

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

**Seventy-Sixth Session
May 13, 2011**

The Committee on Government Affairs was called to order by Chair Marilyn K. Kirkpatrick at 8:08 a.m. on Friday, May 13, 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/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: 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 Joseph P. (Joe) Hardy, M.D., Clark County Senatorial
District No. 12
Assemblyman Crescent Hardy, Clark County Assembly
District No. 20

STAFF MEMBERS PRESENT:

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

OTHERS PRESENT:

Bru Ethridge, Notary Division Administrator, Digital Signature Coordinator,
Office of the Secretary of State
Nicole J. Lamboley, Chief Deputy, Office of the Secretary of State
Mark Lerner, Private Citizen, Las Vegas, Nevada
Renny Ashleman, representing City of Henderson
P. Michael Murphy, representing Clark County
Samuel P. McMullen, representing Las Vegas Chamber of Commerce
George Ross, representing Las Vegas Chamber of Commerce
Tray Abney, representing Reno Sparks Chamber of Commerce
Rusty McAllister, President, Professional Fire Fighters of Nevada
Ronald P. Dreher, representing Peace Officers Research Association
of Nevada; Washoe County Public Attorneys' Association; and
Washoe School Principals Association
Michelle R. Jotz, representing Las Vegas Police Protective Association
Metro, and Southern Nevada Conference of Police and Sheriffs
Jack Mallory, representing International Union of Painters and
Allied Trades, District Council 15
Dane R. Watson, representing Clark County Education Association
Cadence Matijevich, representing City of Reno
Jennifer J. DiMarzio, representing Laughlin Economic Development
Corporation
David Floodman, Private Citizen, Laughlin, Nevada
Karl Munniger, President, Laughlin Economic Development Corporation
Jordan Ross, Constable, Laughlin Township
Rosemary Munger, Private Citizen, Laughlin, Nevada

Chair Kirkpatrick:

[Roll was called.] We will open the hearing on Senate Bill 77 (1st Reprint).

Senate Bill 77 (1st Reprint): Revises provisions relating to notaries public.
(BDR 19-404)

**Bru Ethridge, Notary Division Administrator, Digital Signature Coordinator,
Office of the Secretary of State:**

I am here with Ms. Lamboley, the Chief Deputy of the Office of the Secretary of State, to support S.B. 77 (R1).

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

The fee for this would be \$70, and it would include the fingerprinting and background checks that go through local law enforcement and the FBI. Fingerprints can be done manually or by live scan through a private company. Either way, the maximum fee would be \$70.

The current application fee to become a notary is \$35, and that fee has not increased since 1986.

[Continued to read from prepared text, page 3 of [Exhibit C](#).]

A note of protest is an outdated process in the United States, but it is still used in Europe. There is a movement out there with a group of individuals who use this particular procedure to attempt to avoid paying certain debts that they have incurred.

As I said, the placement of the notarization on some documents leads to errors, so we would like to limit this particular type of notarization to individuals who work in the banking industry, where this note of protest is technically used.

[Continued to read from prepared text, page 4 of [Exhibit C](#).]

Are there any questions?

Chair Kirkpatrick:

Thank you, and can you please leave us a copy of your testimony for the record?

Bru Ethridge:

Yes.

Assemblywoman Benitez-Thompson:

Most sections in the bill do not cause me concern, but I am wondering about section 1, subsection 7, and the language, "a category C felony." Why not impose community service or a fine? For an act of omission, not moral turpitude or something, it seems very severe.

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

Currently it is a felony to submit false or perjured information to the Office of the Secretary of State on any form. This just brings it in line with other statutes, so we do not have to refer to *Nevada Revised Statutes* (NRS) Chapter 225 or other statutes where it is already a felony to submit false or misinformation on an application.

Assemblywoman Benitez-Thompson:

At the Office of the Secretary of State do you use that provision quite frequently? I am concerned because there is no lesser offense than a felony. You are either good or you get a felony, with no in-between.

Nicole Lambole:

We have used this statute in the past. This is a portion of the statutes that allows for electronic filing of many of the forms that are available for our office and other state agencies. Because they are filed electronically, they do not require an actual signature. It is a crime to lie on an application, and if some unfortunate situation happens in the future, we can return to this.

Chair Kirkpatrick:

Are there any questions?

Assemblyman Ellison:

What was the penalty prior to this under subsection 7 on page 3 of the bill, where it states, "A person who knowingly violates the provisions of . . ." Was that a gross misdemeanor, or something else before?

Nicole Lambole:

This is another instance of harmonizing with current law for the filing of forms through the Office of the Secretary of State. The problem now is that when we go through the process, we have to refer to multiple statutes. Here we are bringing existing language into the notary statute, NRS Chapter 240.

Assemblyman Ellison:

Can you define "knowingly" for me? I think you run into problems with distinguishing between committing a violation versus committing a violation "knowingly."

Nicole Lamboley:

The American Civil Liberties Union (ACLU) requested that specific language be included. A person “knowingly” checking the box that says he or she has never been convicted of a felony is different than if a person were to accidentally forget to submit some piece of information. That would meet the standard of violating law and not providing true and accurate information.

Assemblyman Ellison:

I just want to get that on the record.

Chair Kirkpatrick:

Thank you, Mr. Ellison. Are there any other questions?

Assemblywoman Bustamante Adams:

On page 7, line 40, it says, “The employer of a notary public may be assessed a civil penalty” Why the employer?

Bru Ethridge:

The provision for the notary to be assessed a civil penalty has been in the notary statutes for many years. Notarizing a person’s signature without the person being there violates the notary law, because part of the notary’s job is to identify the document signers. Any employed notary has been educated as to this rule, that the document signer is required to appear before him.

Fortunately there are not many, but some employers ignore this notary law; and if the notary refuses to notarize a signature on a document because it is wrong to do so, his or her employment is threatened. When this happens, and the notary breaks the law under duress, the Secretary of State believes it to be unfair to not hold the employer accountable to some degree.

This is not something we came to easily, but we have had cases in the past where we have had hearings which revealed repeat offenders; that is, employers who made it standard practice to force notaries to notarize documents without the document signers present.

Assemblywoman Bustamante Adams:

I appreciate your explanation, although I do not necessarily agree with holding the employer accountable. I do not think that an employer forces a person to become a notary and be responsible for all the duties thereof, so I think all accountability should fall solely on the individual.

Bru Ethridge:

Employers do, as an employment requirement, request individuals to become notaries. I could name a number of companies, in fact, that require their employees to become notaries because part of their business is providing notary service. In our current poor job climate, it is particularly difficult for employees to defy the wishes of the employer, if being a notary is a condition of their employment.

Assemblywoman Bustamante Adams:

Would it then be possible to be able to reward that and say, if you are required as part of your job description then the employer could be held liable?

Nicole Lamboley:

I suppose we could look at that. We had an incident with a public employer with whom we had to negotiate an agreement and settlement over how the employer was to direct its staff to provide notarizations. They were using the wrong forms—made-up forms; so, there is an issue.

There is due process on the side of the employer, because the hearing is public. The employer could not be assessed a civil penalty until we completed an investigation and determined that the facts indeed warranted a civil penalty for violation of the statute.

Assemblyman Ellison:

I notice that it seems as if notaries are getting harder and harder to come by, but perhaps that is just in our area. Can you tell us why? Is it because of the restrictions? We had to go to several banks to get a notary the other day.

Bru Ethridge:

I am assuming you are speaking about the northern part of the state, and that it is hard to find a notary there. Several years ago, during the real estate boom, everyone wanted to be a notary because there was such demand for fast document turnaround.

Over the years notary law, not just in Nevada but across the United States, has become stricter because of fraud. A lot of fraud is involved. Unfortunately, uneducated or uninformed notaries are the ones taken advantage of by the employers who choose to have them notarize fraudulent signatures. Then the employee is left with the responsibility.

Notarizing documents takes time when done correctly and is not a matter of sitting down with the signer, getting a signature, and putting a stamp on it. A correct notarization takes about five to ten minutes.

Businesses do not want their employees to be tied up for that long. They collect a \$5 notary fee and do not feel that the compensation warrants the time or that the process should take time away from the employee's other duties.

Back East, there have been a couple of court cases in which notaries have been held accountable for fraudulent notarizations. Because of these notaries' work environments, their notary stamp and journal were not secure enough. The injured parties won in civil cases, and the employers were fined. So out West, companies are shying away from having their notaries deal with the general public. They want the notaries to notarize documents only dealing with individual businesses, and that is why the banking industry has pulled back. Some well-known public businesses have had their notaries surrender their appointments because of lawsuits.

Chair Kirkpatrick:

Are there any other questions?

Assemblywoman Benitez-Thompson:

I am beating a dead horse and going back to section 7. I am looking at information online on how to become a notary, and it seems you fill out an online application, pay a \$35 fee, take a four-hour class, file a bond, and, with that, you can pretty much become a notary. Is that correct? Unless I am missing something, I just do not think this process begs the severity.

In my profession, people can do worse things and never be subject to a felony charge. So why should a person who took one four-hour class and became a notary be subject to a felony charge for filling out a form incorrectly? I am not saying that there should not be consequences for not marking the "yes" or "no" box in response to "Do you possess your civil rights?" or "Have you ever been convicted of a crime of moral turpitude?" I am saying that there has got to be a middle ground. And I am not satisfied with the answer that it exists already in statute. We can write new statutes.

Chair Kirkpatrick:

If I may, I literally hate hearing notary bills for this reason. We have actually come a long way since I have been here, since many legislators did not even vote for an education requirement to be attached to notary qualifications. I believe it was in 2007 that we instituted the four-hour course requirement, and then the vote on that was split on both sides, because people thought it was too much. But I want you to think about the documents for which notaries are responsible, such as mortgage and adoption documents—significant documents which, if fraudulent, can change a person's life forever.

What if the notary stamp goes missing; how is the theft reported? I did not hear any discussion about that. If you could, please first answer Mrs. Benitez-Thompson's question. Just so that you know, there are three notary bills from the Assembly side that we never even heard.

Nicole Lamboleley:

All we are doing here is adding existing law into this chapter of the NRS. Existing law does not currently appear in NRS Chapter 240. We want to be able to give to the notaries, during their training class, a complete statute book that identifies all of the penalties which could exist for violation of current law. Even if this language were not in this bill, they would still be subject to the penalty of a felony if they committed a certain violation. All we are doing is adding existing law into this NRS chapter. And I would be happy to talk with you further to answer any additional questions.

Chair Kirkpatrick:

I do think that you are going to need to spend some time with the Committee, as you did in 2007, answering questions.

So how does it work if there is a lost or stolen . . . ?

Bru Ethridge:

We have records on file documenting the incidents. If a notary's stamp is lost, stolen, or believed to be stolen, the notary files a report with the sheriff's department, and they submit a copy of that report to us. We attach it to their record, so we have it on file. Then we know the date the notary was appointed and we know when the journal or the stamp was lost or stolen. If the journal was lost in a flood, we instruct the notary to add the loss of the journal to the report filed with the insurance company, itemizing the notary journal or stamp along with the other damaged items, so we have a record of when it was lost. It is the same with a fire; the loss of the stamp or journal is entered into the fire marshal's report, in the insurance report, and a copy is sent to us. We keep that all on file. And we know for particular time periods the journal is not accessible, we know it is not there. We can respond to anyone needing the journal that we are terribly sorry but the journal was destroyed in such a manner, but we have a record of how it occurred.

Chair Kirkpatrick:

Are there any other questions? [There was no response.] At this time is there anybody who would like to testify in support of S.B. 77 (R1)?

Mark Lerner, Private Citizen, Las Vegas, Nevada:

I am general counsel for Bally Technologies, a Nevada-based company that makes slot machines and gaming systems. Thank you for the opportunity to speak in support of S.B. 77 (R1). Although I am general counsel of a gaming company, I am here mainly in a personal capacity, as someone who, as a gaming license applicant, signs his name 50 to 70 times a day sometimes, on gaming license applications that have to be filed in the 250 jurisdictions in which we are licensed.

