

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

**Seventy-Sixth Session  
May 10, 2011**

The Committee on Government Affairs was called to order by Chair Marilyn K. Kirkpatrick at 8:05 a.m. on Tuesday, May 10, 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 John J. Lee, Clark County Senatorial District No. 1  
Senator Joseph P. (Joe) Hardy, M.D., Clark County Senatorial  
District No. 12  
Senator David R. Parks, Clark County Senatorial District No. 7  
Senator Ben Kieckhefer, Washoe County Senatorial District No. 4

**STAFF MEMBERS PRESENT:**

Susan Scholley, Committee Policy Analyst  
Cyndie Carter, Committee Manager  
Cheryl Williams, Committee Secretary  
Olivia Lloyd, Committee Assistant

**OTHERS PRESENT:**

Ted Olivas, Director, Administrative Services, City of Las Vegas  
Mark Vincent, Chief Financial Officer, City of Las Vegas  
Nicole J. Lamboley, Chief Deputy, Office of the Secretary of State  
Mike Cathcart, Senior Financial Analyst, City of Henderson  
Warren B. Hardy II, representing Association of Builders and  
Contractors of Nevada; and Private Citizen, Las Vegas,  
Nevada  
Gary Milliken, representing Las Vegas Chapter of the Association of  
General Contractors  
Lisa Foster, representing City of Boulder City  
Michael Harwell, Manager, Division of Franchise Services, Department of  
Business Licensing, Clark County  
Kim R. Wallin, State Controller, Nevada State Controller's Office  
Tom Collins, County Commissioner, Clark County  
Lucas Foletta, General Counsel, Office of the Governor  
P. Michael Murphy, Coroner, Clark County Office of the Coroner/Medical  
Examiner  
Tray Abney, Director, Government Relations, Reno Sparks Chamber  
of Commerce  
Carole Vilardo, President, Nevada Taxpayers Association  
Jeff Hardcastle, Nevada State Demographer, Nevada State  
Demographer's Office  
Brian Bonnenfant, Project Manager, Center for Regional Studies,  
College of Business Administration, University of Nevada, Reno  
David A. Dawley, Carson City Assessor, Carson City Assessor's Office

Joshua G. Wilson, Washoe County Assessor, Washoe County Assessor's Office

**Chair Kirkpatrick:**

[The roll was called.] I apologize for starting late. We will go a little bit out of order today. We will start with Senate Bill 110 (1st Reprint). We will then move on to Senate Bill 325 (1st Reprint), followed by Senate Bill 393 (1st Reprint), followed by Senate Bill 233 (1st Reprint), and will conclude with Senate Bill 400 (1st Reprint). Good morning, Mr. Chairman, and welcome to our Committee.

**Senate Bill 110 (1st Reprint): Requires the establishment of a business license to engage in contracting in certain counties and cities in this State. (BDR 20-820)**

**Senator John J. Lee, Clark County Senatorial District No. 1:**

Before you today is S.B. 110 (1st Reprint), which is an important bill that serves as a starting point for providing centralized business licensing in Clark County. [Continued reading from prepared testimony ([Exhibit C](#)).]

Madam Chair, this bill is not about licensed contractors. Clark County has approximately 5,000 different business license types, which the cities and counties must process. Through a large organization of local governments, we thought that if we could take one industry group of approximately 10,000 people who hold similar licenses, and then follow subsequently with other like groups, we could slowly incorporate every business in Clark County to have this opportunity. I appreciate you, and I thank you for this hearing. I am the author, but I am not the technician of the bill. I have some wonderful people here with me today. If you see a better way or a better plan, I am open to suggestions.

**Chair Kirkpatrick:**

Are there any questions from the Committee?

**Ted Olivas, Director, Administrative Services, City of Las Vegas:**

When S.B. 110 (R1) was first issued, we were asked to put together a group of business licensing professionals to talk about how we could best streamline the process. There are some people down in Las Vegas, including Mark Vincent, who is the Chief Financial Officer for the City of Las Vegas. He was responsible for coordinating efforts down south. We also have Mike Harwell of Clark County, and Ken Lowery, who is with the City of Henderson. When the group began talks, it included the City of Las Vegas, Henderson, North Las Vegas, Clark County, Mesquite, and Boulder City, which are all

located within Clark County. We had all cities and counties represented with that group. The final product is the bill that is before you, which essentially looks at a one-stop shopping system for contractors. Contractors typically have one permanent place of business within the county, yet they do business throughout all of the jurisdictions. A business like Mr. Ellison's may be located in Las Vegas, but they provide work in Henderson, North Las Vegas, Clark County, and through the valley. This bill, in its current form, does not include Mesquite or Boulder City, for logistical reasons. Those cities have asked not to be included in this bill. Once the larger jurisdictions set up systems, Mesquite and Boulder City will adjoin. The system is currently set up for Las Vegas, Henderson, North Las Vegas, and Clark County. That is why you will see the population caps identified in the bill. This is only for Clark County.

Essentially this works for construction contractors, who are contractors licensed under *Nevada Revised Statutes* (NRS) Chapter 624. It is a very specific license. As Senator Lee mentioned, there are thousands of such licenses issued. Currently, if I am a contractor in the City of Las Vegas, I must drive over to the Clark County Government Center. Then I would have to drive to Henderson, and then over to North Las Vegas, if I wish to do business with them. With this bill, if a contractor has his physical location within one jurisdiction, he can get licenses from all the participating jurisdictions, which saves the contractor time. We have talked about the "jobs" bills and how we can streamline the process. This is one way of doing that. It also reduces costs for them, because they will not have to include administrative fees from each jurisdiction.

There are two chapters being amended with this bill. The first is found in NRS Chapter 244, which relates to counties and is being amended with sections 1 and 1.5 in this bill. Sections 2 and 3 amend NRS Chapter 268, which relates to cities. Essentially, the same changes are found in both the county and city sections.

I would like to turn your attention to section 1 of the bill, which says that the jurisdictions that I have previously mentioned will enter into an interlocal agreement. A system for issuing licenses to contractors will be established by ordinance. Also identified in the bill are the fees and the requirements necessary to establish the system. The person who is licensed within that jurisdiction can seek a license from the location in which they reside, which is good for all participating jurisdictions. This does not force the contractor to get a license from the other jurisdictions. A contractor from Las Vegas, who only does business in Las Vegas, will only be required to pay for the Las Vegas license. If a contractor chooses to obtain a license only for the City of Henderson and Las Vegas, he can do so. This gives the contractor various options.

This bill, in its current form, provides for a year from the adoption of the bill to enact the respective ordinances. The business licensing professionals from down south have been working diligently on this process, and I believe we will be ready to act fairly quickly. As Senator Lee mentioned, this is only the beginning of additional opportunities for the business community. We have to start somewhere, and this is a good start. It affects a huge industry that is hurting right now. It will give us the opportunity to get our computer systems and processes in line, so that we can expand further. I will be happy to answer any questions.

**Assemblywoman Neal:**

Under section 1, subsection 5, paragraph (c), it says the person does not maintain any place of business within the county. How does that affect the Secretary of State's business license issuance statewide? I understand what you are saying about the collaboration within cities; however, if it is a business not inside of the participating counties, to me that means out of state, or a city such as Elko. Can you explain to me how that works?

**Ted Olivas:**

That is a great question. This was added to allow those other contractors, such as contractors from Elko, the ability to do business in southern Nevada. As long as they are licensed under NRS Chapter 624, we will be glad to allow them to do business in southern Nevada. They too are eligible for this. The key is that they are properly licensed under NRS Chapter 624. This section allows for people who are outside of the Las Vegas Valley or Clark County.

**Assemblywoman Neal:**

Yet, it is not for businesses outside of the state. Is that correct?

**Ted Olivas:**

That is correct. It is not for outside of the state.

**Assemblyman Stewart:**

I think this is a fantastic idea. I appreciate all of the work you have done on this. You say it will save money on the fees; therefore, will there be only one fee? Can you explain how that will be divided up among the various entities?

**Ted Olivas:**

It will save the contractor money for two reasons. The reasons are the time commitment saved, and not having to pay all of the administrative fees at each jurisdiction. A business will pay one administrative fee for the combined jurisdictions. Let us say that a business is licensed in four jurisdictions, and each one charges \$100, plus a \$10 processing fee. This way, a business will

pay \$400 with only one processing fee. Another thing that relates to your question is the fact that our business license professionals are also looking at trying to streamline the fee structure, so that the various jurisdictions charge the same amount for the same license.

**Assemblyman Anderson:**

Mr. Stewart asked the question I was going to ask, so I will withdraw my question.

**Assemblyman Goedhart:**

Are the fees the same in all jurisdictions for business licenses?

**Ted Olivas:**

We are headed in that direction. Currently, they are not. We are evaluating it now, and the plan is to make all the fees the same.

**Assemblyman Goedhart:**

When a business comes in to be licensed, is it effective for one year from the date of purchase, or will everything be on a calendar year?

**Ted Olivas:**

That is part of the challenge in this process. Businesses have different time lines. We must devise a way to make the renewals coincide. That is part of this whole ordinance process.

