohibit future transfers without the consent of the State, and it would provide for the reversion of the property to the State if the restrictions are breached.

CHAIR LEE:

Amendment No. 839 came from Allen Biaggi, who is the Director of the Department of Conservation and Natural Resources. I have heard no opposition to this bill and its amendments.

SENATOR CARE MOVED TO CONCUR WITH AMENDMENT NO. 828 AND AMENDMENT NO. 839 TO S.B. 94.

SENATOR TOWNSEND SECONDED THE MOTION.

SENATOR MCGINNESS:

The transfer of the Peavine Fire Station to the Sierra Fire Protection District is a departure from the bill's original intent. Was this transfer brought forth late?

JOHN SLAUGHTER (Washoe County):

Yes. The discussion of this transfer has been in the works for years. There were discussions concerning the deed to ensure it was clean. We began looking for a bill to put this transfer in once that determination was made.

Many properties transferred when the Sierra Protection Fire District took over the jurisdiction of the Nevada Division of Forestry in Washoe County; however, this is one did not. It has been our intent from the beginning to move the Peavine Fire Station into the Sierra Fire District.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR LEE:

The next bill with Assembly amendments to consider is S.B. 124. It involves general improvement districts.

[SENATE BILL 124 \(2nd Reprint\)](#): Expands the number of members of the boards of trustees of certain general improvement districts. (BDR 25-196)

MR. STEWART:

Senate Bill 124 expands the membership of the board of trustees for the Overton Power District from five members to seven members and specifies the election of those members. Amendment No. 654, which was adopted by the Assembly, clarifies that the bill would only apply to the Overton Power District. It excludes any general improvement district that has the Clark County Commission serving as the district's Board of Trustees. The net effect would be to ensure the bill only applies to the Overton Power District.

CHAIR LEE:

I have spoken to representatives of the Overton Power District and the representative from the City of Mesquite. They concur with this bill.

SENATOR CARE MOVED TO CONCUR WITH AMENDMENT NO. 654 TO S.B. 124.

SENATOR McGinness SECONDED THE MOTION.

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

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CHAIR LEE:

Our next bill for consideration is S.B. 173 which provides for the construction of bus turnouts at certain locations in certain counties.

[SENATE BILL 173 \(2nd Reprint\)](#): Provides for the construction of bus turnouts at certain locations in certain counties. (BDR 22-584)

MR. STEWART:

Senate Bill 173 requires the Regional Transportation Commission (RTC) in Clark County to designate, on or before December 31, ten bus stops at which a bus turnout must be constructed by December 31, 2012. Such turnouts must be constructed on land owned by the State or a local government and must be funded by the RTC. The measure sets the criteria the RTC must consider when selecting the locations for the ten bus turnouts.

The bill states that on or after January 1, 2013, the RTC may require Clark County and the three largest incorporated cities therein to each construct, on an annual basis, one bus turnout at locations designated by the RTC.

Amendment No. 734 as adopted by the Assembly deletes section 4 of the bill which provides for the construction of bus turnouts by Clark County and the three largest incorporated cities therein on or after January 1, 2013. This leaves intact the portion of the bill that provides for the construction of the first ten bus stops prior to December 31.

CHAIR LEE:

I am the bill sponsor. The deleted section of this bill eliminates making each entity construct a bus turnout per year after the completion of the first ten. We have agreed to build the first ten. We will come back and revisit this once we



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see what challenges might arise and how the Clark County 2002 Ballot Question No. 10 money works in the process. I have agreed to concur in order to get the first ten bus turnouts built.

SENATOR CARE MOVED TO CONCUR WITH AMENDMENT NO. 734 TO S.B. 173.

SENATOR BREEDEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR LEE:

Senate Bill 175 is the next measure considered for a concur or not concur. This bill relates to flood management.

[SENATE BILL 175 \(1st Reprint\)](#): Enacts provisions governing flood management projects and other related activities. (BDR 20-239)

MR. STEWART:

Senate Bill 175 authorizes the creation of a flood management authority in Washoe County for the construction, improvement and maintenance of a flood management project. The measure permits the use of general obligation or revenue bonds or municipal securities for such purposes. The measure defines "flood management project" to include a project established for the control or management of any flood or storm waters in Washoe County or a city therein. Projects may also include ecosystem restoration, drainage and flood control, floodplain management, and certain flood and storm water conservation projects.

The Assembly adopted Amendment No. 921 which requires the comprehensive regional plan in Washoe County to set forth the total population of the region that may be supported by the sustainable water resources as identified in the comprehensive plan adopted by the Western Regional Water Commission. The amendment further proposes to require the land use and transportation portion of the comprehensive regional plan to set forth a development pattern that can be supported by sustainable water resources and include policies that require each applicable master plan of a local government to be consistent with the

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development pattern. Finally, the amendment requires the Legislative Committee to Oversee the Western Regional Water Commission to analyze the potential acquisition, control and management by the Commission for a flood management project.

CHAIR LEE:

I have heard considerable dialogue on this legislation from both sides.

SENATOR RAGGIO:

The original S.B. 175 is an important measure for Washoe County that defines a flood management project and authorizes bonding use for important projects dealing with flood control. Assemblywoman Sheila Leslie has added an amendment which is the water planning bill indicated for veto by the Governor. Adding the amendment would kill the flood management project proposal. This amendment has no place on this important flood control bill.

SENATOR RAGGIO MOVED TO NOT CONCUR WITH  
AMENDMENT NO. 921 TO S.B. 175.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR LEE:

Senate Bill 190 is next on the agenda for concur or not concur.

[SENATE BILL 190 \(3rd Reprint\)](#): Revises provisions regarding the acquisition and disposal of real property by fair and recreation boards in certain larger counties. (BDR 20-648)

MR. STEWART:

Senate Bill 190 repeals the requirement that the fair and recreation board in Washoe County obtain the approval of the Board of County Commissioners before acquiring, leasing, selling or disposing of real property.

There were two amendments adopted by the Assembly. Amendment No. 668 provides that the County Fair and Recreation Board in Washoe County must still

obtain prior approval from the Washoe County Board of Commissioners before selling or leasing any real property located in the City of Sparks. Amendment No. 916 provides that the County Fair and Recreation Board in Washoe County must still obtain prior approval from the Washoe County Board of Commissioners before conducting any transaction that may result in or affect any debt or bonds for which the County is responsible.

CHAIR LEE:

I have only heard from the proponents of this bill and they agree to the amendments.

SENATOR RAGGIO:

I will abstain from voting, as my law firm has been involved in the negotiation process.

SENATOR TOWNSEND MOVED TO CONCUR WITH AMENDMENT NO. 668 AND AMENDMENT NO. 916 TO S.B. 190.

SENATOR MCGINNESS SECONDED THE MOTION.

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

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CHAIR LEE:

We will now address S.B. 194 with its two Assembly amendments.

[SENATE BILL 194 \(3rd Reprint\)](#): Revises provisions governing the appointment and duties of public administrators and guardians. (BDR 20-181)

MR. STEWART:

Senate Bill 194 provides that the district attorney of Humboldt County serves as the ex officio public administrator of the County and authorizes the boards of county commissioners in any county with an elected public administrator to appoint the public administrator if the office becomes vacant. There were issues concerning public administrators. The bill also involves public guardians. It requires them to retain records relating to guardianships for at least seven years and adding to the eligibility requirements for a person to have an appointed

public guardian. Finally, the bill revises provisions so that information concerning the financial status, assets and personal history can be demanded from or about a ward instead of a proposed ward.

The Assembly adopted two amendments. Amendment No. 590 revises the eligibility for a public guardian to clarify that a public guardian may be appointed if the court has determined that the proposed ward has a guardian who must be removed pursuant to NRS 159.185. The conditions for which a public guardian can be removed are found under the heading "Special Notes" in the work session document, [Exhibit C](#). Amendment No. 590 also provides that a county is not liable on a contract entered into by a public guardian of the ward, and it adds section 12.5 to the bill, authorizing a court to terminate a public guardianship if the public guardian, after exercising due diligence, is unable to identify a source to pay for the ward's care.

The second amendment is Amendment No. 747 which expands upon the new section 12.5 in Amendment No. 590 and clarifies that the court may terminate the guardianship if a source cannot be identified to pay for the ward's care and, as a consequence, the continuation of the guardianship would confer no benefit upon the ward.

CHAIR LEE:

I have heard no discussion on this bill with its amendments. Bill sponsor Senator Bernice Mathews accepts the amendments.

SENATOR CARE:

We had a number of bills in the Senate Committee on Judiciary dealing with public guardians. Do either of these amendments stem from those bills? Is there a way to find this out?

MR. STEWART:

Ms. Chlarson, our legal counsel, and I can run a search.

CHAIR LEE:

We will hold S.B. 194 and move onto S.B. 213 for concur or not concur.