Under the current law, my assistant Cindy, who has been notarizing my signature for ten years now, has to make an entry for each and every one of those documents. Under the bill as amended, she would only have to make one entry for those documents, as long as they were of a similar nature. Also, under current law I am supposed to sign my name in the journal for each one of those entries. And under the law as amended, Cindy would only have to get my signature once every six months, which would save quite a bit of time. This does not sound like a whole lot, but when you consider the number of signatures that we have to do, and multiply by the dozen or so other employees and the company officers and directors who also have to submit applications that have to be notarized, sometimes two or three times in a single document, the time adds up. So the provisions in section 5 would be a significant improvement for us, and we would welcome them.

Chair Kirkpatrick:

Are there any questions? We really appreciate your testimony this morning. Is there anybody else who would like to testify on S.B. 77 (R1)? [There was no response.] Is there anybody who is in opposition to S.B. 77 (R1)? [There was no response.] Is there anybody who is neutral on S.B. 77 (R1)? [There was no response.] With that, Ms. Lamboley, do you have any final comments? [There was no response.] We are going to close the hearing, and I bet, since Ms. Lamboley is a person of her word, that she will be in your office starting next week, so be ready. We are now going to open the hearing on Senate Bill 85 (1st Reprint).

[Senate Bill 85 \(1st Reprint\)](#): Revises provisions governing land use decisions.
(BDR 22-99)

Renny Ashleman, representing City of Henderson:

This must be your morning for exciting bills. Senate Bill 85 (R1) deals with various elements of exhausting administrative remedies and land decision appeals. It actually passed, in various versions, both houses last time but was stopped because of an amendment, an unwelcome add-on. In the Senate,

I believe it passed unanimously. And as far as I can tell, all of the affected cities and counties are supportive of this legislation.

Let me briefly explain the problems we are trying to solve, and then I will go into the detail of the bill. Currently, as long as you submit your grievance with respect to land use in person, through a representative, or in writing, you can then appeal the decision to the court. The problem with that is that you do not have to say why you are appealing. You do not have to give any reasons for your appearance.

It goes to the court, eventually a hearing is held, and all the administrative and investigative processing is exhausted. Meanwhile, as the information is fleshed out, the property rezone is held up, and it is expensive for the city and the contractors. Ultimately, the court kicks these cases out; so this really just codifies what they do and makes it much easier to bring a motion for some re-judgment on those issues.

People appeal land use decisions for inappropriate reasons, because they do not want business competition. The most straightforward example happened in the City of Henderson. A person wanted us to expand the Auto Mall so that they could establish an adjacent auto franchise, which was agreeable to all the businesses in the mall and also to neighboring businesses. But, a fellow some distance from this, who wanted to open up an auto dealership in our resort area, where those businesses are not permitted, petitioned and argued his side tirelessly. The court dealt with it, but the gentleman, who had paid a great deal of money for a Lexus franchise, was stymied, because the decision was not final. We have actually had four such cases in the last couple of years in the City of Henderson, and other jurisdictions have reported a similar problem.

Here is a third problem we tried to fix with this bill. Currently, decisions made by lower officials, hearing officers, zoning and planning officials, can become final without the governing body approving them. This deprives the citizen of the chance to appeal to the governing body, and we are trying to make sure the citizen has a right to appeal such cases.

You can see that on page 3, lines 12 through 21, we cure that problem of the necessity of the decision being made so that the citizen can have an appeal from adverse decisions by lower-level officers. Then, at lines 27 and following, we simply put in the requirement that when you do appear in person, through an authorized representative, or in writing, you must set forth some grounds in support of your position. The actual requirement for an appearance is in existing law, as you can see in section 1, but now you have to tell us why you are appearing.

Finally, we have a provision that you cannot appeal solely on the basis that it may increase or create competition. We exempt all of this from the gaming enterprise district decisions, because the laws involved are entirely separate from what we are talking about here. We do not want to get involved in those issues if we can avoid it. I will take any questions.

Chair Kirkpatrick:

Thank you. I will give a little history. You know how I said your bill is never dead until sine die? This bill was a perfect avenue for the gaming enterprise district last session. I think it was Senate Bill No. 354 of the 75th Session. I do have something like six binders on the issues that they had, and I told Mr. Ashleman that he could bring it back this session, and I would not attach any amendments.

Assemblywoman Neal:

I have a question on section 1, subsection 5, paragraph (a), where it states the requirement for the aggrieved person to "fully set forth his or her position and the grounds in support of that position." We are talking about regular people who may have a limited vocabulary and not be able to fully articulate their position. How can they be adequately represented with this being their avenue?

Renny Ashleman:

For all administrative law decisions throughout the country, you have to articulate your position. Now some people are better at that than others, but this is simply a requirement that you articulate your position. If you do not tell the governing body what your problem is, there is no way they can address it. If you do not have all of that on record, then the court does not have anything to hear. You do not necessarily have to use the right legal terminology, but you must fully set forth your position. That is true of any administrative law.

Assemblywoman Neal:

So they are going to fully set forth their position and the grounds in support of that position, and that should be easy enough, is that what you are telling me?

Renny Ashleman:

I should think so. Ordinarily they are saying they do not like this because it is too large or too noisy; that is the sort of thing you are talking about. These are land use decisions.

Assemblywoman Neal:

Also, in subsection 5, paragraph (b) why is it insufficient to solely challenge "on the basis that the decision may increase or create competition that the person claims may be detrimental to his or her property rights . . . "?

Renny Ashleman:

The increase or creation of competition which a person claims may be detrimental to his or her property has nothing to do with land use planning. The decisions on these have got to be over whether or not the land is being used properly, not whether or not a competitor is created. And that is what this says.

Assemblywoman Benitez-Thompson:

I understand that with a 400,000 population cap that this would be targeting just the Clark County area, and I am wondering why the process for addressing concerns over land use issues should be different for the citizens of Clark County from anywhere else in the state.

Renny Ashleman:

Actually most of this law does apply to counties under and over 400,000 in population, but some of the formalities and timelines differ somewhat. We are following existing law. These problems have all arisen in Clark County. Other jurisdictions report that they do not have similar problems. As you will notice if you look at the existing law, there was already that division between the counties, and we just followed that.

Chair Kirkpatrick:

Are there any other questions?

Assemblywoman Pierce:

This seems like an awfully big change if you are only dealing with the problem of the car dealership. Is that the only example you have of this problem of someone not appearing at a hearing or presenting something in writing and still being able to file a petition for judicial review? Is that the only example you have?

Renny Ashleman:

No, it is not. We gave the Chair—and I did not bring them this time—a large stack of cases that involve the various problems I have enumerated for you. This is a recurring problem.

Chair Kirkpatrick:

Those are the files I alluded to; the stack of different documentation is about this tall. [The Chair indicated about a foot high.] Anyone is welcome to look through them in my office. We did not have them last session, and the first week of this session I asked for them from Mr. Ashleman and he got them to me. I am happy to share. Are there any other comments from the Committee? I believe, Mr. Ashleman, that you will need to meet with Committee members because this is a complicated issue, and you are using legal terminology that we may not use on a regular basis.

Renny Ashleman:

We actually have met with the Committee members individually, and I am happy to follow up.

Chair Kirkpatrick:

With that, is there anybody testifying in support of S.B. 85 (R1)? [There was no response.] Is there anybody testifying in opposition? [There was no response.] Is there anybody who is neutral?

P. Michael Murphy, representing Clark County:

I want my comments in no way to be perceived as trying to slow this process down or to change the intent of the bill. We are supportive of what the bill represents and what is being done today. The only concern we have is from the Clark County Department of Aviation. In the past, we believe that the term "person" has included government agencies. I know Senator Settelmeyer had said something about it not being inclusive of government agencies, but we have reason for concern. Here is our example. When the Stratosphere was being built, it was in City of Las Vegas limits, but the height of that particular building had the potential to cause problems with the flight paths, which impacted the county airport. I think there is a nice balance here, and we are just looking for a little bit of a further definition on what a "person" is. We do not, however, wish to do anything to slow this particular process down or to stop what is being brought forward by the creators of the bill.

Chair Kirkpatrick:

Does anybody have any questions? [There was no response.] Mr. Ashleman, do you have any final comments? [There was no response.] With that, we will close the hearing on S.B. 85 (R1).

On Senate Bill 98, I believe that there is an amendment that I just saw for the first time, myself, this morning, and it is on the Nevada Electronic Legislative Information System (NELIS) now. So we are going to take the testimony, and do the amendment during neutral testimony. While we are waiting for

Dr. Hardy, we will do a couple of work session items. I do not believe that there was anything controversial that we did not discuss as a Committee. We will open up our work session documents to Senate Bill 7.

Senate Bill 7: Revises provisions governing the adoption of emergency regulations. (BDR 18-13)

Susan Scholley, Committee Policy Analyst:

[Reviewed work session document ([Exhibit D](#)).] Senate Bill 7 was sponsored by Senator Wiener and heard in this Committee on April 29. This bill relates to emergency regulations and sets forth requirements for making the regulation public no later than 9 a.m. on the first working day before the regulation is filed with the Office of the Secretary of State, if practicable. It also requires the state agency to make it public, again if practicable, no later than 9 a.m. on the first working day before an agency hearing. The bill also provides that the emergency regulation must be made public by providing a copy to a member of the public, upon request, and putting the regulation on the agency's Internet website. The testimony is summarized. There were no amendments, and, as noted, the Senate vote was unanimous.

Chair Kirkpatrick:

Are there any questions? [There was no response.]

ASSEMBLYMAN STEWART MOVED TO DO PASS SENATE BILL 7.

ASSEMBLYWOMAN BUSTAMANTE ADAMS SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN ELLISON AND GOEDHART WERE ABSENT FOR THE VOTE.)

Chair Kirkpatrick:

For those of you in the audience, the Committee has had the work session document for the last three days, and they get plenty of time to evaluate the information and address any concerns. And it is on NELIS. We are going to skip to Senate Bill 74 (1st Reprint).

Senate Bill 74 (1st Reprint): Changes the designation of certain state funds and accounts. (BDR 31-397)

Susan Scholley, Committee Policy Analyst:

[Reviewed work session document ([Exhibit E](#)).] Senate Bill 74 (R1) was sponsored by the Senate Committee on Government Affairs on behalf of the

State Controller and heard on May 3. This bill changes the designation of certain state funds and accounts and realigns numerous special funds into separate accounts within the State General Fund. The bill was presented by the State Controller and there was no other testimony, no amendments, and a unanimous vote on the Senate side.

ASSEMBLYMAN STEWART MOVED TO DO PASS
SENATE BILL 74 (1st REPRINT).

ASSEMBLYWOMAN PIERCE SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN ELLISON AND
GOEDHART WERE ABSENT FOR THE VOTE.)

We will do one more and then reconvene at 9:15 a.m., when Dr. Hardy arrives. Let us do Senate Bill 81 (1st Reprint).

Senate Bill 81 (1st Reprint): Makes various changes relating to state financial administration. (BDR 31-396)

Susan Scholley, Committee Policy Analyst:

[Reviewed work session document ([Exhibit F](#)).] Senate Bill 81 (1st Reprint) was sponsored by the Senate Committee on Government Affairs on behalf of the State Controller and heard on May 3. This bill requires the State Controller to pay accounts payable electronically unless doing so would cause undue hardship to the payer. In addition, the statute of limitations for when the State Controller may take certain action to collect debts owed to the state is changed to a standardized four years. The bill was presented by the State Controller, and Janine Hansen testified that, although she had concerns on the Senate side, they had been resolved. There were no amendments, and it was a unanimous vote on the Senate side.

Chair Kirkpatrick:

Are there any questions? [There was no response.]

ASSEMBLYWOMAN BUSTAMANTE ADAMS MOVED TO DO PASS
SENATE BILL 81 (1st REPRINT).

ASSEMBLYMAN STEWART SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN ELLISON AND
GOEDHART WERE ABSENT FOR THE VOTE.)

[The meeting recessed at 9:04 a.m. and resumed at 9:21 a.m.]

[Assemblyman Ellison and Assemblyman Goedhart both returned to the meeting by 9:21 a.m.]