**Assemblyman Ellison:**

How will you manage your tracking? In some areas, you know who is out doing business. For instance, I go to Winnemucca, Battle Mountain, Elko, and Wendover. I have business licenses in all of these communities. Usually, when we show up for a job, they know we are licensed. How can you track the licensing down south? In a small area, usually the building inspectors can keep track. Yet, in four large counties, how is your building department going to know who is not licensed?

**Chair Kirkpatrick:**

Mr. Ellison, I believe currently in Clark County, there are a number of businesses who have been really hit. I am surprised we are only working on the contractors, when there are very few of them working these days. Let us talk about pool contractors. If you do pool cleaning, you will have to go to each individual city to obtain a license and will have to list on the license where else you will be doing business. Anytime a building inspector shows up, he will always ask for a copy of the license and any pertinent documentation. That is something that has been done with hotels for years.

**Assemblyman Ellison:**

We do that every time we get a building permit. We must list where we hold city business licenses. It is the ones who are not applying for building permits that are harder to track. That is something you will have to manage in the city. I have another question. Outside the boundaries of the cities, how do you handle that in the rural areas? Do they still have to go into the city to obtain their license?

**Ted Olivas:**

If a contractor from Mesquite wants to do business in the Las Vegas Valley, they will have to come in to get the license. They will be eligible for this because they can be physically located in Mesquite, but want to do business with all of the other jurisdictions. They will be eligible to get a license from all of the participating entities.

**Assemblyman Ellison:**

I was thinking about going out and not in, but I understand what you are trying to do.

**Chair Kirkpatrick:**

I believe there is an amendment from Clark County ([Exhibit D](#)), which discusses applying online. I understand the Advisory Committee of Intergovernmental Relations (ACIR) came up with this. In Utah, this is one of the great advantages, because an entity can be in business in 30 minutes. There is an online process, which is expeditiously done. By having all those tools in place, it creates more business because it is easy to do. With Clark County's amendment, it appears they are heading in that direction, which will help people in places like Mesquite or Laughlin to get their business licenses within reason. In Utah, it is shown to be very successful.

**Assemblywoman Pierce:**

Why did you not go with a Clark County license and satellite offices? Is that because you actually did not get Mesquite and Boulder City?

**Ted Olivas:**

First of all, those jurisdictions were outside of the Las Vegas Valley, and they do not have the necessary systems in place to communicate with us. Once they figure that out, they can be incorporated into the system. That was why we did not have them included. It was at their request. I am sorry; can you repeat the other part of your question?

**Assemblywoman Pierce:**

I am just wondering, why not just have a Clark County license with satellite offices in various places? It just seems like you are still separate, with separate licenses.

**Ted Olivas:**

Yes, this is a hybrid of that. Essentially, a business is getting licensed by four jurisdictions in one spot rather than one license for four spots.

**Chair Kirkpatrick:**

My concern is that this is limited to contractors, which accounts for 71 percent of people who are out of work. I am not sure how many of them will obtain licenses. We do have other industries that are working currently, such as real estate professionals who are trying to sell homes to bring up property values within neighborhoods. They are the ones having to go city to city. There are also the pool cleaners, cleaning the pools of foreclosed homes. They also have to go from city to city to get licensed. In all fairness, I do not believe that you need legislation for this because it represents only one group. It is good for two years. Does that mean that you are going to stop at just this?

**Ted Olivas:**

That is a great question, and you are absolutely correct. The thought process is that we move towards other businesses. Realtors are one of the best examples. This does not preclude us from doing that. You are right in saying we may not need legislation to do this, but it is certainly forcing us to move along and get it accomplished. We are not waiting to expand this, but we must make sure the systems are in place to do so. That is what this bill does. It forces us to get those systems in place.

**Chair Kirkpatrick:**

I just want to make it clear for future committees to follow up to see how much farther this has gone. I would be quite disappointed if this is all we can get done in two years. Is Mr. Vincent going to testify?

**Mark Vincent, Chief Financial Officer, City of Las Vegas:**

There are a few things that I would like to try to clarify. With respect to the fees from a contractor's perspective, it is our intent to align those fees. The bill does not necessarily require us to do so, but that is our intent. With respect to the question about out-of-state contractors, this bill will allow any contractor who is licensed in Nevada under NRS Chapter 624, to obtain a multijurisdictional license if he did not have a physical location in the city. It certainly would allow for other contractors with physical locations in other counties. It will clearly allow for out-of-state contractors, if they were properly



licensed in the State of Nevada. There was a question about the timing of the license. All jurisdictions issue these licenses on a semiannual basis. The licenses will likely run based upon the date of issuance for a six-month period. As Mr. Olivas mentioned, many of these are technical issues. Another question I heard was about how we will know if someone is properly licensed. That is one of the technical issues which we need to create a solution for. Not only do these contractors need to have a license which shows the jurisdictions they are licensed in, but we need to make it easy for auditors and inspectors to make inquiries in order to know who is licensed and for which jurisdictions.

Another issue that I wanted to clarify was if Mesquite and Boulder City were not a party to this agreement, and did not pass ordinances in order to participate, they would not be included. If there was a contractor in Mesquite who wanted to do business in the Las Vegas area, they would not be allowed to participate, because there would be no agreement or ordinance that would allow for that. There are some other people here who may be able to clarify other issues raised. I would be happy to answer any questions you may have.

**Assemblyman Anderson:**

How does everyone who is advocating for this bill see its interaction with the new state business portal? Are those systems going to communicate with each other?

**Mark Vincent:**

Yes, that is our intent. The business license community down south began meeting once Assembly Bill No. 494 of the 75th Session was passed, in preparation for opportunities to standardize and create a seamless approach. One of the difficulties that we have had with licensing a brick-and-mortar business is the fact that it has to obtain its occupancy permit. The business also has to obtain its fire permits and have the proper zoning. We do not have a multijurisdictional mechanism currently for dealing with zoning and land use issues. That is why this particular bill was designed for businesses that typically have their location in one city or county. They will get licensed to do business in many areas because someone must determine that the zoning, land use, and health permits are proper as this expands to other businesses. Somebody has to do that, and the way this bill is designed, the primary entity where the jurisdiction resides has the responsibility for the group.

**Chair Kirkpatrick:**

We will now invite anyone who is in favor of S.B. 110 (R1) to testify.

**Nicole J. Lamboley, Chief Deputy, Office of the Secretary of State:**

We are in support of S.B. 110 (R1) as originally drafted. I understand Clark County has submitted an amendment which we also support ([Exhibit D](#)). We worked with them on that amendment. To answer Assemblywoman Neal's question regarding a state business license, the state business license must be obtained before any local business license may be issued. That is the current law. We have been working together with local governments to ensure the validation of this process. Our information is all available free, online. Local governments may review and confirm a business is in good standing before issuing a local license.

**Mike Cathcart, Senior Financial Analyst, City of Henderson:**

We fully support S.B. 110 (R1). This concept was presented to our elected officials at a city council meeting recently. The council is 100 percent in support of this concept. We look forward to implementation for contractors, and moving forward to include other businesses as well. We are also in support of the amendment from Clark County, which offers some cleanup language.

**Warren B. Hardy II, representing Association of Builders and Contractors of Nevada:**

As long as I have been involved with the Association, whenever we send out surveys to our members asking what the biggest issues are, this issue consistently finds its way to the top three. It used to be second only to, "Can you help find us qualified workers?" Fortunately, that is no longer a problem. Sadly, this is probably the top issue, along with the complexity and difficulty of trying to keep all of this in line. We are very supportive of this concept, and we appreciate those who have brought it forward.

**Gary Milliken, representing Las Vegas Chapter of the Association of General Contractors:**

I am here in favor of S.B. 110 (R1) for basically the same reasons that Mr. Hardy discussed. Over the years, our members have complained about the difficulty of becoming licensed in the various counties. We have said for a long time that being able to obtain just one license would make us very happy. We are in support.

**Lisa Foster, representing City of Boulder City:**

We support this bill and appreciate keeping it an elective process for Boulder City and Mesquite, because of the geographical challenges it would face if it were not elective.

**Chair Kirkpatrick:**

If there is anyone in opposition or neutral, please come forward.

**Michael Harwell, Manager, Division of Franchise Services, Department of Business Licensing, Clark County:**

We are neutral to S.B. 110 (R1) with the amendment. The amendment proposed by Clark County contains clarifying language. Often when state laws are passed and the Legislature adjourns for the session, attorneys begin looking at the bills that are passed and begin making decisions. We want to make sure that we have all the tools we need to advance business allowing them an easier process to apply for licenses. Section 1 should make it clear that if the city is below a population of 150,000, they will have the choice to participate. The way it is worded may be interpreted that we do not have the authority to enter into a local agreement. That was not our intent. The fact was that we did not want to make it mandatory that they do participate, yet allow them to participate if the elected officials choose to do so. Additionally, subsections 3 and 5 are to clarify that for the contractor to apply for a business license, he does not have to obtain multiple licenses for all jurisdictions. He will obtain licenses only for those counties which he intends to do business with. For instance, if a contractor is located in Clark County, he does not have to obtain a license to do business in all of the other cities. The license will be provided for those counties in which he intends to do business with.

