

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

**Seventy-Sixth Session  
April 28, 2011**

The Committee on Government Affairs was called to order by Chair Marilyn K. Kirkpatrick at 9:01 a.m. on Thursday, April 28, 2011, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/76th2011/committees/](http://www.leg.state.nv.us/76th2011/committees/). In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Marilyn K. Kirkpatrick, Chair  
Assemblywoman Irene Bustamante Adams, Vice Chair  
Assemblyman Elliot T. Anderson  
Assemblywoman Teresa Benitez-Thompson  
Assemblyman John Ellison  
Assemblywoman Lucy Flores  
Assemblyman Ed A. Goedhart  
Assemblyman Pete Livermore  
Assemblyman Harvey J. Munford  
Assemblywoman Dina Neal  
Assemblywoman Peggy Pierce  
Assemblyman Lynn D. Stewart  
Assemblywoman Melissa Woodbury

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

Senator Steven A. Horsford, Clark County Senatorial District No. 4

**STAFF MEMBERS PRESENT:**

Susan Scholley, Committee Policy Analyst  
Brenda Erdoes, Legislative Counsel  
Jenny McMenomy, Committee Secretary  
Olivia Lloyd, Committee Assistant

**OTHERS PRESENT:**

Steve Holloway, Executive Vice President, Associated General Contractors of America  
Tracy Bower, Director of Government Affairs, Regional Transportation Commission of Southern Nevada  
Warren Hardy, representing the Associated Builders & Contractors of Nevada and HDR Engineering  
Jack Mallory, representing Southern Nevada Building & Construction Trades Council  
Greg Esposito, representing the Plumbers, Pipefitters, & HVACR Technicians Local 525  
Randy Soltero, representing Sheet Metal Workers Local Union No. 88  
Ric Licata, representing the American Institute of Architects  
Lisa Gianoli, representing Washoe County  
Cadence Matijevich, Legislative Relations Program Manager, Office of the City Manager, City of Reno  
Renny Ashleman, representing the City of Henderson  
Bob Murnane, Director, Public Works Department, City of Henderson  
P. Michael Murphy, representing Clark County

**Chair Kirkpatrick:**

[Roll was taken.] We have 34 bills from the Senate that need to be heard, so we have 41 total, which is a little more than a third of what we did on the Assembly side, so we can relax a little. We will start our meetings at 8:30 a.m. because we can do three bills a day for the three weeks before the deadline. We should be quite comfortable. On Mondays, we can start at 9 a.m. I know everyone will have a lot of bills that will be heard in the Senate, but please be here for roll call. That would be most helpful, but if you need to be in that Committee first, please let someone know so you are not marked absent.

Do not forget that we have an Assembly Committee on Taxation meeting this afternoon at 1 p.m. It is a joint Assembly and Senate Committee on Taxation meeting in Room 4100, and we do not have to wait for the Senate to start. You have been excused from your Assembly Committees on Legislative Operations and Natural Resources, Agriculture, and Mining meetings.

Natural Resources will start at 2:30 p.m., and we are excused from Legislative Operations.

We will wait for Senator Horsford.

**Chair Kirkpatrick:**

We will open the hearing on Senate Bill 192 (1st Reprint).

**Senate Bill 192 (1st Reprint): Makes various changes relating to job creation within the Nevada construction industry. (BDR 18-935)**

**Senator Steven A. Horsford, Clark County Senatorial District No. 4:**

I am here to present Senate Bill 192 (1st Reprint). One of the biggest priorities that we have all been working on this legislative session is putting people back to work. That really is the first job of the 2011 Legislature. There are nearly 175,000 unemployed Nevadans. Approximately 80,000 of them are in the construction sector. Until or unless we help them go to work, we are not going to be able to fund the things that matter such as education, higher education, health care, or other such areas.

We can also not lose sight of the necessity to do everything we can to help people now. The economy is beginning to recover, and the signs are good. I read this morning that the sales tax numbers are up again. I am happy to hear that. However, the people who are still unemployed cannot rely on those indicators alone.

[Spoke from prepared text ([Exhibit C](#)).]

You have considered legislation to that effect because we now have more and more people going back to college and trade and vocational schools, so they can acquire the education and training they need to go into jobs as they are available.

[Continued to read prepared testimony.]

With your permission, I will quickly highlight the sections of the bill for the members.

[Continued to read prepared testimony.]

This is meant for us to account for it. In some of our communities, we build lots of things, but now we are not spending any money to take care of them. I have talked to several of you, and we are all concerned about what will

happen five or ten years from now if facilities are not maintained along the way. The value will fall while the refurbishing expense will increase. Right now, maintaining those facilities could help some people to have a job. This bill basically gives guidance to local governments, although many local governments do this already. For the others, there is accountability and reporting to the state.

[Continued to read prepared testimony.]

Again, Madam Chair, with your knowledge of Assembly Bill 144, if you feel this language needs to be aligned with that bill, I am open to having adjustments made so that it is consistent with the passage of A.B. 144.

[Continued to read prepared testimony.]

The two regional transportation directors are here, and they can tell you about the priority projects they have that they do not have money for. If we provided them with this bonding capacity, they would be able to fund projects that are already in the works, that have already been vetted, and that are already on a priority list. By the way, by making this local money available, we will guarantee that our federal portion of transportation dollars continues to come to this state. In the last couple of decades, we were doing very well with that; however, in the last couple of years, we are getting to the point of leaving money on the table because we are not putting in our local share and our local match.

[Continued to read prepared testimony.]

It is in the best interest of the state for those services on public works to be performed by the . . . . This says public sector, but it should be private sector. We will make sure that is clarified in the bill.

**Chair Kirkpatrick:**

Was that in section 18, Senator?