Chair Kirkpatrick:

We will reconvene and continue work session documents until Dr. Hardy arrives. Let us go to Senate Bill 92.

Senate Bill 92: Authorizes redevelopment agencies to expend money to improve schools. (BDR 22-579)

Susan Scholley, Committee Policy Analyst:

[Reviewed work session document ([Exhibit G](#)).] Senate Bill 92 was sponsored by Senator Hardy and heard in this Committee on May 6. Senate Bill 92 expands the permissible uses for which redevelopment money may be spent to include the improvement, within certain limitations, of schools in a city or a county within a redevelopment area. The bill also requires the redevelopment agency to file reports with the director of the Legislative Counsel Bureau (LCB) and sets forth the contents of the reports. This bill was presented by Senator Hardy, and the testimony is summarized there. There was a mock-up presented by the City of Las Vegas at the hearing, which was accepted by the sponsor as a friendly amendment. The proposed amendment, as you recall, was a partial carryover of Assembly Bill 468, and there is no change in the mock-up in the work session document from what was submitted at the hearing.

Chair Kirkpatrick:

Are there any questions?

Assemblywoman Neal:

Now that we have restored the bond money, are we now sharing a cost for the schools?

Chair Kirkpatrick:

No, this is separate, and I believe that current law says, with respect to section 6, which I believe is what Ms. Neal is referring to, that basically the City of Las Vegas already does have the set-aside available, so this would just allow them to utilize it in a different way. Instead of it all going to affordable housing, which was the original intent, it would allow them to use both affordable housing and educational pieces. It is not meant to take the place of what the school district currently does but rather enhance their resources within the redevelopment districts. That is a key point because, within the

redevelopment districts, they can actually come in and do more things with those dollars.

We talked about the whiteboards and doing upgrades, and I know that the City of Las Vegas has money sitting there that they cannot use because we all know that affordable housing is not really an issue at this point, but education is a huge concern. Are there any other questions?

ASSEMBLYMAN STEWART MOVED TO AMEND AND DO PASS
SENATE BILL 92.

ASSEMBLYMAN ELLISON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Kirkpatrick:

We will do one more bill, Senate Bill 110 (1st Reprint).

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)

Susan Scholley, Committee Policy Analyst:

[Reviewed work session document ([Exhibit H](#)).] Senate Bill 110 (1st Reprint) was sponsored by Senator Lee and heard in this Committee on May 10. This bill essentially, if I may summarize, sets forth the parameters for centralizing the licensing of contractors in the Las Vegas Valley. Senator Lee presented the bill and the testimony is summarized. Clark County presented amendments which are set forth in the attachments. These amendments were developed in consultation with the Office of the Secretary of State and are meant to address various technical issues. There is no change in these amendments from what was presented at the hearing, and the Senate vote was unanimous.

Chair Kirkpatrick:

Are there any questions? [There was no response.] Personally, I want Clark County to know that this is a very small step in comparison to what they could be doing. I hope the legislative intent is for you look at some of these other businesses, such as realtors, who are getting licenses in different parts of the county. They are working to sell these foreclosed homes and also to pull contractors into these smaller clusters of employment to expedite the process. I will be following this to ensure that they go a little further than what is presented in this bill.

ASSEMBLYMAN LIVERMORE MOVED TO AMEND AND DO PASS
SENATE BILL 110 (1st REPRINT).

ASSEMBLYWOMAN BUSTAMANTE ADAMS SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Kirkpatrick:

We will pick up our work session when we finish the other two bills. We are going to open the hearing on Senate Bill 98 (1st Reprint).

Senate Bill 98 (1st Reprint): Revises provisions relating to collective bargaining between local governments and employee organizations. (BDR 23-415)

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

It is good to be home. I appreciate your patience with me, and I appreciate your votes. Senate Bill 98 (R1) provides that if the parties to a collective bargaining negotiation have failed to reach an agreement after at least four meetings, either party may submit the dispute to mediation and either party may request a list of mediators from the Federal Mediation and Conciliation Service or the American Arbitration Association. If the parties do not use a federal mediator, they must share the cost of the mediation.

The chief executive officer of the local government or superintendent of the school district shall include the estimated costs of the contract in the report on the fiscal impact of a collective bargaining agreement. I would like to thank all of my old and new union friends for the education that they have given me as we have processed this bill. I would like to particularly thank the Majority Leader, Steven Horsford, for sticking up for me and for the bill on the Senate side. I would like to thank the Las Vegas Chamber of Commerce for making the bill a better bill in the first reprint. I appreciate and recognize that there are probably many people who have an interest in the bill, and I am very appreciative of this Committee and the wisdom thereof, to figure out which amendments are most feasible. I would be happy to answer any questions.

Chair Kirkpatrick:

Are there any questions on this particular bill?

Assemblywoman Pierce:

On section 1, subsection 1, the part about the local government employer will pay the estimated cost of the employees' portion of contributions to the Public Employees' Retirement System (PERS), this does not really make sense to

me. If it is the employees' portion of the contribution, then that is what they are paying. And then there is the employer portion and that is how agreements are worked out. There is not an employee part that the employer pays.

Senator Hardy:

I guess the concept, from the 10,000-foot view, is how much PERS is going to be on the hook for; and I am alluding to the total cost of the employees' portion as well as what you will pay on behalf of the government. I think they are trying to take in all of the costs and recognizing that people have costs and the entity has costs, and trying to get a global picture of that whole portion. I do not think they are trying to quantify the portions as much as they are figuring the total cost and comparing that with the prior total cost. You then have transparency in the process, so that people can figure out which is the orange and which is the apple.

Assemblywoman Pierce:

I understand what you are trying to get at, but I do not think that that part makes sense. And then there is the part where it says that during the period of agreement, in lieu of equivalent base salary increases—how do you determine that? Negotiations are fluid things, and it is not usually such a crystal clear thing, like we are giving up so much an hour for this. I do not see any way to specify these portions when negotiations can continue for months. It is clear what you are getting at, and I am not opposed to it, but this language is not clear, and I do not think there is a way to quantify some of what you think is possible to quantify. The first sentence really does not make any sense.

Senator Hardy:

I do understand what you are saying. I would go back to the beginning of section 1, where it says on line 2 that "Any new, extended or modified collective bargaining agreement or similar agreement between a local government" Basically this is after the bargaining has happened between the two sides; then that bargaining between the local government and the employment organization must be approved by the governing body at a public hearing. Then the chief executive officer of the government will have to do that report. This is after it has all been negotiated, and the ink has dried. Then it would be reported for the sake of transparency.

Chair Kirkpatrick:

Are there any other questions? Senator Hardy, is this something that they do in other states? Where did this come from?

Senator Hardy:

This particular language was brought forward by the Las Vegas Chamber of Commerce, near as I can tell, because I am the mere sponsor. But the bottom line, this concept of transparency, I do not know if it is word-for-word from somewhere else. I could not tell you.

Chair Kirkpatrick:

Are there any other questions? Senator, I only know about one amendment that I received this morning. Please tell me others do not exist that I do not know about.

Senator Hardy:

If I may, I received a proposed amendment from the Las Vegas Chamber of Commerce this morning; but, I will have to admit that I have had conversations with the City of Reno regarding their bill, Senate Bill 78, which apparently did not have a hearing. So I do not know if they have an amendment.

Chair Kirkpatrick:

I have not seen or heard from the City of Reno. If there are not any other questions, I would like to go to the testifiers who are neutral, so that we have all the amendments on the table. It is not fair for the Committee to not have time to digest these. We are going to put it all on the table and then we will allow the Committee to have it first, before we take any testimony.

Senator Hardy:

Thank you, Madam Chair.

Chair Kirkpatrick:

Thank you, Senator Hardy. So, at this time, I am going to call up those who are neutral and amendments only, please.

Samuel P. McMullen, representing Las Vegas Chamber of Commerce:

I guess neutral in this Committee means that you support a bill but have amendments. I just want to clarify that this is not a bill we are neutral on but support very much.

Chair Kirkpatrick:

In this Committee, if you have amendments, it is easier for our record if we can have the amendments presented at one time, to keep the record clear. I know every Chair does it differently, but I have been consistent since 2005.

Samuel McMullen:

That is fantastic, and I really mean that and thank you very much. I will speak to the proposed amendment ([Exhibit I](#)) in a moment. I would like to give you a little background, especially since this will be fundamentally blindsiding a lot of people on this Committee to whom we have not spoken. We have had conversations for many, many months with leadership in both parties on both sides, about a level of reform—reform not just for reform’s sake, but looking at the kinds of things we consider to be budget bombs now and in the future. We want to give these some attention and action so that every program, every fundamental feature that government funds will not be at issue, because we end up with unfunded liabilities or other budget problems to which we really can devote some forethought.

This will be new to many people in the audience. I think there is a value to having some discussion about people who would be interested, pro, con, and neutral, about the things we are presenting today; and I fully expect that. Knowing this Committee and how it works, it may well be that you ask us to flesh these out with interested parties outside the Committee to make sure that the issues are workable, to eliminate impracticalities. We predicate this bill with a concern that the escalating costs of local government and the inability of local government to deal with the kinds of challenges that are in front of them is certainly exacerbated by our current economy.

The purpose of this is to identify the barriers to local governments’ ability to address the problems in a holistic fashion, with all the priorities, all the resources, all the budget issues, when they are making decisions on collective bargaining agreements and addressing some of the most important things to some of their employees. That is the spirit in which these are offered, and I fully expect that these are much too minimal propositions. But with respect to a reform agenda, and after we have put these in front of people and had a number of weeks and months of discussion this session, this is our opportunity to propose exactly where we perceive more action to be necessary. This basically addresses collective bargaining at the local government level.

There will be pluses and minuses to the four issues on our list. There will be opposition, I am sure. Looking at binding arbitration is fundamental to No. 1. We really want to force some of these issues to be decided in final form by those officials who have a full understanding of the budget and the priorities, the resources and their allocation. We are told, and you will hear, that a neutral arbitrator has that full understanding. But our feeling is that that is not true and that, in fact, the people who are elected to do this should be the people that make the final decision.

Our assumption is that the process would go through what is called binding fact-finding or it could be staged differently depending on the nature of the information from the working group. You will hear that arbitrators always rule in the county government's favor, but we do not see it as so clear-cut. I do not think it is open in any individual case. We understand that this could work against us, but we think that it would be a better process to have the decision making go to a party with a better whole sense of all that the local government has to do, all the responsibilities it has to fulfill, and all the choices it has to make about priorities and allocation of resources.

Chair Kirkpatrick:

Can we go through these one at a time and take questions from the Committee? I personally have questions on some of them.

Samuel McMullen:

That would be fine with us.

Chair Kirkpatrick:

Does anybody have any questions?

Assemblywoman Pierce:

So what you are saying is that, somehow, local government does not possess the language skills to explain their side well enough to an arbitrator?

Samuel McMullen:

I did not say that, and I appreciate the question. I do not think it is even a function of skill or communication. An arbitrator has one issue in front of him, deciding on the package and the negotiations on a last best offer basis, for the local governments and the employees at the table, making adjustments based on whatever evidence has been thrown into the mix. What we are saying is that the decision should be made by somebody who has the full range of priorities and parameters of the entire local government and the whole theory of everything it has to fund. It is about who makes the decision, not about whether or not that can be adequately communicated.

Assemblyman Livermore:

I have been county elected for 12 years and have been through many labor contracts and negotiations. In some cases, when you are in a closed session at a board discussing the contract and giving direction to the negotiating team—which is generally your city manager and maybe a personnel director and whoever else might want to be included—an unknown decision is made by an elected official, because you do not really understand and know what the consequences could be or may be. You may be in negotiations with two other

bargaining units at the same time; the arbitrator does not know that. At least I have never been to arbitration, so I am assuming that they do not know that.