Some of the other sections added came from Senate Bill 69, which did not survive a few weeks ago. This bill is about streamlining and benefitting the business community. It is trying to make the process to apply for licensing easier. There are certain provisions in NRS that require signatures, affidavits, or affirmations. We have shared this amendment with the Office of the Secretary of State, and they have provided a revision to our suggested language, which we have incorporated. A business applicant may come in to apply for a Clark County business license, and other cities that they choose to do business in. They will provide us with a Secretary of State-issued identification number. With that, we can verify in our system that they are in compliance with the state business license requirements and the Department of Taxation requirements. That saves us from having to have the applicant sign documentation or from sending them to the Grant Sawyer Building to get the license.

Another good point that Ms. Lamboley brought up was oftentimes the Secretary of State's license may have been obtained years ago. Just because they have signed something does not mean they are current with the Secretary of State or the Department of Taxation. Providing the business portal number allows us to go into the system and verify the business is in compliance currently. Some of the language clarifies the state's industrial insurance. The county wants to move to an online registration process. It is not convenient for someone to apply online if he has to print a form, have it notarized, scan it, and

send it back to us, which would be the system if the provisions in the amendment are not adopted. We want to be able to streamline the business license application process so it is easier to process things online. We hope to be online with renewals within the next few months. The County is moving forward with online application processing later this year. This summarizes some of the cleanup language and clarification that the amendment proposes. I am available for any questions.

**Chair Kirkpatrick:**

Is there anyone else who wishes to testify on this bill? Senator Lee, do you have any final comments?

**Senator Lee:**

Just like you, I would like to see the process envelop the whole valley for every business that does business in multiple cities and counties. I also shared your desire to make this so. It was pointed out to me that because of computer systems and glitches, we need to start somewhere. This group of contractors seemed like a good place to start. I was promised that all businesses that are mobile in our county will be ultimately included; therefore, I will be watching this along with you. Thank you very much.

**Chair Kirkpatrick:**

We will close the hearing on S.B. 110 (R1) and open the hearing on Senate Bill 325 (1st Reprint).

**Senate Bill 325 (1st Reprint):** Moves the Division of Internal Audits from the Department of Administration to the Office of the State Controller. (BDR 18-1062)

**Senator John J. Lee, Clark County Senatorial District No. 1:**

Thank you once again, Madam Chair. Before you today is S.B. 325 (R1), which is a very simple bill that moves the Division of Internal Audits from the Department of Administration to the Office of the State Controller. [Continued reading from prepared testimony ([Exhibit E](#)).]

Madam Chair, I have been fortunate enough to have the State Controller here today to answer some of the technical questions. Thank you very much.

**Assemblywoman Benitez-Thompson:**

I understand that we are removing some duplicated auditing processes. Is that right? Are we consolidating them?

**Kim R. Wallin, State Controller, Nevada State Controller's Office:**

The original bill was to have an inspector general. This bill moves internal audit underneath the Controller's Office. It does several things. This bill will allow money that would have been spent on an inspector general to be used to hire three additional auditors. Due to budget cuts, the internal auditor's office has been gutted. Internal auditors are the people watching what is going on and should not be cut. They went from ten to five auditors, and this bill will give them three additional auditors, totaling eight auditors.

Senator Lee talked about independence. There are only five internal audit divisions that report to the governors for all of the rest of the states. One reason is internal audit should not report to the people that they are auditing. For example, in local government, internal audit does not report to the city manager or the county manager. They report to the city council, the county commission, the board of supervisors, et cetera. This will separate them. I will provide you with an example of some other situations that have occurred. In 2003, an audit was performed for the Department of Taxation. By that audit, it was determined that the Department of Taxation had not audited mining companies for four years. This finding was reported to the Governor at the time, but nothing happened. If it was reported to a department that was not overseeing that agency, there would be more independence.

Recently, we just found out that the Nevada Department of Transportation (NDOT) has found a way to pay off employees to make them go away. If internal audit was located in my office, I would immediately begin the investigation. Instead, I have to work through the Office of the Governor, advising them to check on their own people.

There is another thing this bill will enable us to do. We have been trying to provide a Medicaid audit by using data mining. This bill would assist with the resources to do so. The Department of Health and Human Services (DHHS) says it does not have people to check the results after it is done. Therefore, we would be able to do that part as well.

The bill will give people independence. Senator Lee discussed the bigger agency and merging personnel in Public Works, Buildings and Grounds, libraries, and Purchasing Division, who are all under the Department of Administration. If Internal Audit is underneath the bigger agency, they will be unable to perform audits for that agency, which will be a huge agency requiring checks and balances.

**Assemblywoman Benitez-Thompson:**

With the positions that exist in the current state structure, once they move over to your department, would it be the staff people who are under you? Would we eliminate the positions on the State's side while moving the positions to the Controller's side? I am trying to figure out the logistics.

**Kim R. Wallin:**

What would happen is the relevant staff people would move to the Controller's Office and report to the Controller.

**Assemblyman Livermore:**

I am trying to figure out how the audit division will function. Who will develop the audit plan, and who will be responsible for the audit's results? Will that be part of the Controller's duties?

**Kim R. Wallin:**

The way it works, the audit plan is developed by a risk assessment. It is scientific methodology. It has currently been administered by the Department of Administration, which is not the proper way to proceed. We need to determine who has the highest potential for risk and errors.

**Assemblyman Livermore:**

Someone has to make that determination.

**Kim R. Wallin:**

The internal audit staff would be the ones to make that determination. Additionally, we have the Executive Branch Audit Committee to approve of the internal audit's suggestions for audit.

**Assemblyman Livermore:**

The risk assessment is the essence of why I am asking the question. I am not sure the Controller's Office is designed to function and formulate a risk assessment, is it?

**Kim R. Wallin:**

That is what internal audit would be doing. As previously mentioned, most states have an elected auditor which consists of a controller's function. Alternatively, they may have a controller that consists of the audit function. As far as the Controller's Office having the expertise, we do. By statute, we do have that authority. The Supreme Court reaffirmed the authority for the Controller to audit in approximately 1974. The Controller was granted the authority to audit any and all claims made against the state. It was reaffirmed by Attorney General Opinions in the 1990s and since then. We do have the

expertise and authority to proceed. If an auditor is working for you, who is running all of the agencies? If the auditor finds something, how will you react? Will he feel comfortable enough to confirm to you that the agency is messing up, such as the NDOT example that I have previously provided, or in the mining case of 2003.

**Assemblyman Livermore:**

I do not disagree. I only question where the legal and constitutional responsibilities lie.

**Chair Kirkpatrick:**

I do not disagree with you, but at the same time we are cutting auditors. There are eight people on the chopping block. How silly are we to chop the people that are bringing in revenue? That is a policy decision that we have been trying to make since I became a part of the Legislature. For the life of me, I do not understand why the business community is not in an uproar, because those are our dollars that we are supposed to be generating. I do not want to blame one agency or another, but it is pretty sad that we are cutting. Last session, this Committee increased water fees so that we can expedite water permits. Yet, we just cut half of them yesterday. I do not want to blame state employees until we provide them the tools they need to make this happen. We did hear a similar bill, Assembly Bill 406. In introducing this bill, we worked with the Attorney General's Office and the Governor's Office to make sure they had the ability to investigate, once the erroneous audits were discovered. I do not see that in this bill at all. We worked to ensure that if there were any criminal activities, they were sent to the Attorney General's Office. I think you are a great controller, but I worry that the next person who fills the position may not work just as hard as you do. We have seen that in the past in where they spent more time campaigning than working. I want to clear things on record because everybody is replaceable, but whether you get the same quality is another issue. We have even seen that in the Governor's Office. I just want to be clear on how you envision that. We have given you a lot of responsibility since I have been serving during the last few years. I know you are a superwoman, but I worry about the next person.

**Kim R. Wallin:**

There are a few points to be made. As far as the methodology, in the event we find something of a criminal nature, it would be immediately turned over to the Attorney General's Office to prosecute. It is actually the current procedure, even without internal audit located in our office. For instance, there is the NDOT issue we have previously discussed. We turned that over to the Attorney General's Office.

If we gain another controller who is not as qualified as me, or who does not work as hard, we may be looking at achieving a true independence. With a true independence, you do not have the fox guarding the henhouse. Having the auditors report to the very agency that is responsible for the agencies they are auditing is not good internal policy. I think that part of my job in this office is to lay the groundwork for when I am gone, so that the office will continue to function efficiently and effectively. There are good people in the office who may continue to run the shop the way it should be.

**Assemblyman Stewart:**

I have the same praise and concerns as the Chair. Are there other states following this method which we can use as a model?