**Senator Horsford:**

It is throughout the bill: sections 8, 11, 17, and 18. I am trying to make sure that the bill says "private." I want to ensure I am saying it accurately. The intent is that, whenever possible, this work be put out to bid. Yes, we want to preserve jobs that are provided for by local government employees, but you and I have heard that there are projects that have historically been put out for competitive bid in the private sector that are now being held by local governments. I have a problem with that. Our job is not to keep every local

government employee in a job. That is not the role of government. It is the private sector that will ultimately create these jobs. This legislation helps to provide a governmental role, which through bonding allows us to use these proceeds in a manner that allows the Regional Transportation Commissions (RTC) and local governments to issue these bonds to put people to work, whether in the public or private sector. I know there will be people here who want to change the language and clarify things, and I am open. Your Committee can decide that, but I believe in most cases, if it is appropriate, it should go to the private sector.

[Continued to read prepared testimony.]

Thank you for the opportunity to be here to present this bill. This is not a bill that I authored alone. There were a number of stakeholders that have been meeting throughout the interim. I know you have heard legislation throughout this session on the Buildings Jobs Coalition of Nevada. This represents a number of ideas that were included in recommendations that it, as well as other groups, made. I am happy to be here to speak in support of the bill.

**Assemblywoman Neal:**

Regarding the 2 cents that is being diverted to the RTC, I was looking at the funding sources that it already has, and it gets funding sources from six or seven different areas, but it looks like its property tax issue comes from commercial property. Is that correct? I am trying to figure out why you are trying to give more money to the RTC when it seems it is in a good position.

The second part of my question is in the fiscal note by Yolanda King. She said that the Clark County's operating tax levy is used to fund countywide services for the indigent, district courts, child and family services, and delinquent juveniles. She claimed there was no nexus to diverting operating funds for adults and children to transportation. So, what are we doing? Are we taking away what is needed in those areas?

**Senator Horsford:**

I have a spreadsheet ([Exhibit D](#)) that I will make sure the members have that breaks out the 10-cent operating rate versus the 5-cent capital rate of which 2.6 cents is already dedicated toward this purpose. The remaining amount shows the allocations which total the 2-cent operating rate and the county portion of 5-cent capital projects.

Should we be diverting money away from certain areas for others? In the ideal world, no. If we had enough money to meet all of our obligations, we would not. My contention is that we have got to get the economy moving. The only

way I can think of to do that is to go back to what was working before. As I said, 80,000 of the 179,000 people who are unemployed are in the construction sector. There is no significant development going on in the private sector, nor will there be in the foreseeable future. In the private sector, there are no major hotels or market centers. The only thing under construction now is The Smith Center for the Performing Arts. Once that project is finished, there will be another 1,000 to 1,200 people put on the unemployment rolls. In the public sector, the little bit of money that we have been able to put through from Senate Bill No. 5 of the 26th Special Session and the American Recovery and Reinvestment Act (ARRA) funding has allowed us to fund some of our public infrastructure projects and it is helping to put people to work. The last information that I received reported there were 22 projects that were funded by the S.B. No. 5 of the 26th Special Session proceeds, helping thousands of people become employed. What I am suggesting is, despite the hardship that this places on those programs that would not be receiving the funds in this period of time, the greater good is served by putting those people to work. If they are working, they are not on the unemployment rolls, they are not in social services, and are not going to the county programs to get assistance for housing or medical. They are working. If they are working in the construction sector, they are probably working with insurance benefits, so they are covered. When they are working and have insurance, they are spending money. Construction workers spend money. They earn their checks, and the day they get paid, they put it back into the economy. That money helps us put revenue into local and state governments, and that helps us to fund those programs.

I know there are those from the counties who feel like, "Do not divert the money again." I am not diverting it in the manner that was proposed in 2009, and I am not proposing it like the Governor. The portion of the funding that I am talking about, the 2 cents of the 4 cents, is part of the 9 cents that the Governor wants to divert and put into higher education. We are continuing to have that discussion in the Senate Committee on Finance and the Assembly Committee on Ways and Means. My point to the local governments that are affected is that, if the money is going to be diverted, let us divert it to something that helps meet our infrastructure needs. And what are our infrastructure needs? It is our roads and highways. It is the design architectural services that go into the design of those facilities and projects. Outside of our roads and highways, the portion that the counties will keep in their operating account should be dedicated to the improvement, upkeep, and maintenance of the buildings that you built, not someone else's buildings. Take a portion of your operating funds and dedicate it to the upkeep of those facilities. By doing that, you are keeping people working, which helps to spur the economy. As we spur the economy, those programs get funded. I wish we

had all the money to fund the programs and do this, but we do not. We have to prioritize and this is one approach to try to do that.

**Assemblywoman Neal:**

That answers the question. When does this sunset? When does the 2 cents go back so we can take care of the other people?

**Senator Horsford:**

I will defer that question to the RTC representatives since they know the bonding terms better than I. I know it is for a long period of time.

**Chair Kirkpatrick:**

Are there any other questions from the Committee? The Governor signed Assembly Bill 144 yesterday. It is official, and it was effective upon passage. Thank you to the Senate side, as well. The paperwork is in place so that Nevada workers will be hired first for any jobs that go out. We learned through the hearing that for every \$1 spent, \$1.47 goes back into the economy. For the last three years, we have been taking from the road funds and redirecting it to the General Fund. We have been redirecting it for a long time and now there are no more jobs.

One thing about infrastructure projects is they also bring ancillary businesses. Lunch trucks that are now sitting idle in the yard will come back into play. The materials that are bought here will come back into play. There are a lot of ancillary businesses that will also help the process. Is that not true? We worked with them and understood that a lot of smaller businesses will benefit.