It is a matter of calculating and making the determination based on the resources that you have set aside for this negotiation, into the difference between two bodies. If you went to the arbitration before, and you either won or lost, generally speaking, the rule is if you are ready to go to an arbitrator, go to court. You have to know it is a 50 percent chance you are going to prevail and 50 percent chance you are going to lose. In that case, the population of people who elected me to that position gave me the fiduciary authority to best handle their monies, their resources. I could abrogate that duty to an arbitrator because, perhaps, for political reasons I do not want to make the decision myself. Not having the full facts of the negotiation can contribute to that. The extent of the information we had was an update or a status briefing with the cost element, what it started with, where it is at this point, and so we give direction to the negotiators to make some counteroffer.

Eventually it comes back to a decision made by a local official. Having the arbitrator at the table does not really force the bargaining unit to want to reach the same conclusion I have reached, the same maximum that I can obtain from my negotiations and the maximum cost toward which I will end up obligating the public's money.

We did go, in my 12 years, to binding arbitration once, and we lost and we lost miserably. Why do you want to go back and repeat that? I think the amendment puts the responsibility where it belongs, on me and my colleagues on the board who can make the decision for the population who elected us. We examine our current circumstances, identify the middle ground, find a place to settle, and if it takes many, many meetings of back and forth or go to binding arbitration to come to a resolution, that is the process.

Assemblywoman Neal:

I had a question. You mentioned two things, the escalating costs of local government and the need to have workability. On your amendment, in No. 1, where you want to eliminate binding arbitration and you want to allow elected officials to determine final contract provisions, I have a question for you. Considering the scope of escalating costs of local government, there was a point where local government did not use their fiscal good sense to determine contracts. I did not see, under *Nevada Revised Statutes* (NRS) Chapter 288, where they are supposed to look at the fiscal impact of contract agreements, that they do a good job of actually fleshing out or vetting the issues. Now you want to eliminate a third party and put that onus on the elected officials—and not to say that those elected officials are not qualified, but I can speak to

Clark County and say that they have been left with escalating costs of government because they were not prudent and did not properly flesh out and think through issues. So that is a real discussion that I think we need to have about this proposed amendment.

Samuel McMullen:

I actually think that is an excellent point, and I think it also is underpinned by the circumstances of how the process works and whether or not the onus really is on the elected officials because of the way the process can work. In arbitration, the availability of resources is a major touchstone. There are twists and turns in the process and no one way does it always work. In summary, if what happens is that you have a last best offer from both sides, and then it goes to the arbitrator and it turns into a situation where one side can win it all or lose it all, the arbitrator decides whether or not there are resources to fund one position or the other. I think we have watched this for years. In fact, in a lot of ways, people play to that; they know that they can force it to the either/or position and where there are available resources, even if they have to take them away from other priorities in the county. And it happens sometimes that the arbitrator will rule that there are available resources and they go with what is requested. So we are definitely aware that we are asking that it be subjected to a political process; there is no question about that. And your point may be very cogent, that political processes can go different ways depending on the ways people view their political future and other things.

A large part of this is to fundamentally put this into the public light. I think part of your question to me is if people even know this was happening. We think that the positive and the not so positive should be daylighted and that elected officials have the responsibility to fully vet this in a transparent, open meeting process through which the public may understand what is in front of them. I would say that is why the amendment in S.B. 98 (R1) is something we asked for as an additional feature to NRS 288.153 that was passed last year, and we appreciated that greatly from the Legislature. The open process would basically allow for the public to make an informed comparison of the prior package in all its components, and the newer package that was negotiated, and the full explanation of all those pieces and their costs—a full disclosure. I appreciate that portion of your question also, Assemblywoman Neal, because one way or another, to have it daylighted will be valuable. Thank you.

Assemblywoman Benitez-Thompson:

I think the Committee came in prepared to talk about Senator Hardy's bill about this process and about reforms, and we had time to look at the bill. I came in very open and willing to discuss this and talk about how we can improve this process and the system. And then at the last moment I feel like the amendment

has been dropped on me and that it changes the conversation substantially—from reform with respect to efficiency and transparency in employees' negotiations, to eliminating binding arbitration completely. I think that we have really moved out of the area of reform, and I feel disheartened by that, because I came here wanting to have a real conversation about what we can do to increase transparency, not throw the baby out with the bathwater. That is my thought.

Assemblyman Goedhart:

I applaud the efforts of the folks who brought this bill forward. I think it is a testament to just how far out of hand government has gotten that we should be talking about the real costs to local government in each negotiation, stating the obvious, and calling that reform. Really, you would think that would be common sense.

Chair Kirkpatrick:

Here is what is frustrating to me. We can put it back on local government officials, but if they still do a bad job, people will blame the Legislature. And here in this building we have local government officials begging and crying for home rule—to be able to do more at the local level—but you just said they are not doing their job. My understanding is that arbitration is a process and that the elected officials go back and forth to make a determination. It is not just a one-stop shop, this or nothing, before the package is settled.

But the elected officials should be a part of our discussion, because they are the problem across the state. I do not disagree that we have to talk about some of these contracts that are out there. I recognize that a problem exists. There is a street sweeper, for instance, in my city who makes \$98,000 a year, which I think is ridiculous. I want to know how to get that job myself. I feel like calling and really complaining when he leaves the little brush marks in front of my house, because he is getting paid a very good wage.

Our local officials are the ones who are currently making the decisions. We heard the City of Reno's bill, Assembly Bill 67, and no one ever brought any language back to talk about how the 5 percent works, and it is not my responsibility to fix all of these bills. But for it to come back, the language needs to be there. Let us talk about the 5 percent dip; I have issues with enterprise funds, where people are moving and switching things around, and I cannot even fix the problem, because they are so entrenched in the problem that it would put a whole bunch of people under the ground. I think if we are going to have this discussion, we need to get every one of the local officials in this room, because they are partly to blame for this. I did not put

NRS Chapter 288 in statute in 1970 or whenever, but this Committee is expected to fix it.

They have not seen this amendment. They are a nonpartisan board, and they all vote for this stuff, and they want the state to fix it, but I do not think that is fair. From all across this state, we need them to be on a plane and in this building on Monday to address this issue. If we are expected to fix it, they had better be part of the discussion; or else they will blame the Legislature for putting them in a box. That is not happening. We have this discussion every single session and make strides on this issue, but they are never part of it. I want to go through the rest of these, but I am telling any local government that is listening that you had better get your elected officials up here, because we are having this discussion together, as a state.

Samuel McMullen:

I appreciate the fact that there is not enough detail on that, and there ought to be a working group outside this Committee to look at the practicalities and get you back ideas that would actually work. But right or wrong, and to the extent that it sounds naïve, I think the underpinning of our point is that there are people elected to do this job, and we want to see them do it and do it in the public light.

George Ross, representing Las Vegas Chamber of Commerce:

The second conceptual limit that we are presenting would be to require contracts to open automatically in the event that local government revenues fall 5 percent or more in two consecutive years. This would be an automatic trigger. When these contracts were negotiated, and/or when the arbitrator decided which way they should go, the arbitrator assumed, as did the local officials, the continuing ability to pay.

Negotiation of contracts assumes that when the agreements are made, there will be the continued ability to pay. But, economic circumstances change. We would like to allow local government officials to be able to renegotiate those collective bargaining agreements when circumstances significantly change in a negative direction. I am sure some of the people on the other side of this issue will say that a lot of contracts have indeed been renegotiated. But in one of the southern cities with which I know you are familiar, Madam Chair, while one union has renegotiated three times, another has absolutely refused to negotiate at all. As it is set up today, when a union does come in and agree to renegotiate, that is a giant concession. That should not be; they should start this off with a need.

From the point of view of the consumer or the taxpayer or the citizen, this makes things fairer to him, because it lets those local officials make a decision. As it seems to happen most of the time today, you end up eliminating employees, and therefore, reducing services. Let the local officials make the decision to pay everybody a little bit less and maintain the level of services, because the citizens need those services. We are not sitting here saying that people do not need those government services, and especially they need local government services. But they need to be maintained and this affords an opportunity to do that.

Chair Kirkpatrick:

I do not disagree with this. We do want them to renegotiate, because it benefits everybody. But I will give you an example. I will go back to my enterprise funds, because this really frosts me, with local government, just like this frosts you. I am trying to put a piece in there to say that, if your property tax and your consolidated tax (CTX) drop by 2 percent, then you can go back and make necessary adjustments to your budget. However, the pushback that I have on that from local officials, from staff members, from legislative colleagues, is amazing to me; we are trying to rectify the problem. So, we heard this and discussed this with A.B. 67, Reno's bill, and I understand Reno wants to be able to go back. We need specific language, though, and if I cannot get the 2 percent, which I think is quite reasonable on the property tax cap—which is something that we truly realize and is observable by the general public—and when the CTX dollars, which are a big part of their budget, drop, how would we prevent something like—and I will go back to enterprise funds, because that is just as relevant a comparison—a raise in sewer rates, because there is no money to fulfill obligations. At the same time, they are transferring dollars into a fund for something different. So, granted, they have fixed their hole and they went out and purchased new trucks and did everything with my sewer money, but we do not know how that works. I think there needs to be some really serious language, so that we can define when that 5 percent drop is, because we have learned in this Committee that local government transfers more dollars to whatever fund that they need to make whole.

I do not disagree that we need to look at this, but I do not know how, and I feel like you guys have a lot of faith in the local officials. And I probably am not going to have any friends among the local officials when they are all here on the 6 a.m. flight on Monday morning, but I am hoping that they take me seriously. We are going back to giving them the home rule that they messed up. The balance we must find comes from really tight language. We have already seen that they can move money on a whim without even doing a resolution. There is nothing in there about making it public, so that people know when the 5 percent drop happened; and there is nothing in there that talks about the ability to go

back if the revenues increase. They sure go back on my sewer funds—a 35 percent increase in two years. It may not seem like apples to apples, but it sure is in my mind, because they are raising my rates, as a taxpayer, and they are shifting the dollars somewhere else. I brought that up the first hearing, and I will bring that up every single hearing, because I think that it is equivalent. There is nothing that would stop them from crying poverty and shifting the money and going out and buying a whole new fleet of vehicles. I think we need to discuss that.

Samuel McMullen:

Those are extremely valid concerns. We followed the dialogue on A.B. 67. I would think that after this testimony we are not going to have many friends on any side. But we have the same concerns, and the issue is to make sure that the types of things that make this standard work—and it is all words on paper—are the same things that would give citizens some comfort that their government is being operated correctly. The conversations we are going to have will automatically be in the public light. And maybe this is not the right percentage. We are teeing it up again, because the concept has to be correct; it has to have all of the other types of protections. In my 30 years of doing this, we have demonstrated evidence of the ability of local governments to understand their funding and their resources and their accounts a lot better than the rest of us do. I think there needs to be some assurance that it is not just money that is moved around. This needs to be extremely secure, extremely correct, and extremely out in daylight. We agree with all of those points. They are the underpinnings of this.

Assemblywoman Neal:

You keep talking about transparency; but in item No. 4, on your amendment . . .

Chair Kirkpatrick:

Wait, wait, we are on No. 2. One at a time.

Assemblywoman Neal:

It readily came to mind, when Clark County presented, and then in their unreserved, they had \$2 billion. The next thing you know, for the following year it was down. We were asking, where did this additional \$1.5 billion go? She could not explain it, yet it was in unreserved, and it was never reserved, and she said it was for a project, and we asked what project, and she still could not explain it. Now we are here, and as the Chair said, you want this to automatically open back up, but for what? And to what degree? When we see things like that and we are supposed to be having a hearing to try to vet out where you are and what is going on, and they are presenting that kind of

documentation to us, there is no way that we would defer to them and open and contract automatically.

Chair Kirkpatrick:

Let me just say, we are usually a local-government-friendly kind of Committee, but today it is probably not looking that way.

Samuel McMullen:

First of all, I agree that there is an issue there about understanding and trusting. On the business side of the public world, we worry about and have actually had issues about that, as well. That is why we are teeing these up. You are the people who can set the parameters around how this can be done well and securely. I do not know if it matters to us that it is done automatically, as long as there is an adjustment. That is why we pointed at revenues and not at all of the things that happen after the money first goes to the local government and how it can be put into funds and shifted around. Again, that should be related to the contractual underpinnings and it is almost akin to a legal doctrine called mutual mistake, but I am not going to get into that.