**SENATE BILL 213 (1st Reprint)**: Revises the Charter of the City of Sparks to make various changes in provisions concerning city government. (BDR S-462)

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MR. STEWART:

Senate Bill 213 revises the Charter of the City of Sparks to permit the City Manager to appoint department heads and various executive and administrative employees without confirmation by the City Council. The measure also clarifies the classes of persons protected from employment discrimination to include age, disability, marital status, sexual orientation or certain political or personal affiliations. In addition, the bill authorizes the Mayor rather than the City Council to nominate the Mayor pro tempore, subject to the approval of the Council. Finally, the bill provides that in the event of a vacancy in the office of Mayor, the Mayor pro tempore shall serve as acting Mayor until the next general election.

The Assembly adopted Amendment No. 890 which proposes to amend the Charter of the City of Sparks to provide that a candidate for City Council must be voted on in a general election only by the registered voters of the ward that he seeks to represent.

CHAIR LEE:

I have heard many questions regarding the proposed amendment.

SENATOR RAGGIO:

Amendment No. 890 addresses elections in the City of Sparks and the City of Reno. Assemblywoman Sheila Leslie has attached part of her bill as an amendment. The bill is important with charter-approved changes, but the amendment is not.

SENATOR RAGGIO MOVED TO NOT CONCUR WITH  
AMENDMENT NO. 890 TO S.B. 213.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR LEE:

We will now concur or not concur on S. B. 239, the bill concerning the Governor's Workforce Investment Board.

[SENATE BILL 239 \(2nd Reprint\)](#): Provides for greater coordination of Nevada's economic development and workforce development goals. (BDR 18-1080)

MR. STEWART:

Senate Bill 239 requires the Governor to appoint members to the Governor's Workforce Investment Board who represent various industry sectors, communities and areas of economic development and workforce diversity. The measure sets forth the duties of the Board, including the establishment of industry sector councils comprised of employer and organized labor representatives from a particular industry, representatives from universities and colleges and other relevant groups deemed appropriate by the Board. Each industry sector council shall identify job training and educational programs designed to meet regional goals for economic development.

The bill also requires the Department of Employment, Training and Rehabilitation (DETR) to adopt regulations for a program for a small business investment credit and a small business investment company. The measure sets forth parameters and criteria for a small business to apply for certification as a small business investment company.

The last paragraph is the subject of Amendment No. 920 adopted by the Assembly. It deletes section 1.7 of the measure which would have required DETR to adopt regulations for a program for a small business investment credit and a small business investment company. Section 1.7 would also have established various parameters and criteria for a small business to apply for certification as a small business investment company.

CHAIR LEE:

This is Senator Horsford's bill, and I did not discuss this amendment with him. I am taking a recess on this bill as I want to ensure that the bill sponsor is satisfied with the changes to the bill.

We will now address S.B. 248 which authorizes the extension of certain building permits.

[SENATE BILL 248 \(2nd Reprint\)](#): Authorizes the extension of the validity of certain building permits and development agreements beyond the original expiration date under certain circumstances. (BDR 22-981)

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MR. STEWART:

Senate Bill 248 was brought forth by Senator Randolph Townsend. It authorizes the extension of the validity of certain building permits and development agreements for a maximum of 15 years beyond the original expiration date if the land upon which the construction is to take place is leased for renewable energy projects and the permit holder or landowner cannot yet finance the project.

The Assembly adopted Amendment No. 736 which gives the planning director or the governing body the authority to grant extensions of building permits rather than a building official, which was originally proposed in introduced version of the bill. The amendment clarifies what information must be submitted with the application to show an inability to obtain financing. The amendment also provides that the extensions set forth in the bill may only be granted until June 30, 2013.

SENATOR TOWNSEND:

The Assembly wanted to tighten the language, as this is new territory. I accept the language and the Legislature's review in upcoming sessions.

SENATOR TOWNSEND MOVED TO CONCUR WITH  
AMENDMENT NO. 736 TO S.B. 248.

SENATOR MCGINNESS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS CARE AND HORSFORD VOTED  
NO.)

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CHAIR LEE:

The next bill for concur or not concur is S.B. 263.

[SENATE BILL 263 \(3rd Reprint\)](#): Amends the Charters of the Cities of Carlin, Reno and Wells to revise provisions governing municipal elections. (BDR S-1003)

MR. STEWART:

Senate Bill 263 amends the Charters of the Cities of Carlin and Wells to specify that candidates for municipal office in those cities must file a declaration of

candidacy with the City Clerk not earlier than the first Monday in May or later than 5 p.m. on the second Friday after the first Monday in May. The bill also amends the Charters to specify the appropriate appearance of names on an election ballot and clarifies in the Carlin City Charter how the names of candidates with similar surnames are to appear on the ballot.

Three amendments were adopted by the Assembly. Amendment No. 684 provides that the declaration of candidacy for candidates running for municipal office in the Cities of Carlin and Wells must be filed not less than 90 days or more than 100 days before the day of the general election. That amendment created the second reprint to the bill.

Amendment No. 870 and Amendment No. 891 changed the bill to its third reprint and current version. Amendment No. 870 provides the declaration of candidacy for candidates running for municipal office in the Cities of Carlin and Wells must be filed not less than 5 days or more than 15 days before the day of the primary election. Amendment No. 891 amends the Charter of the City of Reno to convert the at-large City Council seat in Reno to a sixth ward whose Council member will be elected by the registered voters in that ward. This amendment also provides that all candidates for Councilman must be voted on in a general election by only the registered voters of the ward that a candidate seeks to represent.

CHAIR LEE:

People have expressed concern over this bill, including members of our Committee.

SENATOR RAGGIO:

This is an unfortunate amendment which has been tacked onto this bill. It affects elections in the City of Reno to which the City Council is opposed, and it is contrary to the procedure where these kinds of matters are submitted to the charter committee of a city.

SENATOR RAGGIO MOVED TO NOT CONCUR WITH AMENDMENT NO. 684, AMENDMENT NO. 870 AND AMENDMENT NO. 891 TO S.B. 263.

SENATOR TOWNSEND SECONDED THE MOTION.



THE MOTION CARRIED UNANIMOUSLY.

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CHAIR LEE:

We will now address S.B. 267.

SENATE BILL 267 (1st Reprint): Makes various changes concerning governmental administration. (BDR 18-62)

MR. STEWART:

Senate Bill 267 provides that a State agency's 30-day notice of intent to act upon a proposed administrative regulation must only be made after the agency receives the approved or revised text of the proposed regulation from the Legislative Counsel Bureau. The bill also stipulates that each agency workshop or hearing on a proposed regulation is subject to Nevada's Open Meeting Law. The bill also provides that the Legislative Commission or the Subcommittee to Review Regulations must either affirmatively approve or object to an administrative regulation rather than allowing a regulation to become effective by virtue of its not being formally rejected.

Amendment No. 656 adopted by the Assembly defines a university foundation to exclude private nonprofit organizations such as alumni associations. The result of this change according to testimony is that alumni associations will be exempt from the Open Meeting Law and public records laws and will no longer be eligible for an exemption from the real property tax.

This amendment was adopted by this Committee but was withdrawn by the Chair. He sent the amendment over to the Assembly for further clarification before becoming adopted by the Legislature.

CHAIR LEE:

The sponsor of this bill is Senator Valerie Wiener, and she concurs with the amendment.

SENATOR CARE MOVED TO NOT CONCUR WITH  
AMENDMENT NO. 656 TO S.B. 267.

THE MOTION FAILED FOR A LACK OF A SECOND.

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CHAIR LEE:

The motion has died for a lack of a second. I will bring this bill to the floor.

We will now move to S.B. 376. This is a prevailing wage bill which has one Assembly amendment for consideration.

[SENATE BILL 376 \(3rd Reprint\)](#): Makes various changes relating to the prevailing wage requirements. (BDR 28-730)

MR. STEWART:

Senate Bill 376 clarifies that the prevailing wage rate surveys conducted by the Labor Commissioner encompass private and public nonresidential construction work. The bill specifies the classes of workmen which the Labor Commissioner is required to survey and, if the prevailing rate is the wage that has been collectively bargained, requires the Labor Commissioner to recognize the rate and adjust it for the classes and subclasses of workmen established in the collective bargaining agreement. The measure also clarifies the circumstances in which the Labor Commissioner is required to hold a hearing in a locality regarding a determined prevailing wage rate. Senate Bill 376 exempts the Labor Commissioner from compliance with the Nevada Administrative Procedure Act as it relates to determining and issuing the prevailing rate of wages in each county.

The Assembly adopted Amendment No. 689 which makes technical corrections, as requested by the Labor Commissioner, by providing that the Labor Commissioner shall adjust the prevailing wage rate that has been collectively bargained to the rate of those wages in effect and on file with the Labor Commissioner on or before September 1 of the year in which the wage determination is made. The amendment also ensures that worker subclassifications are included in the exemption from the Administrative Procedure Act.