**Senator Horsford:**

You are absolutely right. To underscore this, this is not all of the money that Washoe and Clark Counties have. It is about prioritizing the money they have, a portion of which will go back to the county for infrastructure-related purposes. Small- and medium-sized businesses are helped. With this provision, Nevada-based businesses can put people to work to improve the infrastructure in our local communities in Washoe and Clark Counties. The \$13 million from the 2-cent operating rate over the next two years is for that purpose. When you add that to the 5-cent capital rate that the counties keep and spend on their facilities, that takes it up to \$30 million in fiscal year (FY) 2012 and a \$26 million total in FY 2013. If you bond against that, that is a good rate of return and that helps put a lot of people to work.

Outside of these funds, there are other local revenue sources. The counties can look at their other revenue sources to prioritize so certain programs can be

maintained and are not adversely affected. There is going to be some impact, but not to the extent that I think it cannot be managed. We all have to prioritize. We have to prioritize at the state level, and we are doing that. We have been for several years, and we are about to do it again. Local government has to prioritize, and I think there is an ability to both invest in our infrastructure and to maintain the important services that all of our constituents rely on.

**Chair Kirkpatrick:**

I spoke with the Chairwoman of Ways and Means and reminded her that, before the end of session, we need to look at that language and clarify it for the counties that they can use other resources.

**Assemblyman Anderson:**

Along Boulder Highway, the RTC is doing a lot of great work that goes right through my district, and it is making Boulder Highway a better place to be. There are a lot of great projects. I want to put on the record that this money will do a lot of good in my district and I am happy to be hearing this bill.

**Assemblywoman Neal:**

I want to put on the record that I completely understand the direction and how painful it is to make things work when there is no money. The juggling to move things around is going to be at both the state and county levels. Many people were not really able to function at the correct level before the recession hit, which has been my overriding concern. Now we are diverting funds in order to put people back to work, which is an important stimulus, but the fiscal note said 20 years of not being able to take it back to the counties.

**Senator Horsford:**

That was the \$13 million portion.

**Assemblywoman Neal:**

Yes, just the 2 cents. That is very significant. I feel for you, and I completely understand your position, but that is a long time.

**Senator Horsford:**

It is. You are right. It is for the bonding rate. Not every project requires a 20-year bond. They have other bond terms that can be shorter, so I will allow the representatives to speak to that. This is about predictability, too. My concern is that, if we do not set the course of what we are going to do, two years from now they are going to be back here recommending that the 9-cent property tax from Clark and Washoe Counties be used for some other priority. This year, the Governor is saying higher education is the priority.



I believe that is a state responsibility. The University of Nevada in both Las Vegas and Reno are not solely the responsibility of the counties. It is a constitutional requirement to have a system of higher education, but I will not get into that debate now. We need to set a course on how this 2-cent operating rate of \$13 million per year will be spent, and to let people know what the benefits and impact will be. It allows people to make long-term decisions, so county commissioners and county managers in those affected communities know that they are not going to have that \$13 million, so they will need to address that. If those are services that we need to maintain, how are we going to do that?

The economy is starting to come back, but not in any real way yet. Gaming is doing well and sales taxes are up. However, parts of the rates are up because of short-term projects that are coming to an end. The economy may go back to being a bit more flat. I do not know where we are going to put 80,000 unemployed construction workers back to work. I know we are trying in renewables and manufacturing, but 10,000 jobs will not stretch to employ 80,000 people. Again, my impetus in this bill is to get the biggest bang for our buck, and bonding against dedicated local revenue has worked for us. This is how we have grown our communities; people moved to the state because there were job opportunities. Now, it is not about people moving here, it is about getting people to stay so we do not lose all of those 80,000 workers. We need to get them back into the sector they are trained for so they can provide for themselves and their families. It is going to require adjustments everywhere. I appreciate and respect your recognition of those programs and that they need support. I am not saying they should not be supported. I am just saying that this \$13 million should be prioritized for this other purpose.

**Assemblywoman Benitez-Thompson:**

I worry about the compounded fiscal effect on child welfare services and senior services provided at the county level. Working in those areas, I barely had resources available in the community to provide for the vulnerable families I work with. As this session moves on, and the more we talk about cuts, the greater my concern grows for how we are going to protect these vulnerable areas. I get it that we are in dire straits. I understand that we are stealing from Peter to pay Paul in every part of this budget. In almost every committee hearing, I hear this. It is unfortunate because it really does beg a larger question about the revenue issues in this state. I am sincerely concerned about those populations and the resources that we are pulling from them. We were not at par to begin with when session started. I worry whether we are cognizant of the types of communities we are creating with the reallocation of dollars and with cuts. I believe a year from now we are going to see these vulnerable people in a way we have never seen them before, on the streets without

services. I do not believe that is what any of us want for kids who are in foster care, or for our vulnerable seniors.

**Chair Kirkpatrick:**

Ms. Benitez-Thompson, Senator Schneider told me something in my freshman session, and I do not listen to very many people, but it made sense then and it makes more sense now. He said that caseloads go up when the economy is bad. Government grows bigger as times get worse so, if we can put some of those 80,000 people back to work, that will help us. I know that no one wants to make cuts. I will use my own district. Over 70 percent of our district is construction workers who are out of work. They have gone from making an average wage of \$70,000 and contributing to nonprofits and doing things to give back, to being the ones who are receiving welfare benefits and food stamps. My district has more people than ever before who were making over \$70,000 just a few years back who are now receiving food stamps. There needs to be an investment made to help them get off the rolls. I think you and Ms. Neal are correct, but we must put a paycheck in people's hands to get them help.

**Assemblywoman Benitez-Thompson:**

Once again, I do not think it is about cuts. I think we all know that we are going to have to make some painful cuts. It is the compounding fiscal impact. I am concerned about the cuts coming down in reallocations at all different levels. As much as I want to get people working, and I have supported legislation that will get Nevadans back to work, there is an immediate need for older people who need these services. There are certain segments of our community who simply cannot wait for the economy to turn around, who cannot wait for people to start working. It is not necessarily just the cuts, but the compounded fiscal impact on these communities because of the cuts.