In summary, that says that if you went through a contract believing that certain features would be there and that turns out differently, then there is a mutual reason to reopen that. The point to us is, again, to secure the right mechanisms and protections. Secondly, at that point, all of the priorities of local government can be juxtaposed against each other. We hope this economy never happens again, but if it should, we have learned that we have to have the mechanisms in place that are actually in some of your statutes. There are statutes that have certain agreements that can be opened up under this type of standard, and this is just saying they ought to be extended to all.

Now I am going to go off subject a little, and you can yank me back if you want. Not on this agenda, but we have the exact same concerns. One of the things that was an unintended consequence of the cap as the property taxes were ramping up was that we went to cap those as they went up year-to-year so that businesses, at an 8 percent level, and citizens and residents would have a 3 percent cap on what they actually pay, and it would catch up to them. Now we have created a situation where when revenues drop, the business side of that equation will come back up to what it was faster, at an 8 percent per year pop. Residential will not. Maybe that is where you want to stay at a policy level, but actually what the Chair was talking about is a consequence of that. In effect, the revenue that you had, but for the economy, now we are saying that even when the economy comes back, you cannot have the same revenue, because the mechanics do not allow that to raise much more than 3 percent. With a, say, 25 percent reduction of property tax, it will be

eight years before local government or enterprise funds or the citizens of that local government get back to the level of funding and property tax that, I am going to say they knew and loved, but of course nobody loves any tax. Still, the bottom line is that that is a situation that needs to be dealt with, that was a hope that we had coming into this session, that there would be some attention paid to that issue.

Chair Kirkpatrick:

In Tax District 200, the taxes are still going up, and my constituents do not understand why.

Samuel McMullen:

Absolutely, and that was the other consequence of it. In any event, these are excellent questions and the kinds of components we think would make for good law and for an appropriate mechanism.

Assemblyman Livermore:

I would just like to compliment your line of questioning, Madam Chair, and let me just say that I appreciate the willingness to put this on the table. I think how local government funds itself and how the citizens are served with the local government funds are important issues. I could go on and on with a lot of testimony, but I believe that this needs to be much more thoroughly thought out than just the few minutes we have. In fact, I brought forth a bill, Assembly Bill 263, regarding taking money from a source that was a voter-approved initiative. In local government, I was never a full-time supervisor, so I did not have a staff of people. I was a part-time supervisor and did the investigative work myself. For most jurisdictions, it is very difficult for the elected local government officials to have the capacity—the staff and the technical ability—to do comprehensive research. Much of the time you have to rely on the residents who are proactively involved and are keeping government transparent. So, I offer my compliments to the Chair for putting that important issue on the record.

Chair Kirkpatrick:

Thank you, Mr. Livermore.

Assemblywoman Pierce:

Obviously, looking at the amendment ([Exhibit I](#)), if you get No. 1, you do not need Nos. 2, 3, or 4. I did not say anything on No. 1, so just let me say this. If two people are talking and one of them gets to make the final decision every time, that is not a negotiation; that is a conversation.

Assemblyman Ellison:

Were you thinking about extending this until Monday and bringing in the elected officials from counties to testify?

Chair Kirkpatrick:

I am not averse to having this conversation; this is no different from any other bill we see. But I think all the players need to be at the table. And I think that local government should get up here and be a part of the conversation. Before I get phone calls from people saying, please do not do that because it is terrible for the county and so on, let us put it on the record. We have to put it on the record, so they need to, also. They cannot use the excuse, then, that their lobbyists misunderstood them or they did not have time to take a vote as to the position of the board. No, they need to come to the table and participate in the conversation. The deadline is next Friday. I do not know that this bill is exempt. We can definitely talk to the Speaker and to the Majority Leader, but if we are going to have this conversation, we need to have it with more than this Committee. There are a whole bunch of people who need to be involved in this. Let us make it all transparent and put people on the record.

Assemblyman Ellison:

I think you are totally correct, and I believe in home rule. I know we have a difference of opinion . . .

Chair Kirkpatrick:

And this is why I do not, but . . .

Assemblyman Ellison:

I think it is a great idea. I think the longest journey starts with the first step, and I think this is one of those steps. I think we can move forward, but all the players need to be here and give their testimony and let everybody know the kinds of trials and tribulations they are facing. I think it is a great idea if we could do that.

Chair Kirkpatrick:

So let us go to No. 3.

Samuel McMullen:

I am going to do this one quickly as it is almost self-explanatory. The issue here is basically that, and it is not fully expressed, but there are such things as evergreen contracts and those types of things; but, sometimes, in the process of negotiation, it materializes that the old contract will be extended until a new deal is put in place. So depending on whether things are going well, for one party or the other, the circumstances could potentially work against the

citizens and taxpayers. The bottom line is that we think there ought to be some different definition on this, for clarification. I will let other people speak to this who know more about it.

Chair Kirkpatrick:

So there are two questions I need to ask. Currently public employees do not have the ability to strike. But you and I have had that conversation before. So the ability to strike has to be part of this conversation. And also, how would you picture doing refunds? Because you would actually be making employees pay money back.

Samuel McMullen:

I will answer the questions in order. We believe, and we could be wrong, that the incentives to delay contracts or stretch them out, based on economic circumstances or other things, is not in anybody's interest. I know it happens on both sides. But we think that, because you take out one of the factors contributing to delaying and stretching out the negotiations, this coming to resolution faster becomes almost a protection against the need to strike. Again, I am not an expert on this since I do not do it every day, and there are people who are experts and can give you a better perspective; but that would be our sense. As with all of these points, I am sure there are pluses and minuses.

On the second one, I think that the question is legitimate, and I do not know that we have an answer, but we have not actually gotten to the point of thinking through those things. We are hoping that we have people who have the expertise that will sit at the table with us and help us to decide whether or not such an issue makes it workable or unworkable. I appreciate the question and do not know how to answer it other than that today.

George Ross:

Number 4 would prohibit supervisory personnel from collectively bargaining. The Taft-Hartley Act of 1947 essentially set out the way labor-management relations in the United States operate, particularly with regard to collective bargaining. That expressly excluded supervisors from the definition of employees. What we are asking here is to bring Nevada's concepts in line with the Taft-Hartley Act.

Supervisors manage the operations—set the priorities, organize the work, and figure out what needs to be done and how it needs to be done. The supervisor's job—as the agent of the elected officials and the taxpayers—is to make sure that taxpayers get the greatest amount of service they can from the employees of the local government, from all available money and assets. If they are, themselves, in a union or a collective bargaining situation, they have

unclear, dual loyalties and conflicting interests. As a union, they are concerned with how they are going to be dealing with their superiors and how it will affect their situation. Their No. 1 priority is not the taxpayer then.

This state has a phenomenal union organization; in fact it may be the best in the country. They do a fabulous job, but sticking together is one of the things they do best. It really makes the supervisors in this case not think strictly about what is best for the taxpayer, what is the best for the managerial situation. We feel very strongly that it does not make any sense. The guy who became a manager applied for that job, and he gave up the collective security, seniority, and those benefits you get from a union, in return for more responsibility, more flexibility, and higher pay, so he is not there because he is forced to be there. If he would prefer to have the benefits of a union, he could have stayed a normal employee.

Chair Kirkpatrick:

I will use myself as an example and ask a question. My husband is a retired union plumber. He worked his way up the system from an apprentice to a superintendent. But it was still his choice to be a card-carrying member, and he has never gone to any negotiations. It is not my understanding that these particular people were the ones negotiating. I thought that the city manager negotiates with the other folks. Would this say that they could not be card-carrying members and still pay dues, or is this saying that they could not participate in negotiations? I do not have a lot of insight on the Taft-Hartley Act.

George Ross:

What we are suggesting here is that they could not be members of the union. My understanding is that your husband worked in the private sector. In the public sector it is very important that the management personnel act as fiduciary agents for the taxpayers.

Chair Kirkpatrick:

Commissioner Tom Collins has been a card-carrying electrician for 51 years. Are you saying that that is inappropriate in his role as a county commissioner? I think that telling people they cannot be card-carrying members presents some difficulties.

George Ross:

From an "American freedom" point of view you are probably correct. But they certainly could not be working or continuing to function as a part of the union.

Chair Kirkpatrick:

Maybe you are talking more about the business agents who are public employees, those who do the negotiations. Every supervisor is not necessarily a part of the process.

Samuel McMullen:

What we are advocating is that Nevada's collective bargaining laws, under NRS Chapter 288, mirror the federal laws. If the federal laws allow your husband, in the private sector, to be a card-carrying member, that would be fantastic. The superintendents in your husband's company do not have their own separate union; they are not collectively organized for bargaining purposes at the superintendent level as opposed to the rank-and-file.

That is outlawed as a policy matter with respect to the underpinnings of federal labor law, which recognizes a clear differentiation between management and employees and understands that if you are management, you represent, or ride for, the brand in the public sector. That is significant. When you look at the people who can negotiate, of all who have union affiliations, it comes down to a very small set including, perhaps, the human resource manager, the county manager—a very small set of people who can sit across the table from the employees. More importantly, we are trying to make sure that there is not any bias or any kind of confusion about the need for those supervisory and management personnel to support the position of the city government, as it looks at all of its priorities and how those should be balanced. We are not saying that they do not need to care about their employees, but they do not need to be thinking about it in terms of the linkage of their own working conditions with the rank and file, to the regular employees. They do not need to be confused by the fact that there are automatic increases, like if those guys get it, we get it. We are saying that it should be much more of a policy decision, and that there is a complete differentiation between those people who are employees and those people who are a level up or more.

Chair Kirkpatrick:

Would you envision this going forward? What I can see happening is like, we have seen with the teachers, when the school district had to choose in or out. Eleven hundred people retired and we lost a lot of skill. So would you see this going forward or would you set a time frame for those in relevant positions? I can imagine in Clark County that probably 80 percent of them are in a union, and if we lost them all at once, business would hurt for losing its institutional knowledge.

Samuel McMullen:

We do try to be reasonable. We do try to be thoughtful about these things, certainly to the extent that there are contracts that you cannot impair, and there are relationships. I think it is a transition issue. We are certainly not asking for these things to be done tomorrow, but someday when it is appropriate; and we think over time this would have a beneficial effect. We should do it in the most reasonable and responsible way. I know many in management in local government who I certainly do not want to lose.

Assemblyman Livermore:

I want to take you back a little bit to my experience. Carson City has six bargaining units. It is divided into what is called classified and unclassified. All of the employees who work functional duties are classified, and once they become unclassified, they are called management people. They are on the management side of the equation and so do not have a labor agreement. These are office managers, supervisors for parks; they could be unclassified technicians someplace.

The problem that I see is mostly in public safety where you have supervisors who have their own contracts. In the sheriff's department, for example, there are three union contracts—the deputies' association, the sergeants' association, the captain and lieutenants' association—all of them because they are reporting up, and all of them advance up through the ranks. The fire department is similar, with all the general firefighters and then the battalion chiefs. And the fire chief is not part of the classifieds, although that position was previously.

Carson City, in relationship to the union, has adopted a resolution that it would accept something in agreement normal to what the bargaining units got. In the past several years, a vote of the board granted or did not grant that, because of the economy. Because of the way the budget has fallen, we have decided not to award them, almost like your issue dealing with No. 1. We took that approach.

Assemblywoman Neal:

This is a question to Mr. Ross. You brought up the Taft-Hartley Act. You are equating our state's current condition to how this act actually came about. Taft-Hartley came about because we had a strong union influence, correct? And so there was this debate before the act even came into existence about whether or not we should limit the scope of the interest. And then mitigation of the supervisory roles was included? But I need stronger reasons as to why we need to prohibit supervisory personnel from collective bargaining. We are not at the point, with the amendments, as it was with Taft Hartley, or with the Labor-Management Reporting and Disclosure Act, where the intent is to protect

employers and employees. If the intent was designed to benefit labor relations, how then do you believe that the prohibition of supervisory personnel in 2011 meets the intent of making sure that rights are intact and that we are benefiting labor relations? What you alluded to is that somehow the supervisors are no longer going to follow their prescribed job duties as agents of the taxpayer, and that their priorities should be different than the other employees. But, to me, the elected officials are the ones with the responsibility to have taxpayers' priorities in mind.