**Kim R. Wallin:**

As mentioned before, there are only five states in the country with internal auditors that report to the governor's office. There are only 17 elected comptrollers in the country. The rest are all appointed comptrollers that generally work for the elected auditors. The terms auditor and controller are sometimes used together. West Virginia has an auditor's office with controllership functions as well. There is enough information available to pattern other states. My understanding of the history of internal audit, when formed under Governor Guinn, was that he had asked Kathy Augustine, the controller at the time, if she wanted to maintain the internal audits within her control. Her answer was no because she felt that she did not need it. It originally should have gone to the Controller's Office, but it did not.

**Chair Kirkpatrick:**

There are no further questions. Thank you, Ms. Wallin. We do appreciate your hard work. Is there anyone else who would like to testify on S.B. 325 (R1)?

**Lucas Foletta, General Counsel, Office of the Governor:**

The Governor is in opposition to S.B. 325 (R1), as was indicated by Senator Lee earlier. The original bill was a bill to establish the Office of Inspector General. This was a bill that the Governor's Office worked in conjunction with Senator Brower in drafting. The bill was amended, and the changes are reflected in the bill you have before you. The Governor is opposed to the bill for several reasons. As I address the Governor's concerns, I would like to touch on a few points that the Controller made. I would also like to clarify how this process works currently.

The Controller suggested that currently the Division of Internal Audits have processes which are deficient, and the Division is not as responsive as it could be. As such, the request for action by the Division must go through the



Governor's Office and the Department of Administration. That is not necessarily the case. As per NRS Chapter 353A, in which the Division of Internal Audits is described, the Division is housed within the Department of Administration. The Division is headed by the Chief of the Internal Audit Division, who is appointed by the head of the Department of Administration. The Division is overseen by the Executive Branch Audit Committee, which is composed of constitutional officers including the Controller. Currently, the Chief of the Internal Audit Division will submit a proposed work plan on an annual basis to the Committee. The Committee will approve or disapprove of that plan. They will perhaps add audits that they would like to see, or they will modify the scope of the audits that the Chief has proposed. Therefore, it is not the case that under current law, the Governor's Office somehow directs the Division of Internal Audits. The Governor is the Chair of the Executive Branch Audit Committee and can convene a meeting of that Committee for the purpose of taking up business, presumably at the request of any individual member of that Committee. It is certainly not the case that the Governor needs to approve of the individual work of the Division. In fact, that is the prerogative of the Committee, currently. This should answer to the point that the Controller made earlier in suggesting that the Division is not as responsive as it should be. The Controller pointed out some alleged deficiencies in the way the Department of Taxation was operating in 2003. Under the current state of the law, if there was some need for action to be taken, the Executive Branch Audit Committee could have at any point, after learning of those problems, convened a meeting, and made a determination to tell the Division to undertake an audit of the Department of Taxation. They could have proceeded in that by asking the Governor to call a meeting, or by taking it up at the next quarterly meeting of the Committee. In fact, there is some recent evidence to show how this works, as issues arose within the Department of Taxation. Upon learning of those issues, the Governor did convene a meeting of the Executive Branch Audit Committee to ask the Division to undertake an audit of the Department of Taxation.

Regarding the Department of Transportation situation, I want to make clear that there are some apparent issues, which are on today's meeting of the Board of Examiners. I pointed that out to suggest that our current law processes are not utterly deficient. Without the Controller's supervision of the Division of Internal Audits, certain remedies cannot be taken. Today the Governor had asked for some of the issues regarding the Department of Transportation be placed on the Board of Examiners agenda. He is moving swiftly to address those issues in the proper context.

The other issue that I would like to address is the Governor's main concern. It concerns the point that both Senator Lee and the Controller made, which is

that it is somehow inappropriate for the Department of Administration, under the supervision of the Governor, to house this good government function, with reference to the fox is guarding the henhouse. I think there is something to that, but the Governor's view of the Division of Internal Audits is a bit broader. He views this as a management tool for the Executive Branch. As the Chief Executive of the Executive Branch, the Governor would like to ensure that the Division of Internal Audits is there to provide a quality control mechanism, and it is responsive to his needs as the head of the Executive Branch because he is the individual who is authorized and obligated to oversee the operations of these Executive Branch agencies. It is important that the Governor's criteria and needs as a manager of these agencies are satisfied in relation to the work the Division achieves. Ultimately, the Controller has no authority to implement any remedies that might be proposed by the Chief of the Division of Internal Audits. The Governor is the ultimate appointing authority in the Executive Branch. As a consequence, the ultimate decision about how to cure any defects revealed by an audit performed by the Division is a decision that will lie with the Governor. He would like to ensure that these audits are done consistent with his priorities. That was the reason for A.B. 406, which was mentioned earlier, and would give the Governor some discretion to direct these audits specifically.

**Chair Kirkpatrick:**

It is unfortunate that depending on who is in office at any given time is how we have to write our legislation. It is unfortunate, but it is a reality.

**Assemblywoman Neal:**

I think you gave me a segue, because that is what I was thinking. You said that the Governor has to have the ability to make decisions based upon his priorities. There were two examples brought up by the Controller which were significant. What is going to be put in place to prevent those kinds of occurrences? When you have those types of situations such as the fox guarding the henhouse, the obvious solution is to not be put in a position where decisions made are determined by a political issue or lack of interest, because someone does not want to deal with it. I believe the Controller brought up a good point about finding the balance. It does not sound like there is a balance or else you would not be dealing with some of the issues she brought up.

**Lucas Foletta:**

The Division of Internal Audits is one of the processes that would be put into place to deter these actions moving forward. It would be the Governor's position that he had discretion to call upon the auditors to perform an audit at any given time. He is the ultimate appointing authority which will provide an additional level of deterrence and responsiveness to any problems that may

arise. I think the Division itself is one of the mechanisms to ensure that government is run efficiently and without waste or fraud. To address your second point about how we can ensure against political influence in the direction of the Division of Internal Audits, I will suggest that is a matter that we must leave to whoever it is that oversees the Division. I do not know that choosing one elected official over another elected official necessarily alleviates the concern. I think that it is really the same situation. This division is performing a management function. As a management tool, it is more properly associated with a department which is in line with the Governor's appointed authority and is subject to his input and influence to some extent. That is reflected in the law now because the Governor is the Chair of the Executive Branch Audit Committee, and he does appoint the director of the Department of Administration.

**Assemblyman Livermore:**

My question is regarding the fiscal note on this bill of \$432,826. Is that currently in the Governor's budget, or will it be added on?

**Lucas Foletta:**

No, not as it is right now. The cost of the Office of Inspector General, as originally contemplated and before the bill was amended, is what we were working towards with regard to the budget. The additional cost, at the very least, is not there now.

**Chair Kirkpatrick:**

Are there any other questions? Is there anybody else who would like to testify in opposition or neutral?

**Senator Lee:**

I will first allow the Controller to address an issue.

**Kim R. Wallin:**

In his testimony, Mr. Foletta mentioned that the Governor has his priorities regarding audits. He also mentioned that the Governor called a special meeting of the Executive Branch Audit Committee in order to audit the Department of Taxation. None of the other members of the Executive Branch Audit Committee can call a meeting if there is something that they feel needs to be audited. It is still the Governor's authority. There is another thing I would like to point out. The Chief Auditor is an unclassified employee and can be fired. Is there some independence if he finds something that his boss does not like? We once had a situation where internal audit was not being directed and were not allowed to proceed by proper auditing procedure. While working with internal audit to process the error audits or stimulus money audits, internal audit

was told, "you will tell us what agencies you plan to audit, and we will approve which ones you may audit." That violates *The Red Book* process. Because there was a person in my office who was also responsible for processing the error audits, we were able to proceed according to *The Red Book* allowing them to audit who should be, in lieu of the ones the previous governor had chosen.

**Chair Kirkpatrick:**

I believe that was said in a public testimony.

**Senator Lee:**

I would like to make sure the Committee understands the Governor and I are friends. We served the Department of Natural Resources together. This is not a slap at his leadership in the least bit. He has only been in office for three or four months. I value my friendship with the Governor. This is only a question of policy. How do you want to handle this type of situation? When the mining issue came up, it was glaring. If I were the Governor, I would want the Controller's Office to approach me with problems they have found. I would see this as a tool to help me to be a better administrator. I want to make sure you understand that this is not a slight at the current Governor. Situations have occurred that have shown us that we need to utilize the Controller's leadership in this area.

**Chair Kirkpatrick:**

We will close the hearing on S.B. 325 (R1) and will open the hearing on Senate Bill 393 (1st Reprint).

**Senate Bill 393 (1st Reprint):** Revises provisions relating to annexation of territory by certain unincorporated towns. (BDR 20-228)

**Senator John J. Lee, Clark County Senatorial District No. 1:**

I could not help but notice the time. County Commissioner Tom Collins is down in Las Vegas. He will provide most of the testimony. Basically, let us say that Mesquite was able to annex some land from Bunkerville. When the land is annexed over to Mesquite, the Commissioner would like to ensure that all of the money that was in the old piece of property is transferred to the new taxing district. My dear friend Commissioner Collins is down in southern Nevada. I am going to leave this bill to him. I appreciate your kindness in being observant to my bills today.