**Senator Horsford:**

I agree with you; you get it. I am hearing you, and I am glad we are having this discussion. The point of the compounded effect, if I understand you, is not necessarily just the \$13 million on the operating rate. That is a really small portion of the overall county budgets for Washoe and Clark. It is an important, but small part. What I am hearing is it is all of the other things that are also being proposed; the redirection of services from the state to the locals; the taking of the other 7 cents under the Governor's plan; requiring local governments to take on greater responsibility for child welfare; and all of those compacted proposals together that are causing so much strain and forcing decisions that will impact child welfare, senior services, and family programs. I agree, and you get it. We are all working to find solutions so we do not have to do all of those things that are being recommended. My hope and belief is

that, as we find alternatives to some of those other things, this will not look as egregious since it will not be on top of all of those other recommendations. If you treat this as a stand-alone, does it make sense to take \$13 million for whatever period of time to potentially help? For every \$10 million, you put a thousand people to work. The information that I got from the Division of Health Care Financing and Policy is that for every percent increase in unemployment, we add 16,000 people to the Medicaid rolls. There is a direct correlation, and that is the discussion you are all having as a Committee about the priorities.

Are the priorities only about putting people to work so we can reduce the dependence on these programs? Do we have to keep the funding for these programs without options on how we put people back to work? My contention is it is both; we have to do both. We have to find ways to put people back to work now so that some of them do not get into these programs, while at the same time maintaining the safety net of these programs that were not strong even in the good times. Our districts have some of the most underserved communities in the state. Those people were not doing well and those services were not adequate when unemployment was at 4 percent. I respect those concerns and the need to find solutions for that safety net. However, if we do not do something for these 80,000 construction workers who are unemployed, our 14 percent unemployment rate will not get down to the national average of 8 or 9 percent. That is where we want it as quickly as possible.

There are no major projects being proposed. I met with one of the leaders in the private sector yesterday, and he has a project that is designed, but the company had to stop in the middle of construction. He said they are not likely to commence construction on that project for at least three to five years. The economy does not support it coming back right now. That is why we have to have some of these bridge efforts. We need to have some of these initiatives like S.B. No. 5 of the 26th Special Session that can help put enough people back to work until the economy is strong enough for other projects to come on line and sustain it. My hope is that as we balance those decisions, we can do both.

**Assemblywoman Flores:**

This is definitely a balancing act. The compounding in my mind is more so on the unemployment side than it is on the other side in terms of what we are trying to avoid with the distribution of services. There are so many unemployed people needing to use those services that it takes away from all of the other folks who were already in need; and they are more in need now because there are fewer resources for them. It is a fine balancing act. Regardless of party, I think all of us as a state want to promote self-sufficiency. We do not want anyone to need to subsist off of any kind of government service.

Unfortunately, if we are not creating a structure where people become employed or those funds are available for people to do for themselves, we will either leave them out in the street or force them to go somewhere else. I do not believe that most people want to stay at home and live off of government services. Is there a small percentage of folks who would do that? Absolutely; that is everywhere. But the point of the matter is, if we want to promote self-sufficiency and a society that works for all of us, this is something we need to do, and I believe it is moving us in the right direction.

**Chair Kirkpatrick:**

Mr. Horsford, I think that you are on Senate Committee on Revenue and we will have local governments there today. We will have that discussion in our joint Assembly and Senate Committee on Taxation with our hearing on the impact on local government. That would be the appropriate place to ask those questions.

**Assemblywoman Neal:**

I think what is disturbing me the most is the balancing act that we are doing. We are up against a political promise not to raise revenue through taxes, so we are cutting programs and hurting so many groups, both small and large, because of the conversations we need to have. I really feel like why even go there when the reality is and commonsense says we need to raise taxes and revenue rather than keep cutting and decimating populations so that they are not able to function. I needed to say that because this is really driving me crazy. We are getting to a point in the session where I have heard so many bills and so many budget and fiscal hearings that we know we cannot keep doing what we are doing and saying this is all right.

**Senator Horsford:**

All I will say is that I agree. We are getting to the point in the session where we cannot continue to frame this in cuts alone. We already know the impact of the budgets. Clark County just had a budget hearing last night and I understand it is talking about additional reductions. The cuts are in our school districts, in our counties, and in the state. I agree with the Chair; I think that discussion needs to be in the revenue and tax committees, and I am looking forward to continuing it today. I am hopeful that before we leave this session we come up with a balanced approach that avoids some of the worst cuts. Bringing some of the spending down is appropriate, but protect some of the most vital programs. Between that commitment, your concerns, and the issue of the compounding effects of some of these decisions, those are "Sophie's Choices." If we do that, which child do you want to leave behind? I have three; I am not leaving any behind. I will suffer before my children will suffer, and that is the decision that we are all going to have to come to as we close this Legislature.

I wish Assemblywoman Flores was here because I was going to coin her phrase, "It is time to change our conversation." I am with you. I am tired of talking about the cuts.

**Chair Kirkpatrick:**

We could do that at 1 p.m. today.

**Senator Horsford:**

Yes.

**Assemblyman Ellison:**

A few minutes ago, you mentioned that most of the taxes come from the counties one way or another, through businesses and casinos and such. So far, a lot of these services are being directed back to the counties. They cannot afford any more hits. They are at the maximum of their tax base, at the 3.64 percent. Everyone is saying they need higher education. We need to focus on K-12 besides higher education. I thought the Governor's budget was going to try to direct a portion into higher education that might help not only the counties, but also the education system. You and I know that every time something happens lately they redirect it back to the counties. The counties cannot afford it. They are at their maximum and taxes are low. Maybe you can hit on that.