George Ross:

Let me give you an example of differentiation from the private sector. Take a unionized highway construction project. Say it is a bad weather report, that it might rain. If everybody comes to work, the company has to pay all of those people when they come to work. The project superintendent goes in at 2 a.m. and he looks and says, I think it is going to rain, so I am going to call all my foremen, and all my foremen will then call all their guys and say do not come in today because it is going to rain. Otherwise, they all have to get paid. Now the foremen are the world's experts on moving gravel from this spot to that spot and pouring concrete, putting in supports, and everything else, and the superintendent relies on them incredibly for getting that done. But fundamentally, decisions on the bottom line, as to dollars, for the entire project, have to get made by the superintendent. He makes the decision that not having the guys come in to work in the rain is the most efficient thing for the overall project. The foremen are great at all these other things; nevertheless, it is in their interest to bring everybody in, because then they all get paid. And that is really where the differentiation happens that we are talking about. The difference is in the approach between managerial personnel, who have the fiduciary responsibility to the elected officials and the taxpayers on the one hand, and the foreman, who is great at getting everything done, but he has not been given and does not take the responsibility for the bottom line for the whole project.

I would just like to take this opportunity to say that this conversation is not taking place in a vacuum. We have had kind of a "Where is Waldo" exercise here, and we are still at it, Waldo being money, revenues, and funds. We have all sorts of ways we are trying to organize, find money for, and pass a budget; and what is happening is that we have state employees paid above the national average who are taking cuts, who are taking furloughs. We have schoolteachers and students. The schoolteachers are paid less than the national average, and we are asking them to take a cut, and if they do not take a cut, there will be less for student education. But there is one group we cannot touch. And they are paid well above the national average, according to the Las Vegas Chamber of Commerce study. You can argue whether it is

29 percent or 25 percent, but it is clearly higher. We know we cannot attack that instantly, in one or two years, but we would like to attack and change the conditions which allowed that to happen and allowed that distortion.

The person the Chair alluded to who earns \$98,000 is paid so much more than a schoolteacher. The taxpayer pays taxes. The taxpayer does not know where that money is going. Some of it goes to the state, some of it goes to schools, and some of it goes to local government. It just goes into places that the Legislature, in its wisdom, has decided. But the taxpayer would probably like to make sure that those schoolteachers, who teach their kids, are paid an amount deserving of their abilities and education. The taxpayer might wish that the wonderful people who we see here every day are paid fairly as well. So we have this situation where we have this distortion around where this money is going. What we basically decided is that if we are going to get this place sorted out, one of the things we have to do is to try to start picking away at the conditions which allowed it to happen in the first place. Thank you.

Chair Kirkpatrick:

Thank you, Mr. Ross. I hope you guys will give me some written testimony on supporting home rule, because this is exactly the conversation that we have been having in this Committee.

Assemblyman Goedhart:

I think it goes to Mr. Ross's statement that you have to have representatives who that are also looking out for the interests of the taxpayers and looking at things in the context of how much money we have to spend and how we are going to get it all done economically. One summer, in California, I worked for the City of Lakewood, in the park on a landscaping crew. We had a couple of different crews lined up. I was the grunt work guy with the auger, digging the big post holes in which the trees were to be planted. Behind us were the guys who had the trees on the truck, and they were filling up the holes without putting the trees in the ground. I asked why that was happening and was told the guy who actually did the planting was sick that day. So we were digging holes and filling them back up without the trees in, and no one cared. We went and put our eight hours in at work, and my job was to dig out the holes, and the other guy's was to fill up the holes, and it was okay that the guy who was supposed to put the trees in the holes was not there. It was baffling to me. And I think we need to make sure that we have folks that realize that we have a task put to us by the residents, citizens and taxpayers, and it is our fiduciary responsibility to look out for them.

Chair Kirkpatrick:

That happens in private business all day long; it is no different. Our state employees are working yeomen's hours right now, knowing they are getting a 5 percent cut. I work in the private sector, and some people do not work at all beyond what is required. Many public employees work above and beyond without extra pay. I cannot speak to California, and they have their own drama.

Assemblywoman Pierce:

I will not tell any stories about the private sector, which is where I have always worked; but, it is not as if there is not any inefficiency or lack of loyalty for the company you work for, in the private sector. There is plenty of that.

Speaking about money, Nevada has the smallest government in the country, by a very, very large margin. The idea that somehow there is some sort of nexus between what public employees make and the problems this state is facing right now in terms of budgets is simply not true and not even close to being plausible. We have the smallest government in the country. So let me run a couple of things by you. Here is one of my favorite. Kansas—red state, Kansas, reddest of the red states. Do you know how many public employees Nevada would have to hire in order to have the number of public employees per capita that Kansas has? Kansas—where every single member of the Legislature would swear on a Bible that they are fiscal conservatives? We would have to hire 64,000 government workers to have the size of government they have in Kansas. If we hired 10,000 government workers tomorrow, we would still have the smallest government in the country.

But let us talk about salaries, and I have talked to George about this. If essentially you have a hiring freeze for, say, 30 years, what happens? What happens is you do not hire any low-level people, the people who do not make very much money. Over a period of time, salaries increase for employees who have been there for a while. So the average salary goes up, but the other thing that happens is that these people who are now making a decent salary spend about a third of their day doing stuff they should not be doing, because entry-level people should be doing it. So you have people with advanced degrees making \$80,000 a year, and they are spending part of their day doing data entry, because you will not hire any file clerks. You will not hire any data entry people. So the idea that somehow public employees' salaries in this state are completely out of whack is a function of the fact that we decided, sometime in the last 30 years, that we were going to engage in this weird little experiment and see just how small we could make government. That is what happened to public employee salaries. And the fact is if we woke up tomorrow and we hired 10,000 more government workers, and half of them were entry-level people

who did data entry and filing, the average salary for government workers in Nevada would drop like a stone.

Samuel McMullen:

The thing I find in discussing and debating with Assemblywoman Pierce is that things that are obvious to her are not usually as obvious to me. I apologize for that. At the risk of being flippant, because I cannot resist, the answer to your first question is that we are not in Kansas anymore. I would like, however, to say that private sector businesses or enterprises have the same challenges as public enterprises, and they try to do the best they can with the least resources, whether those are people or expenditures in some sense. I think that that is a challenge and will always be a challenge, and I would be the first person to say that business does not do everything perfectly, so please do not take this as a message that any human process is perfect. I would like to make sure we say on the record that we do not mean to attack or offend any public employee, and we think that there are a lot of great people doing a lot of great things under difficult circumstances. Our hallmark is doing the most that is possible with the fewest people and the fewest resources, which is the challenge that anyone should have in business, but particularly in public enterprise; that is, to spend citizens' money as efficiently as possible toward maximum services and the efficient utilization of resources. That ought to be our goal, so we want really good people, and we understand there is an inherent challenge and tension that every enterprise works with every day. We do not dispute that and appreciate that issue, because it makes things extremely difficult. But we need people to understand that this is not about the employees or about anybody who is doing what they are supposed to be doing. We would love to have the resources to pay everybody 30 percent more than the national average, but circumstances will not allow that, and we need to acknowledge that, adjust, and make cogent, smart decisions for the future; and that is what we are asking.

Chair Kirkpatrick:

Senator Hardy, we did not expect this conversation and thought it would be a 20-minute hearing for you. I want to make sure that Laughlin has plenty of time. Please be respectful of both sides. Each of us has our own opinions, and we are happy to take written testimony, as well, for the Nevada Electronic Legislative Information System (NELIS). I think that this is a far longer conversation than what we have had today. From the Committee's perspective, there are many missing details that need to be discussed.

Assemblyman Ellison:

Maybe you can answer this for the Las Vegas Chamber of Commerce, being that you are in the trenches. How many people, on average, are currently out of work in Las Vegas, in the private sector?

Chair Kirkpatrick:

I think the Department of Employment, Training and Rehabilitation has reported 184,000 unemployed. That would be in the whole state, with 91,726 being construction workers.

Assemblyman Ellison:

How many state or county employees have been laid off in Las Vegas?

Chair Kirkpatrick:

I will get those numbers for you, but for us, over 1,000 positions went vacant last session, in 2009. Local government has a variety of vacant positions. But let me remind you that when the economy is down, demand for services increases; and Mr. Ross will agree with that—that our caseload for Medicaid, our caseload for child care, the need for resources for job seekers—all of that is up. There has to be a balance, and I do not know if it is that simple, but I am happy to get you the numbers from the local governments, all of which need to be included in the discussion.

Assemblyman Ellison:

I agree, and I was just trying to get at a point. When I was a young guy and just getting started in the private sector, the private sector was popular for job applicants while city and county jobs were not as popular. They started passing each other, and now there are more people wanting public jobs than private jobs because of the salary, benefits, and guaranteed positions. We have some of the best city and county employees. But the problem is that the public sector is suffering and dying, and we have got to make this fair for everybody. There is no equal balance anymore. I live in a busy area, and I have been laying people off and not being able to give people jobs. I have not been able to give them cost-of-living or salary increases. So you see this going on throughout the state. I think that this is the start of a really good bill, but that we need to get everybody involved and make this thing work.

Chair Kirkpatrick:

And that is why local government needs to be at the table. But to your point, in Clark County, something I think most people do not realize is that you have to have a college degree to even apply to some of those jobs. I could not qualify, because I do not have a college degree. But in the private sector I do not need one, and I am just as hard a worker as anybody. That was something I realized going through some things. For the Department of Administration Purchasing Division, you have to have a college degree and two years of background experience. On the other hand, the hotels hire interns to do a lot of their purchasing, so a person's qualifications only need to be considered somewhat.

I do not disagree with you, but local government, Elko too, which helped create the problem, needs to be in this building on Monday to have this discussion with the Chamber. The issue is really theirs, but the state is caught in the middle.

Assemblyman Ellison:

I totally agree, and our manager is actually in the building today, so I am going to track him down. A lot of the time with the bargaining units, you have two strong heads going against each other, and the next thing you know it goes to arbitration and they split it down the middle. The counties and the public do not win.

Chair Kirkpatrick:

That needs to be part of the discussion, because I believe that before this time there were not a lot of cases that went to arbitration. I would like to talk with local government and the unions and get information on how many cases have actually gone to arbitration in the last ten years. If it is an ongoing problem, and some other states have a different way that they do arbitration, perhaps we could include that information in our discussion.

Tray Abney, representing Reno Sparks Chamber of Commerce:

Obviously I support everything Mr. McMullen and Mr. Ross have said, and I think that, Madam Chair and Ms. Neal, you both made excellent points toward the beginning of this discussion when you talked about the finger-pointing that occurs. There is no question that when times were good, local governments in the north and south probably took the easy way out and signed contracts which were, in the long run, unsustainable, because the money kept coming in and they were dealing with so many different things. And so I think that the silver lining to everything that we are going through is that now we are forced to look at these types of issues and look back at what we have done in the past.

In the same respect, this Legislature is the only entity that can change state law, that can make changes to NRS Chapter 288 and other statutes. The City of Reno presented a bill, the number of which I cannot recall off the top of my head, to deal with some of these issues. It is a two-way conversation, and both sides play a part in it.

On point No. 1, on eliminating binding arbitration, I think we are talking about accountability. There is no question that you could eliminate binding arbitration tomorrow and still have local government elected officials do the same kinds of contracts that they were doing under binding arbitration. But I think the point to be made is whether or not we want the person making the decision to be someone from California who drives over hill and has no stake in the community or this state, who has no oversight and is not accountable to the voters at all,

or do we want our city council and county commission making those decisions? Then if they make the wrong decisions, at least we can hold them accountable in public meetings and at the ballot box. I think we need flexibility in these contracts.

We talked about No. 2 and reopening, and I know there are a lot of details and issues there to be sorted out; but when times change, our elected officials need to be able to have the flexibility to change contracts. If you signed a contract a couple years ago with automatic raises every year, we may not be able to do that anymore and we need to be flexible.