**Chair Kirkpatrick:**

Thank you. I will see you first thing in the morning in your committee.

**Tom Collins, County Commissioner, Clark County:**

I appreciate Senator Lee for assisting with this issue. You should be in receipt of a map which shows the before and after boundaries ([Exhibit F](#)). It is a map of three townships which include Moapa, Moapa Valley, and Bunkerville. The before map shows a "no man's land," situated where Glendale is, for those of you who have driven up through Interstate 15. The Bunkerville Township actually came into Moapa, which is 27 miles away from the community of Bunkerville. There is a portion of Moapa in the Moapa Valley Township, which was isolated over the hill, around the road, and through the narrow. It was not a common interest to the lower Moapa Valley. While restructuring boundaries, we discovered that the taxes and fees in Moapa, which were self-imposed by an election of the Moapa residents for construction and operating maintenance of their recreational facilities . . .

**Chair Kirkpatrick:**

Commissioner Collins, can I stop you for a moment in order to reiterate something to the Committee? The map is not currently on the Nevada Electronic Legislative Information System (NELIS), and we are blindly envisioning Moapa and Bunkerville. I am sure the county will get the map to us sometime today.

**Tom Collins:**

Thank you. I will not go into too much detail on the map, since that was not provided to you. I apologize for Clark County not getting that to you. We made it available on the Senate side, and I will make sure that when I leave this hearing, they promptly get it to you. Basically, it is a simple change in *Nevada Revised Statutes* (NRS) Chapter 269, which you will see in the language of the bill. The Legislative Counsel's Digest, lines 7 and 8 read, "This bill establishes the same provisions for an unincorporated town that annexes territory in a county whose population is 700,000 or more." It is proposing to change the statute only in Clark County. For example, Bunkerville, Moapa, and Moapa Valley are unincorporated towns, and the transfer of taxation does not apply in the statutes. If North Las Vegas annexed a piece of property, the North Las Vegas taxes go forward. If Las Vegas or Henderson annexed a piece of property in the county, the tax that the incorporated city has established automatically transfers to the new land that is being annexed. In the cases of an unincorporated township, it is not the same.

Senator Lee was very helpful in bringing this forward from his committee. This bill will assist the people of Moapa, and the new property in Moapa, including Glendale. The Glendale property owners were very supportive in this measure. You should have received a letter from Bonnie Rinaldi, representing the Riverview development, as well as other people in that area. All we are asking

is that when a township boundary changes, the taxes in that unincorporated township carry over with the new boundaries. If you have any questions, I will be glad to answer them.

**Assemblyman Anderson:**

Good morning, Commissioner. Does this just apply to unincorporated townships that have taxing districts? I represent Winchester, and my concern is about how this will apply to them. Can you provide some insight?

**Tom Collins:**

In Moapa, the residents voted for a park and recreation tax, one for construction, and one for operating and maintenance. If the people in Winchester were to vote for a tax, and the Winchester boundaries changed, that tax would go with it. The same would occur for Spring Valley, Paradise, or Sunrise Manor Township. Of course, the boundaries of a township in Clark County can only be changed with the approval of the County Commission. A vote of the people is required in order to pass a special district tax. It would then be approved by the County Commission. In this area, the 911 district throughout the boundaries remains the same. The fire district boundaries remain the same, because they were not tied to the township boundaries. The only taxation that was tied to the boundaries of the Moapa Township were the parks. Adding this language in the statute will allow that to concur with the adjacent communities. For example, the no man's land in Glendale previously was very much connected to the Moapa and Orange Springs area.

**Chair Kirkpatrick:**

We have had a number of issues across county lines. Would this work if one of the unincorporated towns annexed property across county lines?

**Tom Collins:**

This is not intended to do that; I do not believe that it will. The language says it is for counties whose population is 700,000 or more. There were past discussions regarding issues of incorporated cities wanting to annex into other counties. I am not sure if there was a bill that survived which addressed that issue. An example of the precedent, which I am aware of, would be the Coyote Springs area, where I represent the portion in Clark County. Clark County and Lincoln County have an interlocal agreement that addresses the development crossing into Lincoln County, which is Assemblyman Goedhart's district. The two county entities would be the best way to carry that across a county line. I researched this a few months ago, at the District Attorney's Office. I am not sure that there are statutes which allow a city to annex across a county line. I believe the best way to handle that is an

interlocal agreement between the two counties for various reasons such as development agreements, utilities, et cetera.

**Chair Kirkpatrick:**

That is the reality of something that is transpiring with a portion of an outlying area outside of Mesquite in Lincoln County. My concern is the school district dollars. Which school district gets which monies? I was wondering if this would help to address that issue. I had not heard that it was rectified.

**Tom Collins:**

The last comments I heard while up in Carson City was that both counties were looking at an interlocal agreement similar to Coyote Springs, although, the agreement was not exactly the same. There would be a shared performance. If the school was on the Clark County side, there would still be discussions in their development agreement as well as in the interlocal agreement between the two counties. The school districts would have the ability to perform the same type of interlocal agreement as some of our other rural counties do, such as Esmeralda or Nye Counties.

**Chair Kirkpatrick:**

Commissioner Collins, is there anyone else there who wants to testify?

**Tom Collins:**

I am just waiting for a motion, Madam Chair. I do appreciate your taking the time to hear the bill.

**Chair Kirkpatrick:**

Is there anyone else wishing to testify? I am going to have Mr. Murphy come forward, because I believe he may have an answer to our map situation.

**P. Michael Murphy, Coroner, Clark County Office of the Coroner/Medical Examiner:**

The map can be obtained through NELIS on the Senate side. We are having it electronically moved to the Assembly side within the next few minutes. I wanted you to know it was attached but did not get moved.

**Chair Kirkpatrick:**

Is there anything else?

**Tom Collins:**

I appreciate all of the hard work all of you are doing up there. I can remember those days. I also want to recognize that this was the easiest of Senator Lee's bills today.

**Chair Kirkpatrick:**

We will now close the hearing on S.B. 393 (R1). Is Senator Parks here? Either Senator Parks or Senator Hardy may present the bill. I know that your secretaries are monitoring the Committee hearing. We will be happy to have either one of you. The first one here will present first.

**Senate Bill 302 (1st Reprint): Prohibits the sale of black powder and smokeless gunpowder to certain persons. (BDR 42-981)**

**Warren B. Hardy II, Private Citizen, Las Vegas, Nevada:**

July 4th of last year was just like any other 4th of July. Everyone was having an enjoyable time. The next morning, we received a tragic call that Casey Barlow had been killed by a fireworks accident. I have known his family for approximately 12 years. I knew Casey when he was a young man, and I attended his Court of Honor when he became an Eagle Scout. He was an avid off-road enthusiast as my family and kids are. I knew him as a very outstanding young man. He happened to be in the wrong place at the wrong time on July 4, 2010. He was watching but not participating in the activity. He was watching with friends. I think he was a little bit cautious because one of the boys had a homemade cannon that one of their fathers made. They were setting it off. Casey stepped out from behind a vehicle in order to take a picture, and the cannon exploded. The shrapnel hit him and killed him. I had to listen to the tragic story of him dying in his mother's arms. This was just kids out having a good time. The cannon was made by one of the kid's fathers 10 years earlier, but it was not supervised. The father was not there, nor was he participating. As we learned of the tragedy, it became evident that two of the young men went to one of the local outdoor shops to purchase the gunpowder that was used in this. They purchased the wrong type of gunpowder. Had there been any type of conversation at the counter about what the gunpowder was being used for, or had there been motivation on the side of the store clerk to inquire more, he could have told them this was the wrong gunpowder. The gunpowder they purchased ignited too quickly for this type of cannon, which blew it apart.

Mr. and Mrs. Barlow contacted me, as I was their senator at the time. They had not realized that I had resigned previously. I contacted Senator Hardy to ask him to introduce the bill. I told the Barlows that I did not know what would happen. I did not know what the current laws were but knew that Senator Hardy would look at it and would find a way to make sure this does not happen to anyone else's child. I promised the Barlows that this bill would be referred to as the Casey Barlow Law. On behalf of the family, I would respectfully request that if this bill processes through the session that it will be referred to as the Casey Barlow Law, in memory of Casey. It is the family's



effort to make sure this type of tragedy does not happen again. Thank you for the opportunity to be here. I would like to also thank Senator Hardy for presenting the bill.

**Chair Kirkpatrick:**

On behalf of the Committee, I think it is the least we can do to prevent this from happening in the future.

**Senator Joseph P. (Joe) Hardy, M.D., Clark County Senatorial District No. 12:**

Senate Bill 302 (1st Reprint) came about as former Senator Hardy has described. I did talk with Casey Barlow's father this morning. He reiterated the Casey Barlow Law request, and I will be supportive of that.