**Chair Kirkpatrick:**

Please do it lightly because we are going to have that discussion at 1 p.m. today.

**Senator Horsford:**

I will just touch on the portion of the \$13 million from this bill that directly affects local government. That is all this does. They get more money back than the Governor is proposing. I am still trying to understand how the counties are not supporting this when the Governor's proposal is to take all of the money and use it for something that I do not feel is a direct nexus for the counties to address.

Regarding your question, \$13 million per year would come out of the counties' operating rate and be returned to the county of origin to the RTC of that county for bonding purposes. That money would then be bonded against and people would be put to work, infrastructure in that county would be improved, and the economic benefit of the workforce in the private sector would improve revenue collection for those counties. That is where I think the wash is. They are going to get this \$13 million back very quickly when you put the people to work.

Regarding the question about higher education, my issue is that the Governor's proposal reduces state support of higher education funding from 20 to 12.8 percent. It would be the lowest state support allocation percentage ever. In another committee, we have to make a policy decision whether it is an appropriate policy to reduce the percentage of state support from our General Fund, the monies that we have, from 20 to 12 percent. I do not believe we should. If we are not going to reduce it, the state has to meet its obligation by finding state resources to fund higher education, and not to divert our budget problem onto the counties. My proposal is not about shifting a budget problem to the counties. This bill, S.B. 192 (R1), is about offering a solution to putting people to work that benefits all of us. It benefits the workers. It benefits the private sector. It benefits local and state government. It is a win-win-win. People have the dignity of a job, the businesses in the private sector that get the contracts get to stay in business, and local and state governments benefit because revenue collections will increase based on the economic activity of people working rather than being on assistance.

**Chair Kirkpatrick:**

Senator, what I do not see in here is, hypothetically, if the counties get angry and they do not like that this legislation passes, what if they decide not to let the jobs go out to bonds? Do the RTCs need their permission to do that? I understood last time that it took us a while to get the process through when we passed it, that there was a hiccup on the time frame, so I wonder if we need to ensure they do not need to have county commission approval. I wonder how that would work.

**Senator Horsford:**

We passed Senate Bill 442, which has the provision that allows the RTC to bond on its own. That is coming to your House. It was approved by the Senate last week.

**Chair Kirkpatrick:**

Good. Then that is taken care of.

**Steve Holloway, Executive Vice President, Associated General Contractors of America:**

I am here on behalf of both the Associated General Contractors of America (AGC) in southern Nevada and the AGC in northern Nevada, and here on behalf of the Building Jobs Coalition, which consists of over 30 labor and business groups throughout the state.

We have worked with leadership in both Houses for over a year. We have advanced 26 different measures, some the Governor adopted and some the

Legislature has adopted, including Senate Bill 192 (1st Reprint), Assembly Bill 183, and Senate Bill 432, which you just mentioned.

I have given you two things as handouts, one of which is a conservative case for S.B. 192 (R1) ([Exhibit E](#)). That was going to be my speech today, but I am not going to go through that because Senator Horsford covered those points very well.

I also gave you something called, "Rule of Thumb" ([Exhibit F](#)). I am going to begin with that because of the questions raised by Assemblywoman Neal and Assemblywoman Benitez-Thompson. According to Jeremy Aguero from Applied Analysis, as a rule of thumb, putting 1,000 of Nevada's 179,000 displaced workers back on the job not only generates incremental tax payments, but also reduces demand on state services by \$25 million per year. That is a very conservative estimate. We have been told that Medicaid costs for every thousand employees that go on unemployment increase by \$60 million a year. Unemployment benefits increase by \$16 million a year. What we are talking about here is taking \$13 million per year to create anywhere from 1,600 to 2,000 jobs and putting that number of people back to work. That would reduce the drain on the state's resources by \$50 million. You invest \$13 million and you immediately save \$50 million. Plus you have put these people back to work where you have a payroll for them. For every 1,000 people you put back to work, approximately \$50 million in wages and salaries annually, and \$135 million in taxable economic activity is created within that county or city. The return on this investment is just huge, very huge. Where else can you invest \$13 million and immediately save \$50 million in expenses, \$50 million in burden that is placed on this body? That is what this does.

It does one thing more important than that, and I am going to read the last paragraph in my prepared speech, and I hope you will take the time to read it; I know most of you will read the whole thing.

[Read from prepared text ([Exhibit E](#)).]

All this \$13 million a year does is restore some of the nearly \$300 million that Clark County alone has taken in capital improvement reserves that it has to plug the operating budget. It takes a portion of the 9 cents in property tax that this Legislature took in 2009 to plug the hole in the fiscal budget. If we keep doing that, if we keep focusing on the fiscal crisis and not addressing the underlying economic crisis, if that is what happens this session—and I implore you please do not let it happen—we will be back here in special session in less than a year. I guarantee that because we will be facing another fiscal crisis. We are not coming out of these economic doldrums for three or four years. The second

leading industry in this state has no hope of recovering for at least three or four years at best. This will not only tide us over in that recovery and put some of these people back to work and reduce the cost on government, but it will also provide for needed infrastructure.

I hear people talk about diversification. You need to have, in order to diversify and bring business into this state, a good education system that provides learned workers. You also need to have the infrastructure that businesses need. They are not going to come here simply because we have the lowest tax base in the country. That has been proven time and time again. This is a step in the right direction. It is not everything that needs to be done by any means. I agree with your comments, but it is a good step. It is a great investment any time you can invest \$13 million a year and save yourself \$50 million. I hope you will support this bill.

**Chair Kirkpatrick:**

Are there any other questions from the Committee? Those who would like to testify in support, please come up to the table. We will now go down to Las Vegas.