Every now and then I get to get out of this building and sit in city council meetings. About a month and a half ago, I attended a Reno City Council meeting, and there was a representative from the fire union talking to the council. His choice was that you can all take a pay cut and we can save some jobs, or we are going to have to lay people off. And I think Mr. Ross pointed out that the public needs these services, and so our leaders should not have to beg employees to take the necessary steps to ensure those services. That representative of the fire union equated giving up scheduled pay increases with a pay cut. It is just not a realistic model or a realistic way of doing things.

It is so different from the private sector. We talk a lot about labor versus management but, in this case, management is representing us, the taxpayers, and labor is actually negotiating against their friends and neighbors and the people who pay the bill. So public employee negotiation and bargaining is much different than its private sector counterpart. The more money we spend on salaries or benefits or the staff time required for all of these negotiations, the less money there is for other priorities, and I think we need to consider that.

Samuel McMullen:

I just want to thank you and your fine Committee for the courtesy of adjusting your schedule and hearing this. Although these issues were discussed in various forms in the Senate, until S.B. 98 (R1) moved forward and we were told it was the appropriate avenue for these issues, we did not have this opportunity.

Chair Kirkpatrick:

With that, those who are in favor of S.B. 98 (R1), please state if you are for or against the amendment, and please refrain from repeating points.

Rusty McAllister, President, Professional Fire Fighters of Nevada:

We are in support of S.B. 98 (R1) in its original version, which was sent over here to the Assembly from the Senate. Mr. Dreher and I worked with

Senator Hardy and found some great language reflecting compromise and middle ground, and brought this bill forward with that.

Assemblywoman Pierce asked about quantifying the Public Employees' Retirement System (PERS) increases. In current statute, it says that if there is an increase in PERS, that can be paid for by the employer in lieu of a salary increase. And if PERS went up 1 percent for the employees' side of things, and the local government employer decided to pick that up as a part of the negotiation in lieu of a salary increase, they would be required to report or to give a value to what that was worth—that 1 percent of salary for the whole group. That being said, we are in support of S.B. 98 (R1) as it is currently written. We have not heard the proposed amendment from the Las Vegas Chamber of Commerce, although it was almost word for word in the newspaper the other day, as if they had a little premeeting.

To address the four issues proposed, point by point, it is necessary to explain that there is a difference here between two types of arbitration, grievance arbitration and contract arbitration. Grievance arbitrations have to do with disciplinary or workers' compensation grievances, promotional grievances, and other personnel-type issues, which can go to arbitration or to an arbitrator if an agreement cannot be reached. We typically use that process a lot, because you have some bad actors out there, some managers and supervisors from some of the local governments, who require us to grieve it, and we are very successful in those grievances.

On the other hand, there is contract arbitration. If you are negotiating a contract, say, for hours and wages, hours and working conditions, if you cannot reach an agreement, then you go to binding arbitration. I can only speak about the firefighters' experience. I polled all 18 of my locals, and they have been to contract binding arbitration 12 times in the last 20 years. Out of those 12 times, one local has been very successful. That party had to go to binding arbitration for all four of their last four contracts. And they were successful in all of those four. That leads me to believe the arbitrator looked at the local government's requests and said, four times in a row, that they were too far out of line to be workable. Out of those 12, if you get rid of that local, which happened to be Pahrump, the local government prevailed in all 8 of those other cases.

To say the process does not work with binding arbitration would not be completely genuine. I think people lose sight of the idea that, for the most part, salaries, wages, and the escalation of these contracts have been voted on. The arbitration process is not a one-sided situation; it is two-sided. Both sides sit down and negotiate, and if they come to an agreement, the local government

officials have to vote on it. The contracts do not get approved without a vote from local government officials. We are not going to binding arbitration all the time on contracts.

Ms. Pierce talked about the process not being a negotiation but a conversation, and she is right on the money. On the Senate side, the discussion was ongoing to fact-finding. If you do not come to an agreement, you go to fact-finding. If the local government officials do not like that, they say you will get whatever they offered last. That was the premise on the Senate side, which means it comes down to collective bargaining, because there are no negotiations at the end of the day or a guarantee that you will get anything or even be able to discuss anything. The current judicial system is set up on the concept that both sides will present; and you say it is not fair to have somebody from out of state, but both sides go to court and explain their side in front of a neutral judge and he or she renders a decision.

With regard to the automatic reopening of contracts, if revenues fall 5 percent for two consecutive years or more, Chair Kirkpatrick brought up the same issues I have, and those are with redevelopment authorities, enterprise funds. Any financial person worth their salt can make that number go up or down on a regular basis. And I guess this one is tied into revenues coming in over a two-year period, and I think that is much more reasonable, at least as a starting point to discussion, than the initial proposal that was thrown out, and that was a "fiscal crisis." What is a fiscal crisis? Is it a 15 percent ending fund balance and having \$55 million set aside in revenue stabilization funds and other revenue sources set in other places? Is that a fiscal crisis? We know that there are a couple of local governments in the state of Nevada that are in fiscal crisis and their local bargaining units are currently, at least from the firefighters' standpoint, willing to go to the table to make concessions and try to assist their local governments in getting through this financial crisis.

Number 3 requires that any newly negotiated terms be retroactive. Interestingly enough, what we have found is that, during legislative years, the process of negotiating a contract slows down on the government side. If it is not a legislative year, it speeds up, because people get concerned with what the revenue impacts of the legislative session are going to be on their local governments. In my experience here, I have seen that, when it comes crunch time and the legislators have things they have to do, you will meet every day if you have to and go to all hours, to resolve issues and to get things done. Typical to my experience with local governments is that, when they negotiate with us, it is one time, one day a week. If it takes five days a week to come to an agreement or to move a process along, to get done before the contract

expires, so that you do not have to worry about the retroactive nature of a contract one way or the other, why do we not meet more often?

Lastly, with regard to excluding supervisory personnel from collective bargaining, I cannot speak for all the different bargaining organizations, but at least for the firefighters, I can say that, as Mr. Livermore pointed out, there are two separate bargaining units, a supervisory and nonsupervisory unit. Mr. Ross did not clarify, at least from a firefighter's standpoint, the titles of those in supervisory positions. I am a captain, and I supervise personnel within a fire station. Am I a supervisor? I do not hire or fire or make financial decisions for the department or negotiate on anyone's behalf. How about battalion chiefs? Battalion chiefs are the supervisory unit. But they test and are promoted into those positions. For us, a differentiating point is when someone is appointed, when an appointed position is sought outside of the bargaining unit. Assistant chiefs, deputy chiefs, and the chief of the department fall under unclassified employees and are no longer in the bargaining unit. They actually sit at the negotiation on the opposite side of the table from us, because they are the subject matter experts who can answer questions on behalf of the department for the lead, the head of human resources, and the finance director. We really do not have supervisors who are managers who are in the fire station who are at the bargaining table bargaining against us. That just does not happen.

I would like to make one last point. At the last legislative session, we sat across the table from members of the Chamber of Commerce, and we negotiated these issues. We gave up a tremendous amount of reform last session, in collective bargaining, in the PERS system and the Public Employees' Benefits Program (PEBP). We gave up permanent reforms. And in return, the state got temporary taxes that are scheduled to sunset in July. Until we get some form of permanent revenue stabilization, we are going to get this every session. As Mr. Ross said, we are going to pick and pick and pick until we get it all. They are using revenue as a bargaining chip, as leverage. So if we are going to be required to come and discuss reforms, then we should talk about permanent revenue stabilization as opposed to temporary fixes, because we will keep coming back and facing this every two years.

**Ronald P. Dreher, representing Peace Officers Research Association of Nevada;
Washoe County Public Attorneys' Association; and Washoe School
Principals Association:**

I am representing all my organizations and probably every other public employer in the state of Nevada. First and foremost we need to go on record as having worked with Senator Hardy and getting S.B. 98 (R1) in the format in which it did come out. We did work hard on that, and the Chamber did come in the last time we were in the Senate Committee on Legislative Operations and Elections

and proposed three additional amendments to this bill. The bill moved out and came over here.

There are things here that have to be brought up, Madam Chair, and I will be brief; but first and foremost, we did support the first reprint of S.B. 98 (R1). Secondly, it seems to me that they are pitting the public sector against the private sector. Why? Is there a jealousy factor here? There are no police or fire in the private sector—all of these groups we are doing apples to oranges on are not appropriate comparisons. For 27 years now I have been doing collective bargaining in this state for a variety of collective bargaining units against management: for classified school employees, public attorneys, you name it, administrative professional groups for the City of Reno and right now, school principals. We have been back and forth, and it seems to me that what the Chamber is proposing is a huge step backward.

From what I know of the last best offer arbitrations in this state, management has prevailed in all five. The last was in Battle Mountain two months ago, with classified school employees, and they lost. Prior to that it was Clark County firefighters, and they lost. Prior to that, the Washoe County Sheriff's Deputies Association lost to the tune of almost \$80,000. Prior to that, it was the Las Vegas Police Protective Association, and they lost. And prior to that it was White Pine County and Ely, and they lost.

That is the record right now as I understand it, and you have heard Mr. McAllister talk about the several times that they have won. Management has prevailed in all of those. He separated the difference between what is called a contract grievance versus an interest arbitration. Those are the two types you have right now. I am not sure you want to give up interest arbitration or whether you want to give up last best offer, it only works for police, fire, and teachers. None of the other employees who do collective bargaining with the state have what is called advisory fact-finding and binding fact-finding. You have to go through a tremendous process to get to that point, and the elected officials do have a role in that. If it is advisory, they do that. That is item No. 1, so obviously we are opposed, and you all should be, too, to eliminating binding arbitration. It is a dispute resolution factor. Our third party administrators and our arbitrators do an awesome job. In spite of what Mr. McMullen said, the facts that these arbitrators get are tremendous on both sides. We have to prove our case, and if you are off by a dollar, you lose. I just gave you five prior times that management has won.

The City of Winnemucca has its officials sitting at the negotiations table. Why do the rest of them not? When I have asked for that at the negotiation tables, I have been told they could not be here. But is that not what they are wanting

with No. 1? To have the elected officials make these decisions? And No. 2, dealing with the issues with contracts, do the cities and all the local governments break their contracts with everybody else and require that? We have one-year agreements; we do not have to have three-, four-, or five-year agreements. They have the right to do that. I am going to go on to the issue of No. 3, that newly negotiated terms and conditions of employment be retroactive. Every negotiation session I have been a part of, it has been management that has wanted the negotiation of the agreement to take effect upon ratification, not retroactively. This is a big change.

Lastly, over prohibiting supervisory personnel from collectively bargaining, we have NRS 288.170, which that differentiates between supervisors, confidential employees, and bargaining groups. Madam Chair, I will tell you the same thing I explained to the Governor, and to Senator Roberson when I talked to him, and to others who have attacked our collective bargaining system. We have a system that works; it is in place. All I have asked for is an open debate, and I would do that with anybody at any time—an open debate over this process. That is what is needed. I understand you are only giving this a few minutes, but there is a reason for it.

Chair Kirkpatrick:

I am giving you plenty of time to send me comments. Listen, I am not doing that. Everyone can put their information on NELIS and send it to me; I am happy to do that. And this is not the last discussion.

Ronald Dreher:

I appreciate it.

Michelle R. Jotz, representing Las Vegas Police Protective Association Metro; and Southern Nevada Conference of Police and Sheriffs:

I will be extremely brief, since the majority of what I wanted to cover has been covered. I do want to thank Senator Hardy for his willingness to discuss this issue with us. We did come to a consensus and we do support S.B. 98 (R1). The question was asked when we have won or lost in binding arbitration. Since binding arbitration was instituted, of the six groups I represent, we have been to binding arbitration over contract one time, in 2005. It costs us \$180,000 on our side, and we lost. The county did not argue their ability to pay; they said they had the money, but they said they did not want to, and we lost. I think that there needs to be some clarification over the difference between contract and grievance, which is disciplinary arbitration, because in fact it clearly does work. [Submitted written correction on May 14, 2011 ([Exhibit J](#)).]