The indestructibility of youth sometimes needs to be tempered. What the proposal in this bill does is to allow for some stability on the part of people who buy explosive powder or rimfire powder, also known as smokeless rimfire or gunpowder. There are apparently two kinds of powder currently, both regulated by federal statute. In my research, it became apparent that the State of Nevada does not have a statute in place to regulate that type of situation. What has happened in Nevada is the people who sell gunpowder always ask for identification to ensure the purchasers are over the age of 18. Even though it is not directed by statute, everyone seems to heed that direction. This bill brings Nevada statutes in line with federal law. The bill allows for a misdemeanor to occur if the person who sells or distributes the gunpowder does not ask how the gunpowder will be used. The guts of the bill lie on the second page, lines 8 through 19. I would highlight the word "asks" in subsection 2 on page 2. I would then reference paragraph (c) of subsection 2 presenting a valid driver's license or documentary evidence which shows the appropriate age requirement. Subsection 2, paragraph (b) demands the person provide documentation. Paragraph (d) relies on the provided document and the statement of the purchaser's intended use. The person who sells the gunpowder can be in a position to instruct the purchaser in order to ensure proper usage.

A cannon uses black powder. The boys from the incident bought the smokeless rimfire gunpowder. They put the powder in the cannon, and they put the wadding in. They apparently also inserted firecrackers, after the wadding. They then inserted the fuse and lit it, but the fuse did not work. They proceeded to place a line of gunpowder to the fuse hole and lit it with a propane torch. The cannon exploded, killing Casey Barlow. If we had the opportunity for someone to inquire why the boys were using the gunpowder, it would have been made known that they were purchasing the wrong kind of gunpowder. I would be happy to answer any questions.

**Assemblyman Goedhart:**

I missed the first part of the testimony, but currently under federal regulations, is there a different age criteria between the smokeless powder and the black powder? Are we doing anything different with the ages here, or not?

**Senator Hardy:**

We are going to mirror the federal statutes. There will be one type which can be purchased at age 18 and another you can purchase at age 21, unless it is for a rifle or shotgun. In that case, one can purchase rimfire at age 18. There are two ages in federal statute.

**Assemblyman Goedhart:**

What you are saying is that in the absence of any state regulations, we defer to the federal regulations. At this time, you are asking to have the federal regulations mirrored into state law. Is that what the intent of this bill is?

**Senator Hardy:**

That is correct. We are also recognizing the federal government is a little bit slow and may not care as much about a misdemeanor charge.

**Assemblyman Anderson:**

I do not think that anyone has a problem with this. My only question is what would be the acceptable purposes in subsection 2? Would that allow someone who is underage to still purchase this? I am confused on the language of the bill.

**Senator Hardy:**

Your point is well taken. It is worded in a way that leads me to direct you to the Legislative Counsel's Digest in the beginning of the bill, in order to have a better understanding. The verbiage is interesting. [He read the first sentence from the Legislative Counsel's Digest for S.B. 302 (R1).] In essence, someone underage can buy gunpowder federally, unless it is to be used for a handgun. A person has to be over 21 to buy the appropriate ammunition for a handgun. This bill will put that into statute in Nevada. Should the person selling it fail to ensure the person buying it knows what he is doing, it will be considered a misdemeanor.

**Chair Kirkpatrick:**

Are there any other questions? Is there anyone who would like to testify on behalf of S.B. 302 (R1)? We will close the hearing on S.B. 302 (R1). Senator Hardy, we have a heavy load currently in Assembly Committees on Government Affairs and Taxation. We are trying to have all of the bills heard. Hopefully, during the last week, we will hold work sessions, and the Committee

will see the documents a few days in advance. We will now open the hearing on Senate Bill 233 (1st Reprint).

**Senate Bill 233 (1st Reprint):** Establishes the Office of Grant Procurement, Coordination and Management in the Department of Administration. (BDR 18-1058)

**Senator David R. Parks, Clark County Senatorial District No. 7:**

Thank you for considering Senate Bill 233 (1st Reprint). In 1995, Nevada received 73 cents back from the federal government for every dollar Nevada residents paid in federal income tax. Ten years later, the number dropped to just 65 cents of every dollar. [Continued reading from prepared testimony ([Exhibit G](#)).]

**Assemblyman Ellison:**

There were several assembly bills addressing this same issue. As far as grant writers go, will these be combined together?

**Chair Kirkpatrick:**

My understanding is that is the direction that was decided upon while working with the Office of the Governor. Is that correct, Senator Parks?

**Senator Parks:**

There had been discussions. I had meetings with the Governor's Office to review the bills, and to put together one bill, which would cover the particular points made in each bill. Also, I would like to note that Assemblymen Hansen and Brooks had similar legislation; therefore, their names were added to S.B. 233 (R1).

**Assemblywoman Bustamante Adams:**

I noticed that it focuses on helping local agencies, state agencies, nonprofits, and businesses. How will the process be prioritized? Who will take precedence over another depending on our needs?

**Senator Parks:**

The process would be developed by procedures within the Department of Administration. This bill does not directly address how the task will be accomplished. Within the budget committees, what has been occurring has been the transfer of a number of positions from various agencies where they worked in a decentralized fashion, moving the positions to the Department of Administration. This will provide a more centralized operation to review the applications of grants for the various agencies. It will encompass a broad area while providing assistance to state agencies, as well as local

governments, when applicable. There are a number of grants that local government entities are eligible for, but quite often they do not apply for one reason or another. In many cases, they do not even hear about the grant being available.

**Assemblywoman Bustamante Adams:**

My concern is that there will be so many different entities drawing from this one source that we may not have a strategic direction for Nevada. Although, I am sure you will work that out. My other question is regarding reporting. On page 3, line 21, it talks about reporting to the Director of the Legislative Counsel Bureau. I know we will be tracking what is applied for and received, but other bills have actually listed the specific items that we would like to see in the report.

**Senator Parks:**

There was a discussion made about what the report will look like. It will deal with grants that were received by local governments and will report the money amount, how much was spent, and any unspent balances which may revert back to the granting agency. It is an effort, but one thing we do not know about currently is the level of grant funding that agencies in Nevada actually received from federal governments. There is no single place to access how much money comes into Nevada, other than what the feds indicate. In some cases, it is quite decentralized. There are federal grants that are only available for community-based organizations, for example. Whereas others go strictly to local governments, sometimes they only go to a special district of a local government, such as a health district.

**Chair Kirkpatrick:**

In a follow-up to Ms. Bustamante Adams' concern, currently local government is doing a much better job than the state. We really need more, but the goal is to leverage more dollars by working together to ensure those dollars get out into our community. Whether they come from the state or local government, they are still going back to the residents of Nevada. I think that is the long-term goal. Is there anyone who would like to testify in support of S.B. 233 (R1)?

**Tray Abney, Director, Government Relations, Reno Sparks Chamber of Commerce:**

We appreciate Senator Parks for bringing this bill forward. We strongly support it. As you know, this was one of the recommendations from the Spending and Government Efficiency (SAGE) Commission. When members of the SAGE Commission went to Washington D.C., it was determined that Nevada was leaving a lot of federal dollars on the table. It was also discovered that various state and local agencies were competing for the same grants. We do

not always know what funding is available. Establishing this office will help us to determine what availability. Something we talk about in this building is matching funds. Does Nevada fund enough to receive all of the matching grants? This will help us to discover all of those matching grants that we leave on the table. It will help this Legislature, and future legislatures, to be able to make all of those policy decisions. I think this will be very helpful for the process, and we strongly support this bill. Thank you.

**Ted Olivas, Director, Administrative Services, City of Las Vegas:**

We, too, are in support of this bill. I would like to thank Senator Parks for working with us on the Senate side to clarify some sections of the bill. I am not saying the local governments operate in a silo, but this bill will help us to share grant information, which we believe to be pretty important. As Vice Chair Bustamante Adams mentioned, perhaps the data that we gather through this process will reveal further opportunities for a more strategic and collaborative effort. Maybe there are some other areas that we should be focusing on. The first step is to obtain the data. That will get us there. They will help us to identify grants, and as the bill suggests, keep track of those grants. What have we applied for? What have we received? We will be required to provide that information to the established office. It authorizes this group to write grants for us. Some of the larger jurisdictions have staff that can do that. There are some smaller jurisdictions that can potentially use the help. From a statewide perspective this service can really be a great help to the rural areas. Knowing who is applying for and receiving grants will be helpful statewide. We are supportive of this measure, and I would be happy to answer any questions.

**Carole Vilardo, President, Nevada Taxpayers Association:**

I am speaking in support of the bill. Having served on the SAGE Commission, this constitutes a clearinghouse which I believe will give us a great deal of strength in the future in applying for grants, knowing what is out there, and knowing what is beneficial to us. Thank you.

**Chair Kirkpatrick:**

Is there anyone who is neutral or in opposition? Are there any final words, Senator Parks? We will go ahead and close the hearing on S.B. 233 (R1). We will open the hearing on Senate Bill 400 (1st Reprint).