CHAIR LEE:

There was one more amendment, but it was not added to the bill as received from the Assembly. Some people wanted this amendment. With this omission, I have heard only concurrence on this bill with Amendment No. 689.

SENATOR CARE MOVED TO CONCUR WITH AMENDMENT NO. 689 TO S.B. 376.

SENATOR BREEDEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR LEE:

We have one bill in work session, Assembly Bill 223, which addresses the financing of local improvements with pledged revenue from sales and use taxes.

[ASSEMBLY BILL 223 \(2nd Reprint\)](#): Revises provisions concerning preferences for bidders on certain state purchasing and public works contracts. (BDR 27-857)

MR. STEWART:

Assembly Bill 223 grants a 7-percent preference to local businesses owned by service-disabled veterans when bidding on State purchasing contracts over \$25,000 or on State public works projects under \$100,000. The bill provides a 5-percent preference for local businesses bidding on State purchasing contracts over \$25,000. If a business makes a material misrepresentation or commits fraud in an application for a preference, the business is permanently prohibited from receiving the preference for bidding on future State contracts.

The Purchasing Division and the State Public Works Board are required to report annually to the Legislature on the number and dollar amount of contracts awarded to local businesses and local businesses owned by service-disabled veterans. The Office of Veterans' Services must consult annually with affected State agencies, veterans groups and local businesses about the continuation or modification of the preference granted to service-disabled veterans and make recommendations to the Legislature as appropriate.

The bill also repeals the inverse preference currently imposed on out-of-state bidders on State purchasing contracts.

Two amendments have been proposed. The first amendment, proposed by Assemblywoman Debbie Smith, would amend sections 27 and 28 to clarify bidder's preference set forth in sections 18 through 25—this is in chapter 338 of the *Nevada Revised Statutes*—and bidder's preference would only apply to

State public works contracts. This amendment is presented in the mock-up proposed Amendment 5181, [Exhibit C](#).

The second amendment is proposed by Chair Lee. It would amend section 10, subsection 2, and section 22, subsection 1, to provide for a 5-percent preference for local businesses owned by service-disabled veterans rather than a 7-percent preference.

CHAIR LEE:

Members of this Committee and those representing the municipalities had concerns over the 7-percent preference. It was admirable, but it appeared by exceeding the 5-percent provision, additional groups also wanted the 7-percent preference. The percentage numbers were growing. I put forth this amendment to solidify giving the service-disabled veterans a 5-percent preference and to get something in law saying "service-disabled veterans" in order to characterize them as a specific group for future recognition.

SENATOR RAGGIO:

I am not clear what the first amendment accomplishes. Does not the original bill apply to State public works? Does this amendment remove the section in regard to State purchasing contracts?

MS. CHLARSON:

This amendment does not remove the provisions of NRS 333 from the bill. The intent of the bill was to apply to State public works projects; however, there were concerns on NRS 338.1385 whether the inclusion of that provision could be interpreted to have the preference apply to the local governments. This change is a technical correction to clarify that this bill only applies to the State public works projects. There is no effect on the NRS 333 provisions.

SENATOR RAGGIO MOVED TO AMEND AND DO PASS AS AMENDED  
A.B. 223 WITH BOTH AMENDMENTS.

SENATOR BREEDEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR LEE:

Moving forward, I will open the hearing on A.B. 451. This bill provides venture capital to certain minority-owned businesses.

**ASSEMBLY BILL 451 (2nd Reprint)**: Establishes a program for the issuance of state obligations to provide venture capital to certain minority-owned businesses in this State. (BDR 31-613)

STEVE GEORGE (Senior Deputy Treasurer, Office of the State Treasurer):

Assembly Bill 451 originated from Assemblyman Morse Arberry, Jr. His proposal was to loan minority businesses State money. We approached him with a better vehicle. We copied successful linked deposit programs in the states of Washington and Missouri and worked with the Nevada Bankers Association in developing the bill and its language.

It is a certificate of deposit (CD)-linked program. The State Treasurer would make funds available to State financial institutions for members of a minority, women or service veterans up to \$20 million to help them with costs associated with small businesses. We would loan that money to those financial institutions involved in the program at a reduced interest rate, no more than 2 percentage points below the market rate on a CD, and the financial institution would turn around and loan that money to the businesses at that reduced rate.

There is a sunset provision of June 2011 which would provide us the opportunity to see how the program works. We will regulate the program, and the bill addresses qualifications for the program. Our amendments (Exhibit D) were suggested by the Nevada Bankers Association. We eliminate the beginning language in section 16, "The State Board of Finance shall qualify a lending institution for participation in the Linked Deposit Program established by the State Treasurer pursuant to section 15 of this act," because subsection 2 of section 16 reads "To qualify for participation in the Linked Deposit Program, a lending institution must ... ." Section 16, subsection 2, paragraphs (a) through (d) then list the qualifications. The lending institutions, not the State, would be responsible if a loan does not work properly, such as if a default occurs.

The second amendment changes that rather than going through the State Board of Finance, which meets every two months, that the State Treasurer shall adopt regulations necessary for the provisions of this section to make the process faster.

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SENATOR CARE:

This bill is a second reprint. What were sections 1 through 11 which are no longer a part of the bill?

MARK WINEBARGER, CPA (Chief Deputy Treasurer, Office of the State Treasurer):  
Those sections consisted of Assemblyman Arberry's original language. Its intent was to bond for the funds to borrow money for these businesses. We changed the bill. We want to take \$20 million out of our general portfolio and make that money available to reduce program costs.

SENATOR CARE:

In your testimony, what states is this Linked Deposit Program modeled after?

MR. GEORGE:

Our program is modeled after the states of Washington and Missouri. Ohio has been running a similar program successfully for several years.

SENATOR CARE:

How long have these programs been in place?

MR. GEORGE:

The state of Washington has been doing this program since 1993. Both Washington State and Missouri have 50 to 100 banking institutions taking part. They have shown tremendous advantages by including provisions promoting further statewide employment. Part of their process is that businesses cannot use the money to eliminate positions to become more efficient.

SENATOR CARE:

Is the language from this statute modeled after their statutory language?

MR. GEORGE:

Yes. We drafted the original language, and then LCB changed and improved the bill's language.

SENATOR TOWNSEND:

The summary of the bill uses "venture capital." The words "venture capital" have a connotation much different from the bill. This bill provides that an individual or a business meeting set criteria will receive a loan which has

payback provisions. That is not venture capital. The Legislative Counsel's Digest does not say "venture capital."

MS. CHLARSON:

Those words "venture capital" should have been taken out of the summary. It is a technical error. The title in the Digest and the substance of the bill reflect the bill's intent.

SENATOR TOWNSEND:

This is important because if the public sees language a certain way, they will equate it to that. The reading of the bill reflects the bill's intent as a loan opportunity for qualified businesses.

MR. GEORGE:

The summary reflects the bill's original intent. Assembly Bill 451 before us is a loan program using State funds, and the banks making those loans will be taking the risks of those loans.

SENATOR MCGINNESS:

On page 5, lines 43 and 44 say, "The following types of businesses are not eligible for a loan from a qualified lending institution under the Linked Deposit Program ... ." On page 6, lines 10 and 11 say, "Any business which is ineligible under regulations adopted by the State Treasurer pursuant to section 20 of this act," and section 20 beginning on line 27 says "The State Treasurer shall adopt regulations necessary to carry out the provisions of sections 13 to 20, inclusive, of this act." This gives the State Treasurer carte blanche to say who is ineligible, correct?

MR. WINEBARGER:

We want to include several businesses, and we thought this was the way to do it. Throughout the regulation process, these businesses will be identified and approved.

SENATOR MCGINNESS:

The bill says the State Treasurer can deem any business to be ineligible. This appears to be a "get out of jail free card" for the State Treasurer to say who is not eligible.

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MR. GEORGE:

When we originally submitted the bill, that was not our language. This language was taken directly from other states and added as a protective measure by the LCB.

CHAIR LEE:

Do you have a problem if that language is removed?

MR. GEORGE:

No.

CHAIR LEE:

We have language concerns brought up by Senator Townsend and Senator McGinness that need to be addressed.

SENATOR RAGGIO:

Can you clarify section 15? The loan is made from the qualified lending institution and the Treasurer deposits the funding with that institution at a rate not more than 2 percent below the market rate. Where does the State get the money that will become part of this Linked Deposit Program?

MR. WINEBARGER:

The \$20 million will come from our general portfolio. We have approximately \$2 billion in our portfolio, and we will set aside that money and for this purpose.

SENATOR RAGGIO:

Will the State lose money? Will the State get less than what it would earn if it remained in the portfolio?

MR. WINEBARGER:

Yes.

SENATOR RAGGIO:

Why do we want to do that?

MR. WINEBARGER:

We want to encourage small businesses and employment in small businesses. This would be an opportunity for increased taxes in Nevada.