**Tracy Bower, Director of Government Affairs, Regional Transportation Commission of Southern Nevada:**

We are here today in support of Senate Bill 192 (1st Reprint). As you heard from a number of speakers this morning, the economic downturn has devastated the construction industry. It has also forced the RTC to make significant cuts to our capital improvement program (CIP). Since 2007, our CIP has been cut from \$1.7 billion down to less than \$200 million. Those were projects that would have been built by private sector construction firms, not by government employees. The cuts have been devastating and have hurt an already struggling construction industry.

The RTC has worked to make good use of every construction dollar that it has available. With funding from the federal economic stimulus bill, competitive grants, and significant assistance from the Legislature in last year's special session, we have been able to fund projects that will employ an estimated 8,500 construction workers over a three-year period. Again, all of those are private sector construction workers. We have been able to do that without creating a single new government job. We still have a list of about \$10 billion in unfunded transportation projects that we could build if we had the revenue to do so. Again, those are projects that would be built by the private sector. If we had the funds to build all of those projects, it could employ as many as 94,000 people.



The RTC has a proven track record of generating jobs in the private sector and the funding in S.B. 192 (R1) would certainly help it to continue to do that. We are ready to do whatever we possibly can to help get the economy back on track. We are here in support of S.B. 192 (R1).

**Chair Kirkpatrick:**

Are there any questions from the Committee?

**Assemblyman Ellison:**

You said 94,000 jobs. Did I understand that correctly?

**Tracy Bower:**

That is correct. We commissioned an economic study a couple of years ago to look at the impact that construction spending had on our economy. Roughly, for every \$84,000 in construction spending, it created a full-time job. With \$10 billion, we estimate it could employ about 94,000 people.

**Assemblyman Ellison:**

What would it be if they reduced the prevailing wage?

**Tracy Bower:**

I would assume . . . [She was interrupted.]

**Chair Kirkpatrick:**

I would assume she would not know that answer.

**Assemblyman Ellison:**

We are talking jobs and I would say that prevailing wage is a large part.

**Chair Kirkpatrick:**

I would like to stick to the merits of this bill, but when there are federal dollars involved, you still have to comply with certain wage requirements. I do not want to speak on behalf of the RTC, but I do not know that you could determine that since you would have to sort out the federal dollars that would be included within your amount. Correct?

**Tracy Bower:**

That is correct. Thank you.

**Chair Kirkpatrick:**

That is what I am saying. I could make up an answer and tell you what I think it could be, but without the federal requirement, I do not know that it would be easy to do to make that case.

**Assemblyman Ellison:**

I am sorry. What I was trying to get at was . . . [He was interrupted.]

**Chair Kirkpatrick:**

I was thinking, Mr. Ellison, what is up with that question?

**Assemblyman Ellison:**

We were looking at state money, and both state and federal jobs. We were talking about schools all along and how many more schools we could build with that amount of money if the prevailing wage was dropped.

**Chair Kirkpatrick:**

Are there any other questions? Is Mr. Warren Hardy down there? He signed in to speak. Did he leave?

**Warren Hardy, representing the Associated Builders & Contractors of Nevada and HDR Engineering:**

I am here to speak in favor of S.B. 192 (R1). We certainly appreciate the acknowledgement by this Legislature that our industry is struggling and S.B. 192 (R1) is an effort to address that. We appreciate the way the bill is drafted. It does not distinguish or favor one sector of the construction industry over another. We think that is extremely important because we need to put all Nevada construction workers back to work. This bill contemplates doing that. There is another concept before the Legislature now that will further guarantee it. We appreciate the efforts of this Legislature and the intent of S.B. 192 (R1) and the thought process that went into it. It is as difficult as the discussion that occurred today and demonstrates that it is a difficult and heart-wrenching decision. I believe the Majority Leader identified it as "Sophie's Choice." That is a very difficult thing for policy makers to be faced with. We stand by the contention that we need to put people back to work, and that will have a positive ripple effect on all of the other factors that the Legislature has to consider as policy makers.

**Chair Kirkpatrick:**

Are there any questions or comments from the Committee? Is there anyone else in southern Nevada who would like to testify in support of S.B. 192 (R1)? We will go to northern Nevada.

**Jack Mallory, representing Southern Nevada Building & Construction Trades Council:**

I had some prepared statements, but based on testimony by Mr. Holloway, and questions and answers with Senator Horsford, many of these things have already been said.

I have a personal observation on the impact that the construction industry has felt. Most of my family is in the construction industry. Both of my sisters and brothers-in-law are in the construction industry, and three out of the four are unemployed. One of my sisters and her husband have been fighting to keep their house. They have been unemployed for the better part of the last year. They could not afford to keep their health insurance coverage because COBRA rates were too high. If they get sick, they are automatically placed in the indigent care system since they cannot afford to pay the bills.

Other unfortunate impacts and situations that are created because of this fiscal crisis is that there is an increase in divorce and domestic violence rates, which ultimately plugs additional clients into those social service networks. The demand has increased. Assemblywoman Pierce could probably speak at great lengths about the demand for public services and social services that she has seen in her regular employment.

Really, the thing to stress more than any thing else is that the bill puts emphasis on putting people to work. It takes people off of the unemployment rolls and reduces the cost on government through lower demands on the indigent care fund and health and human services. The workers are definitely not looking for a handout. These are not lazy people. They are people who are trained and have a specific career path that they have chosen. Many of them have looked at alternative forms of employment in order to keep themselves afloat. They want to go to work. They want to be productive citizens. They want to contribute to our state. Because of these things, we respectfully request your support of S.B. 192 (R1).

**Chair Kirkpatrick:**

Are there any questions from the Committee?