**Senate Bill 400 (1st Reprint):** Establishes a process by which a state agency may obtain certain information in county records at no charge for the purpose of assisting the economic development and population research of this State. (BDR 20-1143)

**Senator Ben Kieckhefer, Washoe County Senatorial District No. 4:**

I am here on behalf of the Senate Select Committee on Economic Growth and Employment to present Senate Bill 400 (1st Reprint). This is a bill that the Committee introduced as an effort to strengthen economic development in the state and to enhance intergovernmental cooperation in those efforts. With me are State Demographer Jeff Hardcastle and Brian Bonnenfant, who works at the Center for Regional Studies at the University of Nevada, Reno (UNR).

I will provide a brief description of what this bill does. Section 1 directs county assessors to provide electronic assessor data annually to the State Demographer. It also allows state agencies to access that data for specific purposes. Concurrent with that, section 5 requires the transfer of digital parcel bases to the Demographer, as well. What you are looking at is county assessor data and the map that goes along with it. The data can be collected, assembled together in one set, and used for various economic development purposes here in Nevada. I am generally someone who does not like to require counties to act without paying them for it, but there is a direct value for the counties to provide this data. They will be able to utilize the data, research, and work that is done by these groups who utilize this information for economic development purposes. They will have a new resource at their disposal that they do not currently have. We will have a statewide mapping system for the first time, which we will use to overlay critical data for economic development purposes. With that, I will turn it over to Jeff Hardcastle, our State Demographer.

**Jeff Hardcastle, Nevada State Demographer, Nevada State Demographer's Office:**

Thank you. From the Office of the State Demographer's perspective, over the past decade, we have been lucky to have a good and formal working relationship with the assessors and counties across the state. That culminated with the gathering of parcel and assessor databases back in 2008 and 2009. We used that in the account review process with the 2010 U.S. Census. Account review was a situation where the states could go to look at the census address data before the census was completed. With that effort, we were able to add in about 2 percent of the housing stock in Clark County, which brought back into the state about \$28 million a year, on a per capita average of federal funding. The success of being able to gather and use this data has been proven. There are some counties that do not currently have geographic information systems (GIS) resources, and that is addressed in section 5. It states that the counties that possess such a database would be utilizing it.

What this bill does is take the informal process and make it more uniform and formal. It also provides for transition staffing changes in my office.

For instance, I could walk out of this building and get hit by a car. Someone could come along who does not have as good a working relationship with the counties or assessors. Commissioners change, and policies change, and at least this legislation will provide some consistent policy over the coming decade. It helps us build off past successes with the census, and there are other things it can be used for in my office. For instance, we are working with NV Energy to look at their data in order to get a better handle on our occupancy rates. You may have seen that in Las Vegas, the census found about 120,000 units vacant. We are meeting there on Thursday with the local jurisdictions to try to better clarify what is being counted and what is not being counted. These GIS tools and databases give us the information to help clarify these types of questions in the future.

We have been talking with the various county assessors. Prior to the meeting, we spoke with the Carson City Assessor, who is also President of the Nevada Assessors' Association, along with the Washoe County Assessor. They have some concerns, but I think we can come up with language that fits their needs as well as ours. Thank you.

**Assemblywoman Bustamante Adams:**

Can you tell me what the current process is?

**Brian Bonnenfant, Project Manager, Center for Regional Studies, College of Business Administration, University of Nevada, Reno:**

The current process is to basically contact the assessor of the county. Usually the digital parcel bases are held by the planning, community development, or engineering side of the county. The process is to make two requests to the individual county. All 17 counties have different policies on how they disseminate that data. You have to jump through those hoops, county by county, because whatever county you are dealing with has a different process and policy. Some require a formalized written request, and some only require a phone call or an email. There are two counties that do not have a digital parcel base. We are in conversations with those counties to assist them in finding funding and a process to develop a digital parcel base, which will allow for conversion from the paper map to digital.

**Assemblywoman Benitez-Thompson:**

I am wondering why we have so much language about confidentiality for how this data can or cannot be used. It has been my experience that when I go to the State Demographer's website, I can pull up a great deal of information. The information is so good to have at hand, and so I am wondering why we would make someone guilty of a misdemeanor for . . .

**Senator Kieckhefer:**

Section 9, subsection 6 talks about being guilty of a misdemeanor, which encompasses *Nevada Revised Statutes* (NRS) 250.100 through 250.300. It is about the existing law that governs confidentiality of certain assessor records. An individual can petition an assessor to keep his personal information confidential, which may occur through a court order. Confidentiality already exists in state law. It is important to know that this is all public record. The intention was to create a mechanism to transfer the data for the purposes of economic development, but not to undermine the counties' ability to cover their cost of processing. Many of the counties will charge processing fees to people making a public records request. They will use those fees to cover their mapping, technology, or personnel costs. Traditionally with public records, it is the body that originates the document who is the possessor of the document for legal purposes. Although data is transmitted to the State Demographer, the public record still lies with the assessor's office. In summary, there was an effort made to create a mechanism without undermining a county's ability to charge where necessary to maintain its systems therefore preventing an end around of the counties.

**Assemblywoman Benitez-Thompson:**

The assessor information is public currently, correct?

**Senator Kieckhefer:**

The data that we are asking for is public with the exception of any which may be confidential under a court order.

**Assemblywoman Benitez-Thompson:**

You are saying the part that is public can stay public, and the part that is currently private, can stay private. We are not taking any parts that are public to make them private. Is that correct?

**Senator Kieckhefer:**

We are not changing any rules over what is public or private.

**Assemblywoman Benitez-Thompson:**

What was the part about keeping the fees in place? Can you go over that?

**Senator Kieckhefer:**

Currently if someone were to make a public records request, the data will be requested from the county assessor. They may charge a certain fee ranging from \$500 to \$5,000 to extract and transmit the data. We are trying to avoid an end around, whereby someone who wanted that data would go to the State Demographer instead of the county assessor. The county assessors are



the originators of the data, and they use those fees to help fund their system, which is still necessary. We did not want to create a system where we stripped them of their authority to charge those fees by creating this back door.

**Assemblyman Anderson:**

My questions are more of a technical nature. In section 1, subsection 5, might it be a good idea to use "or its successor organization" after "Commission on Economic Development"? I believe much of that is in play this session with Assembly Bill 449, which is the omnibus economic development bill. Also, getting back to your point of not wanting to create an end around, is that already possible with section 3, subsection 1, paragraph (a)?

**Chair Kirkpatrick:**

I can answer that first question for you. Typically, when we make changes in statute, changing the name of a board, or changing the direction it goes, that is the procedure that Legal calls codifying it. They go through the bill to ensure that everything is consistent. I do not know specifically if it is necessary in this issue because the Commission on Economic Development is part of the statute so everything that references that language would have to change. There are instances when we put private labels within statute allowing for such language as "or its successors."

**Senator Kieckhefer:**

I will defer to the significantly more knowledgeable Chair on that issue. As it relates to section 3, that governs those confidential records. Those are the people who would be able to access that confidential information within a public record. I believe it may be helpful for Mr. Bonnenfant to go through what he uses this data for, and explain how it is valuable for economic development purposes.

**Brian Bonnenfant:**

We assist the State Demographer's Office with GIS analysis, mapping, and data acquisition. For us it is very important to have these data systems, which are the foundation of what we do, which is primarily all economic development type of work throughout the state. Building off of the State Demographer's data, the decennial census provides block level population only every ten years. In between those ten years, we are in the dark trying to figure out what the population demographics are for Dayton Valley, Summerlin, Somerset, or all of these little pockets of geography. What this data does is provide us with where every housing unit is, within these pockets, especially for somewhere like Dayton Valley, which is a jurisdiction that is not collected and reported by the State Demographer, U.S. Census Bureau, or anyone else. This level of detailed data is germane to what we do out in the rural areas. It also provides

a component for us to map the Department of Taxation, Multiple Listing Service (MLS), or development-type data. If we obtain an assessor's parcel number (APN) or an address, we need to place that on a map somehow. These layers are what we need, especially in the rural counties, with post office boxes or rural route addressing. We need this parcel level information to place these data sets on a map. When you have these foundation layers, and you put on these additional economic development datasets, you have a very sophisticated mapping and information platform statewide. It can be used for a variety in the whole spectrum of government such as nonprofit, private business, renewal, or right-of-way analysis. If you were going to write a grant, you would need this type of information. These are key pieces of information. Thank you.

**Assemblyman Stewart:**

I understand there are two counties without the capability to do this, and you were going to help them. Can you expand on that?

**Brian Bonnenfant:**

White Pine and Esmeralda are the two counties that do not currently have the capabilities. We are in discussions with White Pine County currently regarding costs, and the contractors who perform this type of service regularly. We are working with the other counties who have recently converted from paper to digital regarding their process and who they used. We can use this information to help White Pine County get started with their conversion.

**Assemblyman Stewart:**

How long do you think it will take before they are online?

**Brian Bonnenfant:**

It can take quite a while to convert from paper to parcel. It can take up to a year to complete the process.

**Jeff Hardcastle:**

Pershing County is in the process of building up their database, and there are also other counties relying on federal study funds. Lincoln and Nye Counties are where the GIS resources are depending upon those federal revenues and resources. Some of these counties contract out with other consultant groups in order to build these databases. It is a little bit of a shifting resource for the rural counties. Thank you.