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SENATOR RAGGIO:

The State would get 2-percent less on a total which can go to \$20 million?

MR. WINEBARGER:

Yes. The State can potentially lose \$400,000 on interest on the maximum loan amount.

SENATOR RAGGIO:

That would be 2 percent of \$20 million. The State would essentially lose a \$400,000 return coming to the State.

BILL UFFELMAN (President and CEO, Nevada Bankers Association):

Having the linked deposit in the bank to the extent that Deposit One is related to Loan One and having that money and having any given loan maxed out at \$500,000 is the multiplier effect. Potentially, I could make seven times to ten times the amount of loans because the money is in the bank. It means if the borrower became ineligible with Loan One, the linked deposit would be eliminated and I would need other capital to back the loan. The \$500,000 placed in my bank allows me the ability to lend more money than that \$500,000.

On page 5 of the second reprint, lines 13 to 16 reference a business engaged in the production and sale of fuel or power from an energy source other than a fossil fuel: in effect, a renewable energy source. The language is vague. Does it imply the creation of a power company when the linked deposit is only \$500,000? I envision the intent to apply to a machine shop where one can make hydro turbines to power a cabin or the making of wind turbines where \$500,000 might have meaning. We need to add language such as "manufactured components used in" to clarify the bill's intent. Other than this concern, the bill is good as modeled after programs in the states of Missouri and Washington.

CHAIR LEE:

The hearing is closed on A.B. 451. We will have a work session to clean up the bill's language. I will open the hearing on A.B. 422. This bill addresses Sales Tax Anticipated Revenue (STAR) bonds.

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)

ASSEMBLYWOMAN MARILYN K. KIRKPATRICK (Assembly District No. 1):  
Assemblywoman Debbie Smith and I started working on STAR bonds in February 2008. It was a bill that started in the Senate in 2003 and continued to grow in 2005 and 2007, as there were further implementations.

There were unintended consequences from legislation we passed concerning STAR bonds. More problems arose in northern Nevada.

The state of Kansas was the model legislation we used in 2007, but they have since repealed their legislation because of problems. One of the problems we were facing was entities coming in and receiving free leasing space; thereby, the business was not paying back sales tax. Another issue was there was no mechanism to enforce prevailing wage. It became an issue whether the local governments were to enforce it or whether it was the duty of the Labor Commissioner. This has been clarified within A.B. 422. Another oversight was making the schools held harmless on the sales tax dollars. I will turn it over to Assemblywoman Smith.

ASSEMBLYWOMAN DEBBIE SMITH (Assembly District No. 30):  
The local school tax is the big issue in the bill. The Local School Support Tax (LSST) will not be used in this bill, keeping the school districts harmless. Any complicated issue such as STAR bonds funding, when projects get on the ground, you figure out what works and what does not. With STAR bonds, some things need to be fixed.

We know if the LSST, if it comes in low, the State makes up the difference. We have the opportunity to take care of this issue and return the money back to the school districts where it belongs.

There are many technical fixes in A.B. 422. Both the City of Sparks and the City of Reno, with their projects on the ground, agreed there were issues that can be clarified. The bill requires that all payments made through STAR bonds be audited and soft up-front costs no longer be reimbursed through STAR bonds. The bill also requires that businesses within three miles of the STAR bonds district cannot relocate into the STAR bonds' district. There was publicity

about one case where this occurred. We need to prevent this from occurring because if it happens, sales tax revenue is lost both from that closed business and up to 75 percent when that business reopens in the STAR bonds district.

We modeled our STAR bonds legislation passed in 2005 after Kansas City, Kansas, and since that time, they also have had concerns. They have implemented a 50-mile radius around their STAR bonds districts for future projects. They have also eliminated retail from their STAR bonds projects that are limited to entertainment. This illustrates that once projects hit the ground, you see things that work and do not work.

We have new reporting requirements. A preponderance study is conducted when a project is proposed. The idea is that these projects will increase tourism. The study would indicate that 50 percent or more of the revenue would come from out-of-state visitors. This is how giving up sales tax revenue is justified. It is money you would not have otherwise. We discovered after the projects were running, we did not have a reporting mechanism to know if those projects had met preponderance. We have had numerous discussions with the developers and municipalities involved in those projects, and we have come to an agreement. They will confidentially report that information, as it is proprietary information. These businesses do not want their competitors to know their markets. We have agreed that information can be confidentially reported to the Department of Taxation along with sales tax revenue information. The Department of Taxation, in turn, reports to the LCB Fiscal Analysis Division on a confidential basis, and the Fiscal Division reports to the Legislature whether project preponderance was met. One issue regarding preponderance is the bonds are issued. There is no recourse if a business does not meet preponderance. The report does create accountability and helps with decision-making on future projects. If a project works well, maybe there should be a similar project; but if a project is found not working or if it takes business away from existing local businesses, a similar project may not be considered.

The reporting issue has been agreed to, but how to report is another issue. Cabela's stands alone, and since it is one business, it is easier to figure out the reporting than a development such as Legends would be. The Legends project is multidimensional. It has retail and entertainment and a variety of businesses. Questions arose regarding how data could be collected. Do zip codes need to be acquired from people visiting a Jamba Juice if it is within a STAR bonds

district? The resolution is that 50 percent of the revenue in a STAR bonds district would have to be reported. The local government with the developer can decide who makes that 50 percent. For instance on the Legends project, they would conclude that it would be Scheels because it generates most of the revenue. If there is a project with an arena which is the biggest revenue generator and you can track that revenue, they can make that decision. The projects are diverse and have their own complexities. This 50 percent gives the projects the flexibility to decide what makes the most sense for them.

The other requirement is for the local government to report annually to the Legislature. They want to know how many jobs were created and the impact on the local government in regard to revenue. Is the project affecting the local government positively?

Another issue involves the process of selecting subcontractors on these projects. We have agreed to bid language to allow developers to select their general contractor. This makes sense. This is a private-public partnership. We did add subcontractor language indicating subcontractors will be bid. There will not be bid shopping. Subcontractors have to submit a bid and will be selected in that framework.

The last item of significance addresses prevailing wage. Prevailing wage was always a part of the STAR bonds legislation, but there was confusion in regard to the enforcement of prevailing wage. This generated one lawsuit, which is in district court, and much confusion as to prevailing wage on existing jobs. This bill clarifies that the Labor Commissioner will be the person who enforces prevailing wage. It is a chicken-and-egg issue. A project is not a public works project until the STAR bonds are sold. It might become a public work after the project is over. This put the Labor Commissioner in a difficult position because he was unable to enforce prevailing wage when a project was not yet a public works project. The City of Sparks did a great job of hiring a third party and figuring out how to enforce these issues. This bill will take it back to where it should be, and that is with the Labor Commissioner and clear enforcement.

We have been working on this bill for about a year. It is complex, and new issues surface. There are many amendments, and large issues remain such as an issue regarding the sunset. It is time to move forward and have this Committee consider these issues and give input on how to proceed.

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CHAIR LEE:

Have Scheels and Cabela's proven to generate out-of-area consumers?

ASSEMBLYWOMAN SMITH:

We do not know. The Interim Committee on Finance asked for reporting last fall, but they did not provide that information. There was concern about the confidentiality issue, and this is what brought the new language allowing confidential reporting. The reports we do have is that sales tax on sporting goods is up significantly at 70 percent. This indicates that they are doing a lot of business and a portion is from out of state. Both projects have agreed to the reporting in this bill to move forward.

CHAIR LEE:

Was this bill heard in the Assembly Committee on Government Affairs?

ASSEMBLYWOMAN SMITH:

Yes.

CHAIR LEE:

I have not heard a bill all Session in this Committee where everyone has an amendment. Did this bill have a good hearing on your side? Why are there so many amendments?

ASSEMBLYWOMAN SMITH:

This is a complex issue. There are many opinions. We had two Assembly Government Affairs hearings and one hearing in the Assembly Committee on Ways and Means. This bill has been tremendous work with different interested parties. The bigger issues we could not solve, and we need this Committee's input. It is important to get this bill passed so we have technical fixes and can give the local governments the clarification they need. A couple of the big policy issues linger.

CHAIR LEE:

We might not have enough time to process this bill with the many amendments. There are some major amendments with this bill.

ASSEMBLYWOMAN SMITH:

There are issues with this bill. If it does not pass, it will go away for future opportunities because there is a sunset provision. I encourage you and will help in any way to assist in this bill's passage.