**Greg Esposito, representing the Plumbers, Pipefitters, & HVACR Technicians Local 525:**

We are in full support of this bill. I want to address two things, the first of which is some of the questions and comments brought up by Committee members here. To echo Senator Horsford's comments regarding what a workforce gives back to the community, year after year, the organization that I work for is able to put literally hundreds of thousands of dollars back into the community. The Shade Tree Shelter, Nevada Partnership for Homeless Youth, and mailboxes for seniors who are at risk for having their mail stolen are some of these projects. I cannot count the number of projects around town that organizations such as the Associated General Contractors of America (AGC), Associated Builders & Contractors, Inc. (ABC), and the different labor organizations are able to give back when people are employed. This bill will put

people back to work and enable those programs to continue. When you discuss the balancing act, there is no doubt that it is a difficult choice. There is an added benefit, however, to putting people back to work when they give back to the community and conduct different social programs.

Assemblyman Anderson brought up Boulder Highway. It was an interesting choice because one part of this bill states that local governments must report annually what contractors they have used and what percentage of contractors take advantage of the local bidder preference. The work done on the pipeline that was being put under Boulder Highway was done by an Arizona pipeline company. We have asked some public bodies to report the number of local contractors they use. We would like the legislative intent to show the reporting requirements for municipalities includes the subcontractors as well as general contractors that they employ. The intent of the legislation is to ensure that all contractors that the municipalities employ are listed in those reports. We wanted to put that on the record.

**Chair Kirkpatrick:**

Are there any questions?

**Randy Soltero, representing Sheet Metal Workers Local Union No. 88:**

I will not repeat anything that we have talked about or was said before. We are in full support of Senate Bill 192 (1st Reprint). I want to take you back to the special session last year when Senate Bill No. 5 of the 26th Special Session was introduced. While Mr. Holloway and I are not always on the same side, we were that time. We testified together on Senate Bill No. 5 of the 26th Special Session, which was a great start to creating jobs and getting people back to work. We see S.B. 192 (R1) as continuing that stimulus and job creation. With that, we stand in full support of Senate Bill 192 (1st Reprint).

**Chair Kirkpatrick:**

Are there any questions from the Committee? If there is anyone else who would like to testify in support, please come forward.

**Ric Licata, representing the American Institute of Architects:**

Architects are like the canary in the coal mine. I am here to speak in favor of this bill. Architects and the American Institute of Architects (AIA) are concerned with the quality of life, our communities, and the natural pristine nature of our state. But since the downturn of the economy, our sector of the construction industry has realized unemployment in the range of 40 to 60 percent. One of the things that happened to our industry is that we have had a number of firms either close or leave the state just to put bread on the table.

[Spoke from prepared text ([Exhibit G](#)).]

**Chair Kirkpatrick:**

Are there any questions from the Committee? Is there anyone in southern Nevada who is in opposition of the bill? Anyone in northern Nevada?

**Lisa Gianoli, representing Washoe County:**

We appreciate what Senator Horsford is trying to do with this bill, and we have very little problem with it, except for section 7, the diversion of the 2 cents of operating rate from our budget. Our body is opposed to any of these diversions since there are several of them pending and we are looking at up to \$25 million worth of impact.

Some of you who were here in 2009 will recall that Washoe County went to its voters in 2008 and got approval for indexing fuel taxes. We then came here in 2009 and it was put into law. Therefore, Washoe County's RTC is probably in a better position than any entity in that region. I have a statement that I just received. The RTC issued \$270 million in bonds between June of 2009 and January 2011. The indexed fuel taxes currently produce about \$10 million annually and are expected to produce cumulative additional revenue of \$113 million between 2011 and 2015. The total fuel tax revenue is projected to be \$36.5 million in 2012 and growing to \$66.6 million in 2016, primarily due to the indexing of the fuel tax to the producer price index. I think the differentiation needs to be made between the methods we have to finance infrastructure in Washoe County versus those in southern Nevada, which I wanted on the record.

**Chair Kirkpatrick:**

Are there any questions from the Committee?

**Cadence Matijevich, Legislative Relations Program Manager, Office of the City Manager, City of Reno:**

The Reno City Council has also voted to take a position in opposition to this bill in support of Washoe County, and particularly section 7. The impact that the county will feel as a result of this will, in fact, have an impact on the residents of the City of Reno. Fifty percent of Washoe County's residents live inside Reno's city limits and rely on the important services that the county provides. To follow up on what Ms. Gianoli has quoted, I am looking at an article from Wednesday, April 20, 2011, in the *Reno Gazette Journal* that says that the RTC is planning \$50 million worth of road projects in 2011 that will provide about 600 jobs in the region. A quote in this article is, "We've got lots going on," said Jeff Hale, RTC's engineering director. "Whatever you can do to a street, we're doing it." We certainly understand that local governments need to be

part of the shared sacrifice and part of fixing it and contributing to some of the difficult decisions that have to be made. In our county, the RTC is not one of those places that needs funding as badly as some others.

**Chair Kirkpatrick:**

Are there any questions from the Committee? Is there anyone in southern Nevada who is neutral? Is there anyone in northern Nevada? We will go down to southern Nevada for anyone who is neutral.

**Renny Ashleman, representing the City of Henderson:**

Our person in southern Nevada is our manager of public works, but I am going to present our concerns and he will be available for questions.

I think the Committee has a copy of the City of Henderson's proposed amendment ([Exhibit H](#)). It is very simple. If we can all remember back to when Senator Horsford started this discussion some time ago, he was talking about balancing private sector services for public work of the design professionals and the public sector needs. That is fine; we have no problem with that idea. However, the present language says "whenever possible." In theory, it is probably always "possible" to give that work to the private sector. Senator Horsford mentioned doing it when it was efficient, when it is cost effective, and so on. It does not make any sense in terms of efficiency. We would suggest a very simple change to "as practicable," which would keep the debate within the realm of analyzing when it made sense and when it did not. We would appreciate your consideration of that amendment.