**Chair Kirkpatrick:**

Thank you. I have one question which does not necessarily pertain to this bill. This Committee also heard Senate Bill 31, which included a section regarding the Demographer's best estimates about what can be accomplished. I wonder,

by allowing all of this information to be more readily available, will that actually change what we will be able to do in the future?

**Jeff Hardcastle:**

It will help. One thing we are discussing currently is about working with NV Energy to obtain their data. That will help us in distinguishing between the occupied and vacant units. It will potentially help with other matters in working with the Census Bureau over time. They are looking at how to enhance their geography program to better track and update their sampling. Help may also come from survey data such as employment, education levels, grant resources, poverty level, household size and structure, et cetera. We will enhance our position as a state, down the road.

**Assemblyman Goedhart:**

I was wondering if you could provide me with an example of confidential information given to your office, as it relates to parcel maps.

**Jeff Hardcastle:**

Currently, confidentiality is specified under the current statute to provide confidentiality primarily to law enforcement officers, judges, and people who feel they need to keep their matters confidential to protect their families. My understanding is that there is no broader state guideline for that.

**Senator Kieckhefer:**

I looked up that statute this morning, and it states that anyone can petition a court to make the determination of confidentiality. There has to be a statement of justification. It would then be up to the court to make that determination.

**Assemblyman Goedhart:**

Would that provide the mechanism to have their residence or whatever property . . .

**Senator Kieckhefer:**

Their name and address would be kept confidential within the assessor's role.

**Assemblyman Goedhart:**

You have that information currently. I think this bill mostly goes towards streamlining the flow of information to your agency and preventing the counties from holding you hostage for too much money to obtain that information. Yet, I think the information underneath this bill is no different than what the state is getting currently. Is that right?

**Senator Kieckhefer:**

That is correct.

**Assemblyman Goedhart:**

It just puts into statute the confidentiality which is already mirrored somewhere else in the NRS.

**Senator Kieckhefer:**

That is correct. We are not increasing any confidentiality at all. It is up to a court to determine whether or not the information will be confidential

**Chair Kirkpatrick:**

Mr. Goedhart, I can pull up that statute for you and provide you with a copy. There is a specific list of people who are exempted from providing that information. I am happy to get that to anyone who would like it.

**Senator Kieckhefer:**

For the record, I would also like to say that Lindsay Anderson from the Commission for Economic Development was here to testify in support of the bill. She had to run out to the Board of Examiners meeting, but she wanted me to state that she is in support of this bill. I think you will hear from certain county assessors who will like to see some changes in the language regarding the description of the data that we are looking for. We are in support of that, and we are happy to work with them to come up with language that will make everyone happy.

**Chair Kirkpatrick:**

If there is anyone else who would like to testify in support of this bill, please come forward. Is there anyone in opposition or neutral on S.B. 400 (R1)?

**David A. Dawley, Carson City Assessor, Carson City Assessor's Office:**

The assessors have always worked very well with the state demographers to provide the information requested. The only thing that concerns us is the portion that says, "Fiscal year-end datasets of the county." We are just not sure what they are looking for. We would be more than happy to provide them with the information but would like some guidance about what kind of information they want.

**Chair Kirkpatrick:**

What section is that? We will have them come up and testify.

**David A. Dawley:**

It is found in section 1.

**Chair Kirkpatrick:**

It is in section 1 on line 5. That should be easy for them to clarify. Is there anything else? Are there any questions?

**Joshua G. Wilson, Washoe County Assessor, Washoe County Assessor's Office:**

Much like Mr. Dawley, I was curious as to what an assessor electronic file is because there are so many electronic datasets that we utilize. I want to make sure that when this report is due to the Demographer that we have some level of direction in terms of exactly what information is required. I talked to Brian Bonnenfant and Jeff Hardcastle earlier. It is exactly what we have been providing although Washoe may be somewhat unique. I believe Brian accesses this information directly from the Internet; therefore, there is not necessarily a formal report. This is a measure we have had to take since I have taken office resulting from a reduction of approximately 30 percent of my staff. We are trying to make information available to the public, at their fingertips, without having to access our office directly. The bottom line is that I just wanted to make sure what information is being requested. Thank you.

**Chair Kirkpatrick:**

Are there any questions? Mr. Hardcastle, can you come up and address page 2, lines 5 and 6? If there is any discrepancy, we will always be able to refer back to the minutes.

**Jeff Hardcastle, Nevada State Demographer, Office of the State Demographer:**

I believe that I can come up with language that solves this problem by substituting the phrase, "the assessor's master and sales files or their equivalent." Some jurisdictions call it a master file, and some call it an executive order (EO) extract. Some call it a sales file, and some call it different names. Therefore, that language would probably be sufficient. We can also check with Mr. Wilson and Mr. Dawley to make sure.

**Chair Kirkpatrick:**

You said "master file," but I did not get what the other extract was.

**Jeff Hardcastle:**

On line 6, where it reads, "electronic assessor files," I would suggest striking "electronic," changing "assessor" to assessors," and adding "master and sales files or their equivalent," in place of the word "files" after the word "assessor" on line 6.

**Chair Kirkpatrick:**

Okay. Can Mr. Wilson and Mr. Dawley come back up so that we can conclude this right here?

**Joshua G. Wilson, Washoe County Assessor:**

That is enough specificity for me to understand what would be required of the Demographer. Thank you.

**Chair Kirkpatrick:**

This way it is clear. Thank you. Are there any other questions?

**Assemblyman Stewart:**

There is no charge to the state with this, but is there currently a charge? And if so, how much would you lose with this change?

**Joshua Wilson:**

Initially, I thought this bill was directly focused at Washoe County because traditionally our GIS department had been charging various jurisdictions for the digital GIS parcel layer. Since restructuring has occurred in Washoe County, the assessor is now responsible for maintaining and developing that GIS parcel layer. I have no intention to ever charge, but this bill will certainly clarify that. I cannot speak to what may have been charged previously by the county's GIS department because I am not aware of that charge. Since it will be maintained through my office, I do not plan on charging for the dissemination of information, as we all pay taxes.

**Jeff Hardcastle:**

From my experience, this has changed over time depending on the administration that is in place. As administrations change or there is turnover in the assessor's office, these policies have, at times, changed by the different counties. There are 17 different counties, and 17 different working relationships with those counties. For instance, with Nye County, I would have to submit a request through the board of county commissioners, have the request approved by the commission, as opposed to only getting it from the assessor's office. Fifteen of the counties submit their files to a company called Alliance Data Systems (ADS). At this time, ADS charges my office for that data. I believe last time we paid \$1,250. It varies from county to county depending on who is in control of the data at that time.

**Assemblyman Stewart:**

Does this mean there is not a significant financial burden?

**David A. Dawley:**

There is no large financial burden. It is not an issue. Alliance Data Systems is a company that develops software for 15 of the 17 counties. They are a private company; therefore they charge. We do not charge for the information when coming from our office.

**Chair Kirkpatrick:**

Thank you. I am glad we cleared that up. It appears that we do not need an amendment, other than what we just discussed. We will close the hearing on S.B. 400 (R1) and will move to public comment. Is there any public comment? [There was none.] I am trying to keep track of all the bills for my colleagues and our Committee members; therefore, if there is something you are concerned about, please let me know. I have a running list that I try to stay on top of. Do not hesitate to reach out. We are adjourned [at 10:27 a.m.].

[Additional exhibits include written testimony from Brian Bonnenfant ([Exhibit H](#)), written testimony from Jeff Hardcastle ([Exhibit I](#)), and State Rankings for Per Capita Amounts of Federal Government Expenditure: Fiscal Year 2009 ([Exhibit J](#)).]

RESPECTFULLY SUBMITTED:

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Cheryl Williams  
Recording Secretary

RESPECTFULLY SUBMITTED:

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Lenore Carfora-Nye  
Transcribing Secretary

APPROVED BY:

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Assemblywoman Marilyn K. Kirkpatrick, Chair

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



**EXHIBITS**

**Committee Name:** Committee on Government Affairs

**Date:** May 10, 2011

**Time of Meeting:** 8:05 a.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Attendance Roster
S.B. 110 (R1)	C	Senator John J. Lee	Prepared Testimony
S.B. 110 (R1)	D	Senator John J. Lee	Clark County Proposed Amendment
S.B. 325 (R1)	E	Senator John J. Lee	Prepared Testimony
S.B. 393 (R1)	F	Tom Collins	2008 vs. Current Jurisdictional Boundaries for Bunkerville, Moapa, and Moapa Valley
S.B. 233 (R1)	G	Senator David R. Parks	Establishes the Office of Grant Procurement, Coordination and Management in the Department of Administration
S.B. 400 (R1)	H	Brian Bonnenfant	Prepared Testimony
S.B. 400 (R1)	I	Jeff Hardcastle	Prepared Testimony
S.B. 233 (R1)	J	Jeff Hardcastle	State Rankings for Per Capita Amounts of Federal Government Expenditure: Fiscal Year 2009