SENATOR RAGGIO:

I may be precluded from voting because members of my firm may participate in this hearing, but I need to ask a basic question. The issue of STAR bonds has been with us for several sessions. It certainly was a needed measure to ensure development. In the north, the projects such as Cabela's and Scheels would not have existed. They are good projects with good companies that provide good jobs and are on land that was producing nothing. Without STAR bonds, there would have been no taxes forthcoming. If you are going to take away the portion of the tax that would ordinarily generate Local School Support Tax, will there be a lack of incentive? The remaining incentive is minimal to attract those kinds of business opportunities to develop on land that is otherwise nonproductive. I am asking about the future because if you take that portion out of the incentive, it will have a serious impact on projects that may locate in our area. My point is that you would not have any tax, and the schools would not have tax income from these properties. I am trying to understand the impact for what we are trying to do to change this law at this time.

ASSEMBLYWOMAN SMITH:

I have been a supporter of these projects. I understand the need. I shop at them, and I appreciate what we have seen happen. There is every kind of sentiment out there regarding STAR bonds. I have had complaints from our bigger businesses and bigger hotel-casinos concerning these projects and the possibilities down the road for them. I have been asked why we have not eliminated it. No one could have predicted the economy affecting the ability, particularly with the Legends project, to fully realize their potential. I want to see it play out to get a better read on what we are able to do. The LSST question is philosophical. Giving a 4.25 cent sales tax for these projects is a large amount of money. I have a difficult time giving up earmarked money for a school system, even if it is additional money they may not have received. I do not think you can be sure you are not taking money away from other businesses. That is a philosophical decision we have to make.

SENATOR RAGGIO:

You are taking 75 percent of it under existing law.

ASSEMBLYWOMAN SMITH:

It is a matter whether you think the LSST should stay with the projects or does it make more sense to send it to our education system?

ASSEMBLYWOMAN KIRKPATRICK:

We have been working for over a year because we believe in the concept. Nashville, Tennessee, successfully uses STAR bonds. They have a school, honky-tonk, shopping and museums. The results are endless. To address incentives, there are many other incentives for projects, whether they work through the redevelopment agency, tax-increment financing and the like, to make their projects work. We have put in well over 1,000 hours on this bill to find the medium to allow businesses the continuation of this tool. We also wanted accountability. As the Chair of the Assembly Committee on Government Affairs, I have heard this bill twice to try to resolve the issues. When we began in February 2008, we were miles apart, but now there are only three issues. We are looking for guidance from the Senate to find the medium. Local government has played a large part in helping us to establish accountability and address their issues. We do not want to see STAR bonds go away. Only five states use STAR bonds. We will do what we can in the next day and a half to address these amendments.

SENATOR MCGINNESS:

Were these amendments presented on the Assembly side and not accepted, or are these brand-new?

ASSEMBLYWOMAN KIRKPATRICK:

They are brand-new amendments. We have been working with the Harrah's Entertainment, Inc., and their amendment. On the Assembly side, there was discussion on the redevelopment issue and changing the rules. The biggest issue is whether you extend the time frame in the redevelopment areas. If you do it on one end, it hurts northern Nevada. If you do it on the other end, it hurts southern Nevada. We are coming to you for direction.

ANNE LORING (Washoe County School District):

When the STAR bonds bill was first proposed in 2005, Washoe County School District had concerns with the concept of the taking of the LSST, but at the time, we were aware of the issue Senator Raggio raised. That was the dilemma of saying there is nothing there now, but with STAR bonds, there would be something there and the school district would benefit down the road. In 2005,

we worked hard with the sponsors of this bill to agree on conditions in the bill that exist in law. There was no way to anticipate the magnitude of the economic crisis that our State has fallen into, particularly during this Session as we struggle to find the funding to replace the LSST that has dropped throughout the State and to fund school districts in Nevada. For the last two years, our best estimate provided by the Department of Taxation was \$1.7 million has been directed into the two STAR bonds projects in Washoe County from the LSST. We are cognizant of the value of economic development, and we have seen these two outstanding projects develop in our County. We are also aware of the importance of a highly trained, highly educated workforce in Washoe County and the importance that has for economic development. We are in support of this bill although we understand the philosophical debate Assemblywoman Smith indicated as the foundation of this bill.

SENATOR HORSFORD:  
This bill only pertains to Washoe County?

ASSEMBLYWOMAN KIRKPATRICK:  
It pertains to the State.

SENATOR HORSFORD:  
The Legislative Counsel's Digest states:  
... the governing body of a municipality in a county whose population is less than 400,000 (currently counties other than Clark County) and which has created a local improvement district to pledge revenue from several sales and use taxes imposed in that district to finance certain projects of the municipality within the district.

CHAIR LEE:  
The Digest is incorrect.

ASSEMBLYWOMAN KIRKPATRICK:  
In section 1, the population and the assessment ordinance are also mentioned because you have to go through the ordinance process.



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MS. CHLARSON:

Section 1 of the bill only applies to counties whose population is less than 400,000; however, the rest of the sections of the bill apply to all the counties.

SENATOR HORSFORD:

Sections 1, 6 and 9 deal with the LSST?

MS. CHLARSON:

Correct.

SENATOR HORSFORD:

I do not see where it applies to all other counties in section 6 and in section 9.

MS. CHLARSON:

Section 6 amends NRS 271A.070. That section does not apply only to the smaller counties. Does this answer your question?

SENATOR HORSFORD:

Yes, section 6 applies to all counties and the LSST provisions? Is it only Washoe County that must do an ordinance process?

ASSEMBLYWOMAN KIRKPATRICK:

Chapter 372 of *Nevada Revised Statutes* discusses the LSST, but the process is different. Both have to do an assessment process; in 2007, local government in northern Nevada asked for a change, but southern Nevada did not. This is existing language on how the retail was to be done and how the ordinance process would work.

There is a process a project must go through. First, there is a preponderance study. Then, the project must be brought before the local government, the school district, the county and finally in front of the Commission on Tourism to determine if the criteria were met. The process takes almost two years. This applied to everyone. In the original bill's intent in 2005, Clark County wanted to add different things to NRS 271A.070, such as a baseball stadium and flood control issues, and we narrowed it down with the help of Carole Vilardo of the Nevada Taxpayers Association. This is the history about the process.

SENATOR HORSFORD:

Are there maps that show existing tourist districts throughout the counties?

ASSEMBLYWOMAN KIRKPATRICK:

A tourism improvement district (TID) is created upon meeting the criteria. There are to be five TIDs in northern Nevada and one in southern Nevada, but only two exist. The others are moving through the process, so they are not bonded out. We can get those maps if there is to be a subcommittee on the bill.

CHAIR LEE:

This bill will be going into a work session.

ASSEMBLYWOMAN KIRKPATRICK:

I will make my appointments, and I will bring in needed information. I am not familiar with every amendment, as we were working with the stakeholders. A lot of money was invested into the preponderance study, and we do not want these investors out \$300,000. I will commit to work on this bill.

PAUL MCKENZIE (Executive Secretary-Treasurer, Building and Construction Trades Council of Northern Nevada, AFL-CIO):

We bore the brunt of the two STAR bonds projects in the north. We have seen the weaknesses in the legislation and the lack of ability to enforce the provisions under the law because of the layering that keeps people from enforcement. The Labor Commissioner's issue with enforcing prevailing wage is addressed in the bill. We look forward to seeing the prevailing wage provisions enforced on the jobs. The City of Sparks built an enforcement mechanism into a finance agreement and then refuses to use it. They write letters and chastise people when they do not pay prevailing wage, but no penalties have been assessed and no bid disqualifications have resulted from prevailing wages not getting paid.

A major issue has been the subcontracting of work on the projects. At Cabela's, four unlicensed contractors were awarded bids on that project. Two of them began work and were ultimately fined for working on the project without a license. The general contractor also was fined for accepting the bid from the unlicensed contractors, so he denied accepting bids from the other two—and no penalty was issued.

The Sparks Marina project also had unlicensed subcontractors. On Friday, I received a list of 15 projects at the Marina. There are eight unlicensed contractors on the list; four of them have licenses but are working out of their contract classification. A carpentry contractor is doing electrical work, an

air-conditioning contractor is doing electrical work, one subcontractor was fined and fired by the State Contractors' Board because of misclassification on his licenses and doing work he was not licensed to do. This situation is a result of not having an open-bid procedure. These people are bidding these projects and doing the work, dependent upon finishing the job before getting caught. They come in, do not worry about licenses or pay prevailing wage. They slam out the tenant improvements, sometimes in three or four days, and then they leave. Many are also getting quick starts on their jobs. They get in early to do the work and then get out as quick. These employees are not interviewed, we do not see certified payrolls on these employees and the City of Sparks is unaware they were on the job. One subcontractor has done four different tenant improvements on the project, and he has not been required to turn in a single certified payroll. I contacted the City of Sparks last Thursday, and they do not have him on a list for any jobs.