**Chair Kirkpatrick:**

Are there any questions from the Committee? It is just a one-word change. I do not think that Senator Horsford has a problem with it.

**Assemblyman Stewart:**

Can you give us an example when this would be useful?

**Renny Ashleman:**

Yes, I can. You have to do a certain amount of preliminary design on big projects to determine what they might cost, how big they would be, where they would go, whether you would need a specialized design professional, et cetera. You could hire someone from the outside to do that, but you need a certain amount of staff for administration, management, and oversight roles, so it makes sense to have them do it. It also makes sense to have someone on your payroll decide what issues need what types of design professionals. That is one example.

Small projects would be another example. You may not have your staff fully occupied because of economic considerations and the ebb and flow of projects, so you could have them do some of the smaller stuff. You would need to have your design professionals design something occasionally to keep their professional skills sharp.

**Bob Murnane, Director, Public Works Department, City of Henderson:**

I agree with what Mr. Ashleman has presented as examples. A real world case might be designing a traffic signal where most of the infrastructure already exists in the ground. Oftentimes, we preconstruct while developing an area. The amount of engineering associated with that signal is very limited and it would not be cost effective to solicit consultants and enter into contracts as opposed to doing the simple design in-house. While the overall public works might cost \$250,000 to \$300,000, the level of effort to get the design out on the street is very limited. That would be an instance when we would choose to do in-house design.

**Chair Kirkpatrick:**

Are there any other questions from the Committee? Is there anyone else who would like to testify neutral?

**P. Michael Murphy, representing Clark County:**

There are a couple of things that I would like to say. You have heard a lot of numbers bantered about: 9 cents, 5 cents, 4 cents, and 2 cents. I am not going to sit here and pretend I know where all of those numbers go and what they do. The bottom line for Clark County is this: We are supportive of the concept of creating jobs. How can you not be? The situation we are in economically is a circular process. There are no jobs, and where there are no jobs, people need welfare services, child welfare, and indigent services.

Which came first, the chicken or the egg, and how do you fix it? It lies upon your shoulders to make those decisions. Many of the people on your Committee today have specifically stated that this is a difficult decision. Where do you go from here? Clark County's concern is this: If you look at the Governor's budget, it is 9 cents; if you look at this, it is 2 cents or 4 cents or 5 cents; and it goes away and comes back in a different format. The bottom line is that it comes out of the operating costs. The operating costs are directly related to social services, child welfare, senior services, juvenile justice, and indigent services. I am glad that I am not in your position. You must make that decision. We want you to have all of the facts.

**Assemblyman Ellison:**

You did not mention police or fire.

**Chair Kirkpatrick:**

It does not affect them. It does not come out of that fund.

**Assemblyman Anderson:**

We have to get people working. We talk to many people who are out of work; we need to throw them a bone. No one here wants to leave Clark County out to dry. We live there, too. A number of members of this Committee want to find revenue in other places. Please do not take my liking this bill as an indication that I am against Clark County. That is not how I feel at all. I want to put that on the record.

**Michael Murphy:**

I think that is your dilemma. Clark County supports the concept of creating jobs. The question is, if you eliminate jobs in one place to create jobs in another, how do you address services that our greatest and most fragile population need? The dilemma is real and a conversation that has to be had. I wish you all the wisdom you need to make those decisions.

**Chair Kirkpatrick:**

Are there any other questions from the Committee? I want to say this one thing, Mr. Murphy, since all of the cities are here, too. Those are the exact same funds that we take in redevelopment, or we freeze the rates. I tried to address that last time, but none of the counties wanted to help me help the cities with those funds. The cities did not want to change the redevelopment structure to address that. We tried to have them invest in the educational facilities within those redevelopment quarters. This is almost the exact language, so it is strange that it is all right in redevelopment, but it is not okay if the Office of the Governor takes 9 cents and gives you part of it back. I look forward to talking to Mr. Murphy and the county managers at 1 p.m.

**Michael Murphy:**

I think that is why you see us sitting here neutral.

**Chair Kirkpatrick:**

Perfect. I want to have the discussion so we can figure something out, since it is the same kind of situation as redevelopment.

Are there any other questions? Is there anyone else who would like to testify on S.B. 192 (R1)? I see that Senator Horsford is gone, so we will close the hearing on S.B. 192 (R1). Is there any comment from the public?



Committee members, at 1 p.m. at the Assembly Committee on Taxation we will have discussions on revenue and local government impact, and everything you wanted to talk about here today. We only have until 2:30 p.m., so we need to start on time. There are six entity representatives from the two largest counties, the largest city, the cities that are having the most financial trouble within our state, and some of the rural cities and counties, so we can be sure their concerns are addressed. With that, if no one has anything else, floor starts at 11 a.m.

We will adjourn until 9 a.m. on Friday. We are adjourned [at 10:39 a.m.].

RESPECTFULLY SUBMITTED:

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Jenny McMenomy  
Recording Secretary

RESPECTFULLY SUBMITTED:

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Karyn Werner  
Transcribing Secretary

APPROVED BY:

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Assemblywoman Marilyn K. Kirkpatrick, Chair

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

**EXHIBITS**

**Committee Name:** Committee on Government Affairs

**Date:** April 28, 2011

**Time of Meeting:** 9:01 a.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Attendance Roster
S.B. 192 (R1)	C	Senator Steven Horsford	Written testimony
S.B. 192 (R1)	D	Senator Steven Horsford	Spreadsheet
S.B. 192 (R1)	E	Steve Holloway	Handout entitled "The Conservative Case for Senate Bill 192"
S.B. 192 (R1)	F	Steve Holloway	Handout on the "Rule of Thumb"
S.B. 192 (R1)	G	Ric Licata	Written testimony
S.B. 192 (R1)	H	Renny Ashleman	City of Henderson's proposed amendment