Our main issue in the bill concerns the subcontractor language. We have proposed an amendment to tighten the language to prevent contractors from taking advantage of Nevada's laws. The main issue is the general contractor is not identified when he receives his start permit. He starts work before receiving a permit—the rough framing, the electrical and the plumbing is done before the first inspection, and those workers are gone. If they were not licensed or improperly licensed or if they did not pay prevailing wage, nobody knows, as they were not inspected. A process needs to be in place that identifies these subcontractors and the date they bid a project. This allows unlicensed contractors who bid the work to be held in violation, and if the bid is accepted by a general contractor, the general contractor can also be held in violation. The employer list must also be provided before work begins on the project. This will prevent workers from sneaking in and out under the cover of a weekend. This will become more important if the other STAR bonds projects in the City of Reno develop because they are a bundle of small projects. We are 100 percent in support of A.B. 422 with our amendment ([Exhibit E](#)).

SENATOR TOWNSEND:

In regard to the proposed new language in your amendment: is this proposed requirement the same that is required in all public works projects, or is this specific to STAR bonds?

MR. MCKENZIE:

This provision is specific to the STAR bonds legislation in section 4 of the bill. It addresses the public body established and the process for bidding. They can select the contractor, but it adds the process of selecting subcontractors. Many of these provisions are in prevailing wage. We did not want to move into NRS 333 bid procedure as it is too burdensome for private developers. We were specific to STAR bonds, as we want private developers to get the most for their money while also protecting the public good.

DAVID GOLDWATER (City of Las Vegas):

In front of you are slides ([Exhibit F](#)) that outline my message on behalf on the City of Las Vegas.

The STAR bonds provision has been an effective financing tool since 2003. The pitching of STAR bonds was easy to justify as a tool to use for the completing or enhancing of a project in a deprived area. In today's credit environment where money is tight, STAR bonds are a vehicle to get credit to these areas.

The City of Las Vegas stands in support of A.B. 422. We support tighter controls. Assembly Bill 422 makes STAR bonds better. In addition to tighter controls, there will be local bid preferences and stronger audits, and the concerns surrounding prevailing wage will be addressed.

There is an item in NRS 271A.070, subsection 4, that sunsets the use of STAR bonds TIDs within redevelopment areas (RDAs). Existing law says that a TID cannot go inside an RDA after October 1. This is to prevent double-dipping. It stops the taking of both a sales tax increment and property tax increment. This is good policy.

CHAIR LEE:

A redevelopment area gets a property tax increment and a tourism improvement district gets sales tax?

MR. GOLDWATER:

Yes. The sunset attempts to prevent double-dipping, but it also sunsets the ability to put a TID inside a RDA. There are RDAs in North Las Vegas and in the City of Las Vegas, so if this sunset is not repealed with A.B. 422, these effective tools cannot be used within these cities. This creates a competitive disadvantage, particularly if the suggested amendments by the larger gaming

properties are adopted. If you exempt the LSST on stadiums or on arenas and the sunset were allowed to pass, you could only use STAR bonds in areas where there is no RDA. It pushes the use of TIDs or STAR bonds out, creating sprawl. We want to use STAR bonds most in the urban areas where we need the redevelopment.

I ask that if we move forward on A.B. 422, we want to repeal NRS 271A.070, subsection 4, and insert strong no double-dipping language. Make the law clear that if redevelopment money is used, which is a property tax increment, then a sales tax increment cannot be used.

I would be remiss on behalf of the City if I did not mention excellent policy that has been overlooked this Session. This is the concept of using loans within RDAs. When a project is approved for RDA, we have to give the money to the developer either in rebates or abatements. The money never comes back. It would be simple to change the law from giving the money away to creating a credit facility and allowing a city RDA to loan the money and pay the taxpayers back. I recommend this amendment to A.B. 422.

CHAIR LEE:  
Do you have an amendment?

MR. GOLDWATER:  
My amendments are in the packet, [Exhibit F](#).

CHAIR LEE:  
Can you get these amendments in draft form for our work session?

MR. GOLDWATER:  
Yes. We support A.B. 422, but we want to use STAR bonds for the City of Las Vegas; in order to use them, we have to repeal that sunset. We also want to use loans as a vehicle for providing credit in the RDAs.

SENATOR TOWNSEND:  
Do I understand the City of Las Vegas is prohibited from making loans to an RDA? Are you forced to give the abatement or tax giveaway? Is it correct that you cannot say we will give you \$1 million, but if you want \$5 million or \$10 million, we will provide you with a loan? Are you not able to negotiate or

establish creative instruments that would work better for the City and the taxpayer?

MR. GOLDWATER:

Correct. Without the language suggested within the packet, [Exhibit F](#), loans and negotiations cannot occur.

SENATOR HORSFORD:

Has the City gone through the process of establishing a TID?

MR. GOLDWATER:

There are no TIDs in southern Nevada, but the City is in the process.

BILL ARENT (Acting Director, Office of Business Development, City of Las Vegas):  
We have one TID in the process. We have moved through two steps at the Las Vegas City Council, we have had a hearing before the Clark County Board of Commissioners and another before the Clark County School District. The TID is on land which holds the old post office and will support the CIM Group's Lady Luck Casino project scheduled to be heard before the Nevada Tourism Commission on June 16.

The City is concerned about the existing sunset date for the RDAs. It would affect future TIDS in downtown Las Vegas and impede new TIDs in our older neighborhoods, including west Las Vegas and east Las Vegas. We are looking to address this with the proposed changes Mr. Goldwater reviewed today.

SENATOR HORSFORD:

Is the TID you mentioned within an RDA?

MR. ARENT:

The TID we are in the process of achieving is within an RDA.

SENATOR HORSFORD:

Based on the testimony about not double-dipping, how will that be addressed?

MR. ARENT:

We have addressed that within our development agreement with the developer. The Los Angeles-based developer CIM is not seeking additional incentive from the City. They are not seeking an incentive from the RDA or a direct incentive

from the City. The only incentive they are seeking is the STAR bonds. We also have a real estate agreement for selling property around the historic post office close to fair market value, but we are not offering a tax incentive other than the potential of the TID sales tax incentive and potential STAR bonds. The proceeds of this project, if we are successful at instituting the TID, will be used for public improvements owned by the City. For example, proceeds will be used for Stewart Avenue, a public parking garage and a public plaza. The developer will receive no direct incentive from the TID proceeds.

SENATOR HORSFORD:  
What do the developers gain with the TID?

MR. ARENT:  
They gain infrastructure from the City of Las Vegas the City might otherwise not be able to afford. Stewart Avenue has been in the wings since the 1970s, and to build public parking downtown is at a premium in regard to costs. Without this incentive, we might not be able to deliver the public services to support the project. The TID will also support the new Las Vegas Museum of Organized Crime and Law Enforcement. We anticipate 800,000 people annually will visit this attraction. The City has infrastructure needs. Without this revenue stream, we do not have the revenues to support the project's infrastructure.

SENATOR HORSFORD:  
Who establishes the criteria for the TID objectives for the City and for other entities? The law expressly states the use of RDAs is for public health and welfare. For instance, it is for public good and addresses blight. What criteria are established for TIDs?

MR. ARENT:  
On a policy level, the funds can be used for a variety of purposes, including an arena as defined in the original legislation and entertainment uses. The two thresholds that must be met through public hearings are an increase finding that the project will generate new taxes that otherwise would not exist and a preponderance finding that a preponderance of the sales tax generated would come from tourists or out-of-state visitors.

The parameters for using the funds are broad. It indicates entertainment and sports use and defines an arena for professional baseball or football. One of the proposed amendments is to clarify that definition.

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JAN GILBERT (Northern Nevada Coordinator, Progressive Leadership Alliance of Nevada):

We are in support of A.B. 422 and encourage sales tax balancing so schools do not lose revenue in these difficult times.

SUSAN FISHER (Board of Directors, Reno Downtown Improvement Association):

You will have an amendment ([Exhibit G](#)) presented to you by the Northern Nevada Urban Development Company, LLC. We support A.B. 422 with that amendment. The amendment addresses section 1 and section 6 and discusses where there has been a memorandum of understanding (MOU) in place prior to a certain date. We want to see projects continued that have been in the works for some time and have spent time and money.

Our mission is to identify, vet and advocate issues critical to creating a diversified, attractive and economically prosperous, clean and safe urban core for our region.

SENATOR HORSFORD:

We still have overlapping with TIDs and RDAs. I do not understand this, as their purposes are different. The RDAs are to make an impact to residential and commercial blighted neighborhoods, and TIDs are used for entertainment purposes and for arenas. Do they overlap because boundaries were established for RDAs, and now TIDs are introduced?

CHAIR LEE:

The RDAs are larger areas.

SENATOR HORSFORD:

Yes, but there are older, underserved neighborhoods with people frustrated with how the redevelopment resources are allocated. A determination is made and the focus is put on downtown, and resources do not get to the underserved neighborhoods that are to be included based on the NRS statute addressing blight. I am struggling on how to strike a balance. My district has voiced concern over measures taken last Session where emphasis was directed in one area versus others. We need to strike a balance, particularly when resources are diverted away from schools. The question arises, "What is the purpose?" I support economic development and I want to spur job creation and renewal, but if it does not help the people living in those underserved neighborhoods, it begs the question.



SENATOR TOWNSEND:

Assemblywoman Smith and Assemblywoman Kirkpatrick worked on TIDs with developers, local government and organized labor on the challenges from the original bill. There are many advantages in TIDs relative to STAR bonds. They are identifiable. They are a specific project. You know where the land is, you have seen the drawings and there are multiple layers of checks and balances, including independent research stating preponderance of the evidence, the school district's involvement, local governments making the determination and moving to the State level by going in front of the Commission on Tourism for their stamp of approval. There are multiple layers, but it is surrounded by a specific geographic point. That point could be 5 acres of land or 20 acres of land, and you know exactly what is going to be built upon the land before moving through the first layer.

The RDAs are much different. When revenue is raised, it does not go to many areas, and there is not a way to check it or stop it before it moves too far down the lane.

The original developers in STAR bonds insisted on and endorsed multiple layers of checks. The bill sponsors testified today that it takes almost two years with check after check. We did not get it all right, and that is why we are back trying to fix it.

The RDAs and TIDs are two different animals. One has been around for a long time and should have been better developed to meet local communities' needs. The STAR bonds are a recent tool and were narrowly drafted, and we are attempting to further narrow it. I can see the frustration as Mr. Goldwater's testimony discussed the two together. They both deal with taxes and development, but after that, they are different issues.

RICHARD "SKIP" DALY (Laborers, Hod Carriers, Cement Workers and Miners Local 169):

We are in support of Assembly Bill 422. Four years ago when STAR bonds were passed, many parties worked together on the legislation to move it forward. It was new ground in Nevada, and we agreed to the legislation on the condition that if there were issues, we would return and address them. This bill addresses many of the issues we have on the construction portion and with the enforcement of prevailing wage. We do not want to see STAR bonds areas disappear because of the sunset. This bill is important. We need to move

forward addressing the sunset, and we support the school districts and their issues.

This legislation is like a springboard. You jump off the diving board and it bounces up and down until it hits the middle, and that is what we are trying to do here, find that adjustment in the middle. We might not hit it this Session, but we will move forward, work hard and make the compromises and the adjustments we need to make. The prevailing wage issues are key issues for us. The subcontractor bidding is also a concern. We need more controls in place.

We do not want this bill clogged up and subject to a sunset provision, so we need to move forward in a reasonable fashion. We need to find the balance and get the springboard back to center.

NICOLE ROURKE (Director of Intergovernmental Relations, Government Affairs, Clark County School District):

We are in full support of this bill. This is an effort to make education whole in funding. I will also make a support statement for the Nevada Association of School Superintendents.

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

We have worked with STAR bonds longer than any entity in the State. Cabela's, the first project brought to Nevada, originally was for the City of Sparks. We have worked with STAR bonds prior to 2003 and through several sessions to perfect it. The Legends at the Marina, which is our \$1 billion project, has worked under the legislative rules. The builders were forthright in coming forward and working with suggestions brought to them by the City under the intent of the law, not necessarily the letter. When prevailing wages became an issue, they did the right thing upon the City's request.

To address RDAs and TIDs and Senator Horsford's concerns, the Marina is our second RDA. It is also a TID. A conscious decision was made by the Sparks City Council to establish that RDA. It would become the economic engine for two subareas. The Marina area was blighted. It was a gravel pit and a brown field and was unutilized. It had the beginnings of an outlet mall, but that never developed. It was to be the feeder for two other areas, one of which is Oddie Boulevard at Sullivan Lane, the first commercial area outside of the downtown in Sparks that is now a blighted area needing economic incentive. The second area was Conductor Heights, south of Interstate 80 along Rock Boulevard. This

original residential neighborhood of Sparks is now an industrial area, but a handful of residents still reside there. This area was discussed earlier this Session in this Committee in regard to the historic cemetery and the neighborhood park, the latter which can go away. The residential neighborhood needs to be relocated, and that is a redevelopment project.

Redevelopment can be a partnership of working with blighted areas while bringing something new out of the ground and redeveloping it. The STAR bonds area offers entertainment and vibrant retail while helping the other blighted areas. The RDAs and TIDs can work together. You can call it double-dipping, but Sparks would not have a \$1 billion project otherwise. On that property, we had another envisioned project worth under \$100 million. This project would have been built without an incentive, but with the incentive—you can see what we have coming out today. This development also has the majority of construction jobs, and it is our only economic area continuing to develop. Everything else is shut down due to the economy. This RDA and TID \$1 billion project is also producing more for our schools than the other project could have with no incentive.

We support this bill in a neutral capacity because we can move forward without it. We are making the changes we need to make. We support the bill in its perspective nature. We are in several stages of bonding for our project, and we cannot impair those bonds by changing the rules we have agreed to with our developer. Our bond counsel has recommended an amendment ([Exhibit H](#)).

ARMANDO ORNELAS (City Planner, City of Sparks):

Our amendment, [Exhibit H](#), is based on the recommendation of the bond counsel for the Legend's project. We are requesting a technical amendment to section 3, subsection 2, paragraph (b). This amendment would clarify the bill's intent, specifically, the changes to one sentence. It would make clear that if a retailer were to relocate a facility from within three miles of a TID, only that retailer would be precluded from receiving STAR bond financing and not the larger project in which it is located. The balance of that paragraph, including the prohibition of capture of that retailer's sales tax, would remain unchanged. This is a straightforward technical amendment consistent with the intent of the bill sponsors.

CHAIR LEE:

How did you decide upon the three-mile distance?

MR. ORNELAS:

The bill sponsors proposed that three-mile radius. It is what was approved on the Assembly side. Retailers might space stores five to ten miles apart, but at three miles, it is less likely to have overlap from larger retailers.

MR. JOINER:

If the City of Las Vegas excuses the sunset provision with their amendment, would that apply statewide?

CHAIR LEE:

Yes.

CLARA ANDRIOLA, President, Sierra Nevada Chapter, Associated Builders and Contractors, Inc.

I have been working with the bill sponsors and signed in neutral because we were not able to finish the amendments due to time. I look forward to working with the sponsors further in the work session.

I do want to bring forth some points. One, if the STAR bonds have not directly contributed to the project, prevailing wage provisions should not apply. We will support compliance requirements if STAR bonds money goes directly to the project. After a project is complete, there is no language addressing the future of that particular building. The bill's intent is not to go on for the life of the building. The City of Sparks and the City of Reno should be commended as they entered into new ground. The City of Sparks made adjustments because of laws that proved confusing. Both Cities have hired independent, third-party oversight for prevailing wage compliance. We have tracked this compliance for years and discovered that whether it is union or not, there are compliance issues. One entity does not do more or less, and the apprenticeship training we support is also supported by many building trades. Some of the outer ratio compliance issues are of concern. Having the independent oversight is important, yet the bill does not make this a requirement. The City of Sparks and the City of Reno need to be commended for that oversight particularly due to the lack of clarification in regard to the Labor Commissioner's enforcement of prevailing wage. The bill addresses this enforcement, and we agree to it.

We will continue to work with the sponsors on the technicalities. I mentioned bidders' preference to Assemblywoman Smith because we have it in public

works legislation and we might have the opportunity to extend it to subcontractors to keep Nevadans working.

DANNY L. THOMPSON (Executive Secretary-Treasurer, Nevada State AFL-CIO):

I support the bill as written. I have not seen every amendment offered, but I did see the amendment that will be offered by Harrah's Entertainment on a Las Vegas project. We are in support of their amendment. Unemployment is at 10.6 percent in Reno and 11 percent in Las Vegas. Adding to this, light commercial is overbuilt, so we will see staggering unemployment by the end of the year. Methods such as STAR bonds will become critical for job creation. In addressing Harrah's, we need to do everything in our power to help them turn nothing into something to create jobs for Nevadans.

JOHN W. GRIFFIN (Cabela's):

I will testify on the sales tax reporting piece of this legislation. We have committed to working with Assemblywoman Smith and with the Director of the Department of Taxation to come up with a mechanism to report the sales tax on an annual basis. This is to provide the Legislature and the citizens of the State an opportunity to see the report prior to distributing money. If it says the preponderance of the sales tax at this project will be generated from out-of-state visitors, there needs to be a mechanism at the back end to confirm the report. Cabela's preponderance study projected sales tax around 57 percent from out-of-state visitors. Cabela's is exceeding that percent in its second year of operation and has visitors from every state in the U.S., every province of Canada and over 50 countries. The sales tax reporting piece, the only area of concern to a retailer, is identifying the exact locations of those customers. It is a highly competitive market, and companies are sensitive to the micromarkets they target.

BRIAN WACHTER (Retail Association of Nevada):

We echo Mr. Griffin's testimony, not speaking on behalf of a particular business but in general. We are pleased with Assemblywoman Smith's comments on protecting the confidentiality of customer locations while recognizing a need to back up the sales tax figures.

STEVE POLIKALAS (Northern Nevada Urban Development Company, LLC):

I am neutral on this bill with our amendments, [Exhibit G](#) and ([Exhibit J](#)).

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

We are opposed to A.B. 422 as written. As Mr. Thompson alluded to in his testimony, Harrah's announced a project some time ago on the Las Vegas Strip behind the Imperial Palace, which consists of demolished or existing apartments. There is no sales tax, and there are no retailers. The project would include a large arena that could house home games for professional sport teams, professional rodeo and other large-scale events. It also includes an entertainment district.

The project has been slowed down by the economic downturn. A project like this and especially an arena is not going to get built without public financing.

Harrah's supports the concerns raised by Assemblywoman Smith and Assemblywoman Kirkpatrick. We do not have a problem in concept with the tightening of language in STAR bonds, including prevailing wage language, the bidding issues, transparency and reporting; however, we will get to the philosophical issue Assemblywoman Smith raised, the removal of the LSST which reduces the amount available for financing by approximately 35 percent. It is important to point out that the Legislature passed A.B. 552 which increased the collection commission on sales tax from 0.75 percent to 1.75 percent, and that comes off the top before STAR bonds. When you add the removal of the LSST, you are drastically reducing the amount available to finance these projects.

There needs to be a balance between the issue raised on funding public education and economic stimulus and job creation. If STAR bonds works correctly—and for the record, Harrah's supports the changes on relocation and ensuring it is not abused—you have a situation where you are taking a raw piece of land where there is no sales tax and building something on it. The developer can get up to 75 percent of that sales tax revenue and the schools would get 25 percent of what previously did not exist. We are not diverting money or attempting to divert money, and this is why we oppose the bill with that provision.

We are proposing two amendments ([Exhibit I](#)). Proposed Amendment No. 1 amends section 6, section 9 and section 12 of the bill. All deal with exempting an arena with 15,000 or more seats in Clark County from the removal of the LSST. Proposed Amendment No. 2 is cleanup language. The Harrah's project

can happen under existing language, but we wanted to add professional rodeo events to it.

The important provisions for us are in Proposed Amendment No. 1 that exempt a large-scale project such as we are discussing from the LSST piece.

ALFREDO ALONSO (Nevada Land LLC):

We support Assemblywoman Smith's efforts. We understand the reporting requirements and the other issues she and Assemblywoman Kirkpatrick have been working on with this bill. We vetted many of the issues but not to the extent we wanted as we ran out of time; however, we are submitting two amendments with Mr. Polikalas, [Exhibit G](#) and [Exhibit J](#).

Our baseball park in Reno was built on blighted land. The surrounding area is blighted. Property values are 25 percent lower than the remaining downtown area, and revenues coming into the county coffers are significantly lower in this part of town. The ballpark, Phase One of the development plan, has been completed. The first home game had 100,000 people walk through the gates. This shows redevelopment works. In our case, it was having an RDA and a TID that allowed for this project. This is the question regarding the combination of RDAs and TIDs. Is one enough? In our case, we have combined an RDA with a TID, and we have two projects in six years.

Downtown redevelopment is expensive. We have Phase Two and Phase Three to develop. The land is contaminated or blighted and is difficult to develop. In our amendment, [Exhibit G](#), we are asking an exemption for these two specific STAR bonds districts, both of which already have memorandums of understanding (MOUs). We have been in this process for about two years. The Reno City Council has agreed to the MOUs, and our pro forma statements are finished. We are also asking to push forward the expiration date six months. We have been at a standstill, waiting to see what happens here at the Legislature.

The second amendment, [Exhibit J](#), is extending the life of the bonds to 30 years in certain instances. There has been discussion in one of these projects to potentially put a hockey or other type of small arena in northern Nevada. A 20-year bond would not work on this type of facility. It would be fair to do the same for the south and would include development such as the Harrah's project.

MR. POLIKALAS:

I passed out a photo ([Exhibit K](#)) so you can see the area we have in mind and the blight that exists and has existed for some time. The significance of that blight is profound when looking at the adjacencies to this property. Interstate 80 runs directly to the north across from the University of Nevada, Reno, campus; to the west is the historic gaming core in downtown Reno including Circus Circus, the Eldorado and the Silver Legacy; and to the south is the new event center. Further south is the baseball stadium and a new Regional Transportation Commission hub. The blight includes vacant parcels of land, run-down motels that are no longer economically viable and old houses that serve as rentals.

The photo, [Exhibit K](#), addresses concerns regarding TIDs within an RDA. You need to have both in certain instances. Despite the depressed property values and the obsolescence of the property tax in this area, this property is costly.

This project involves more than 80 separate parcels of property that will be purchased from landowners of longstanding families. They have a price on their property; to acquire that land for a project and the remaining land for a project of significant size to create a catalytic effect for the region, a large amount of money is needed.

Senator Care knows in the Seventy-fourth Session with the People's Initiative to Stop the Taking of Our Land (PISTOL) and the subsequent changes to the eminent domain laws in response to PISTOL, the prospect of eminent domain is not an option to help a master developer assemble parcels of land necessary to create a project. The alternative is higher land costs and the bloodbath that occurs when assembling many parcels of property with many different uses from many landowners. I look at this property as a medical patient. The property is in an economic coma. To bring it back to life, you need to give it plasma, oxygen, drug therapy and antibiotics. One thing is not enough to get this project going, and with the downturn of the economy, it is now more difficult than ever.

CHAIR LEE:

Is this boxed-in land on your photo in assemblage now?



MR. POLIKALAS:

Yes. At this time, it is controlled by three companies, two of which I represent. The other is working in cooperation with us to get our project going. We cannot continue to buy property or tie it up with the hope a financing tool will be available to make a project feasible. There needs to be a reasonable return on the investment to attract capital partners or financial institutions. The RDA has been in place for some time and nothing has happened. It is with the advent of these tools that the possibility exists.

In connection with the sunset on TIDs and RDAs, it is the boundary by ordinance which sunsets on October 1. We have had a MOU with the City of Reno since June 2008 and have been acquiring this property for four years. We have paid hundreds of thousands of dollars to do the required studies to evaluate the financial and economic impacts pursuant to the old law.

SENATOR HORSFORD:

What is your project?

MR. POLIKALAS:

The project would include retail, a nongaming hotel, a residential component including student housing and possibly senior housing, and Class A office opportunities. This is an integrated, mixed-use development. It is a green development, it is infill, it is in a transportation-oriented district, and it eradicates blight and brings forth new development which will help the University. We also have a pedestrian bridge planned connecting to the University for pedestrian and bike access across the freeway. This bridge is also on the University's master plan as well as the master plan for the City of Reno.

SENATOR HORSFORD:

This project is under a TID. Will you meet the threshold of 51-percent retail activity coming from out-of-state visitors?

MR. POLIKALAS:

Yes. The study has been done and the preponderance indicated this. It is a necessary function. We are adjacent to the bulk of hotel rooms filled with tourists.

SENATOR HORSFORD:

This is a great example of utilizing the tools for an effective plan. I support this concept, as it fits with the type of development that needs to occur. My frustration is that the other cities are not utilizing the tools in the same manner. The tools are either narrowly prescribed to a project that benefits a limited purpose or it is not used at all. This is directed toward the south. The north has been in front and has more of a track record, but the south has similar areas that should be using these tools in an effective way for broader use in creating multiple public benefits.

In two prior Sessions, I have attempted to address blight. I have two 60-acre parcels not in a RDA that have fissures, soil-contamination and issues with small plot size. The Clark County School District looked at 20 parcels, and they will not develop on it. This further demonstrates a problem for private development.

I want to make these tools more useful and perhaps look at RDA allocations, making them broad rather than concentrating funds on two to three city blocks.

MR. POLIKALAS:

It is a fundamental, philosophical truth that infill development and urban revitalization give larger benefits. In 2003, STAR bonds were initially based upon the successful Kansas model of doing large projects. In the changing economic times, older uses of STAR bonds as contemplated here are anachronistic to the positive use. Maybe more creative uses might cure these otherwise undevelopable pieces of property.

ALEXIS MILLER (City of Reno):

The City of Reno supports A.B. 422 and the proposed amendments, specifically those amendments that grandfather in those projects with MOUs with the City so they can move forward.

CHAIR LEE:

This is an important bill that needs more time. We will establish a subcommittee to finish this bill. I want rural, northern and southern representation. Senator Townsend will chair this subcommittee, and I welcome all who want to participate.

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This newly formed subcommittee will meet tomorrow. I call this Senate Committee on Government Affairs adjourned at 4:42 p.m.

RESPECTFULLY SUBMITTED:

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Cynthia Ross,  
Committee Secretary

APPROVED BY:

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Senator John J. Lee, Chair

DATE: \_\_\_\_\_