**Jack Mallory, representing the International Union of Painters and Allied Trades,
District Council 15:**

I will submit full comments in electronic format to be put on NELIS. From a private industry standpoint, I look at S.B. 98 (R1) without the amendment presented today, and believe that we can support it fully. We cannot, however, support the proposed amendment that is in front of you today. The first item, eliminating binding arbitration, was something that was granted to local government employees in lieu of, and in exchange for, the right to strike. Many private sector unions do not have binding arbitration in their collective bargaining agreements. They have, however, the right to strike and take economic action against their employers if they are unable to reach agreement.

The remainder of the things that have been proposed in this amendment are things that could be subjects of bargaining and dealt with effectively at the bargaining table between local governments and the employee associations they are bargaining with. I think that is an important point for you, as a Committee, to consider.

Dane R. Watson, representing Clark County Education Association:

We are in support of S.B. 98 (R1) and for the sake of time, and based on the previous comments, we are opposed to the amendments proposed by the Chamber. Thank you.

Chair Kirkpatrick:

Thank you. Is there anybody else who would like to testify in support of S.B. 98 (R1)? [There was no response.] Let me put on the record that we received an email. The Nevada Association of School Boards expresses its support of S.B. 98 (R1). I am sure they are not aware of the amendment, so I will assume that it is just for the original bill. At this time, is there anybody who is in opposition to S.B. 98 (R1)? [There was no response.] Is there anyone who would like to testify as neutral?

Cadence Matijevich, representing City of Reno:

The City of Reno is not proposing an amendment this morning, and it was not our intention to bring one. Perhaps the Las Vegas Chamber of Commerce beat us to it, but like you, we did not expect there to be amendments at this hearing, and that is why our elected officials are not here for this hearing. There are just a few things that I feel I need to get on the record, based on the other testimony this morning. Throughout the economic downturn, the City of Reno has negotiated concessions with our employees, and we are incredibly grateful to our employees for participating in finding solutions to what this Committee has heard are very serious financial issues that we are facing, and we are grateful to our employees and our bargaining groups, who we are at the table

with right now. I did contact Senator Hardy after S.B. 98 (R1) was named as a possible place where some reform might come along with some "Reconstructing Nevada for the 21st Century" ideas.

Chair Kirkpatrick:

They forgot to tell us, so I am a little offended by that whole thing.

Cadence Matijevich:

I did contact Senator Hardy to see if there were amendments coming forth, because it is no secret to this Committee that the City of Reno, since February 2, has had an interest in having this conversation. And in fact we did put forth a bill, Senate Bill 78, which did not receive a hearing. So we have been ready to have this conversation and are ready to be engaged in it as we move forward. Assembly Bill 67, which I am grateful to you for hearing, did not move out of this Committee although you gave it a fair hearing it addressed NRS Chapter 286, not Chapter 288, so we did not feel that was an appropriate place to bring amendments. You had said that was the place to do it, and we did not think it was appropriate, because it was not the same chapter. I was surprised to hear Assemblyman Livermore say that supervisors in Carson City are not part of bargaining units. In the City of Reno, our supervisors are not just in police and fire but are in all of our departments, with the exception of department heads and a few at-will employees such as myself, the vast majority, over 90 percent of our employees, are represented in bargaining units. Supervisors and nonsupervisory employees are in different negotiating units but are in fact represented and subject to the provisions of NRS Chapter 288. So the City of Reno is supportive of the concepts brought forward. Many are similar to what were in our bill, and we look forward to being part of the discussion.

Assemblyman Ellison:

How many firemen and police officers did Washoe County have to lay off because of the downturn in the economy?

Cadence Matijevich:

I cannot speak for all three cities in Washoe County, and I am thumbing through numbers here. The City of Reno has had to let go staff in our public safety groups.

Chair Kirkpatrick:

I would prefer that all local governments get me that information, so we can see that in a spreadsheet.

Cadence Matijevich:

This Committee received a presentation from our interim city manager and me on April 28. That presentation, which I think is probably still available on NELIS, was actually in the Assembly Committee on Taxation, but the membership is the same, and that details the staffing reductions that we have made. I would be pleased to get additional copies of that to the Committee.

Assemblyman Ellison:

Thank you.

Chair Kirkpatrick:

I do not disagree with you, and we did get that information. It would be simpler if the cities of the Nevada League of Cities and Municipalities, and the counties of the Nevada Association of Counties (NACO) is in here, if your cities could get us a copy of all the employees who were laid off, all the vacant positions that were not filled, and all the arbitration cases heard in the last 20 years. I want those and the layoffs since fiscal year (FY) 2008. I will share that with the Committee, and for the local governments who do not get that to me by Monday, I will call you out in this Committee loud and clear so that the press knows who is not willing to give up that information. With that we will close the hearing on Senate Bill 98 (1st Reprint) and open the hearing on Senate Bill 262 (2nd Reprint).

Senate Bill 262 (2nd Reprint): Provides for the incorporation of the City of Laughlin contingent upon certain conditions. (BDR S-125)

Jennifer DiMarzio, representing Laughlin Economic Development Corporation:

Senator Hardy was called to the floor and asked if I could introduce this bill. In a nutshell, Senate Bill 262 (R2) will allow for the citizens of Laughlin to vote on whether or not they would like to incorporate as a city. This bill does not automatically incorporate Laughlin; after it has passed the Committee on Local Government Finance, we will do a study of the financial feasibility of such an incorporation. That study will be submitted to the Clark County Board of Commissioners and the Legislative Commission. At least one of those two bodies must find that incorporation is fiscally feasible for the question of incorporation to go to the citizens of Laughlin for a vote. The Local Government Finance study will also be made public, so the public will have access to that as well so they can educate themselves. Therefore, all that this bill is doing is allowing the citizens of Laughlin to self-determine if they want to incorporate. The decision at that point will be informed and they will not even have such a choice put before them unless these other bodies find it is financially feasible for such incorporation to happen. We have a few members of the Laughlin Economic Development Corporation here today and Senator Hardy,

I see. They will explain the reasons for incorporation and answer any questions you may have. I believe Senator Hardy had something he wanted to say.

Chair Kirkpatrick:

Do you have the proposed amendment?

Jennifer DiMarzio:

It should be incorporated in the reprint; I do not believe we have a new amendment.

Chair Kirkpatrick:

So if I could see which section that would be. The only thing I see on limitation to future annexations is section 1.040, and I would like it to be on the record what that means.

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

The concept is basically that there will be no annexation unless you insist on petitioning the city to be annexed. So that is what section 1.040 means on page 4, line 17. There is no amendment that I am aware of to the second reprint.

Chair Kirkpatrick:

Is there any other testimony?

Jennifer DiMarzio:

The members of the Laughlin Economic Development Corporation have a couple of things to say, very briefly.

David Floodman, Private Citizen, Laughlin, Nevada:

[His testimony was based upon prepared notes ([Exhibit K](#)).]

I have been a resident of Laughlin for over five years, and my background has been in development and construction for over 35 years. I have to say that I was a little confused by the opposition in this case, as we have gone through and amended the bill. I discovered that it is a difference of perspective. I will point out that the opposition we are facing at this point seems to be from those who would be outside the boundaries of the new city and unaffected by that new formation. The opposition's perspective is that the town is not big enough, that there is only one industry in Laughlin, and that we should continue to focus our resources on those private businesses. They also believe the new city will not survive in these economic times and will fail, citing cases like White Pine County and Fernley. They also believe that the people of Laughlin

are not capable of administering public services and have compared the people of Laughlin to a small homeowners' association (HOA).

Supporters of the bill have a different perspective. We believe that the people of Laughlin have the right and should have the right to determine our future, instead of being subjected to the decisions that are made by those who live 100 miles outside of our township and are not affected by their own decisions. We believe that Laughlin is big enough and point to examples like Mesquite, which incorporated with 1,200 people and has done quite well on its own, once it got away and was able to determine its own future.

I would like to explain to you that Laughlin is ahead of many communities in the fact that we have our infrastructure in place, and we are using about a third of the capacity. So there has been a huge investment in infrastructure up front that is unutilized. In our community we already have schools, a library, an aquatic center, parks; Laughlin is rich in the resources of sun, land, and water, being on the Colorado River. And all of these resources happen to be, at this point in the economy, very attractive to alternative energy industries that have come to Laughlin and have been looking around. The fact that we are close to Interstate 40, which is a major transportation corridor, gives us access to major metropolitan areas throughout the Southwest, and again, is attractive to alternative industries.

I, myself, would not support the bill if it were not financially feasible. In that case, the Laughlin Economic Development Corporation sponsored a study and had an outside consultant come in and have a look at the finances. The conclusions that were drawn in that initial feasibility study led me to believe that there is a great likelihood that we will be successful. We have also allowed amendments in the bill that would give us checks and balances assuring that a separate, final study would be conducted, that those results would be presented to the public, and then everybody would have an informed basis on which to make the decision, for or against incorporation. The last point is that, in regard to the new city, and the administration of services, we believe we are in a very good economical position to recruit talent from throughout the United States, which would be fully capable of taking over those duties. Thank you for your time.

Chair Kirkpatrick:

I apologize for the time crunch, but there are some basic points we need to get on the record. We need to get on the record about the fiscal study. We need to have the conversation about consolidated tax (CTX) dollars. We realize that has to be negotiated with the county, Dr. Hardy, Assemblyman Hardy, I do not think the first eight pages are parcel numbers; we need to put some of this on

the record to make the intent clear, rather than saying we just need to have a fiscal study. We need to elaborate on the points I have spoken about with you.

Senator Hardy:

The issue of fiscal accountability has got a level of things that have to happen so that the vote for this bill is a vote to actually give the citizens of Laughlin the right to vote after an informed study by a disinterested group, otherwise known as the Committee on Local Government Finance, already in place in statute. This group of people will have to, if the bill is passed, determine if it is fiscally feasible. They will have to tell Clark County and the Legislative Commission what their findings are. The Legislative Commission and the Clark County Commissioners will then say yes or no as to allowing the vote. If either one says yes, then it will go to a vote. Thus, the people of Laughlin will have an informed vote, where they can say this is what it is and this is what we can expect. As to the CTX, the county is getting the CTX; they have been delivering services to the town of Laughlin, and there will be an agreement if this goes forward between the proposed city and Clark County as to what the share of that CTX is. I suspect, if you look at the county services to the township of Laughlin now, the town of Laughlin will probably not be using as many resources, quite frankly, as are being used now. So there will be a memorandum of understanding as to the services in the city and the interaction between the county and the city. The utility agreements will still stay in place, and there will not be any change there. I am happy to clarify any of those answers if I need to put more on the record.

Chair Kirkpatrick:

Let us talk about the annexation, since it is not clear from here, because there is no map. For the Committee members, I do not know how many of you have been to Laughlin, but I go every Wednesday, so I know what is out, based on our discussions, and a majority of that would be that area.

Senator Hardy:

If I could, Madam Chair, refer you to maps on one of your NELIS documents ([Exhibit L](#)) of the proposed City of Laughlin. Because of the iterations we have had with this bill and people not wanting to be in, we have deliberately drawn the line to allow them to be out. That gets into the discussion of the annexation. In the current map, and this is what the 10,000-foot view would look like, there is a little teeny yellowed area that is labeled, "Proposed Opt In." That is mislabeled, because it is out. And then if you take a look at the map with the blow-up, you can see that the commercial corridor is out of the proposed City of Laughlin. So in order for those properties to come into the city, a majority of those property owners would have to petition the city to be

annexed. So it deliberately does not allow the City of Laughlin to reach down and take those people into the city.

Chair Kirkpatrick:

Are there any other questions on this going to a vote of the people? Dr. Hardy, can you talk about section 6 on page 33; that is where they are going to go to the ballot question, correct?

Senator Hardy:

Yes, section 5 deals with the fact that it has to go to the two entities before it goes to the ballot, and then section 6 actually shows how it would appear on the ballot with a yes or no question. Then section 7 describes the procedures and requirements for people who want to become candidates for elected office for the new city. Then section 8 talks about what Clark County would do as far as the maps and boundaries, to make sure people knew what they were voting for, as well as section 9, on the procedure for that election.

Chair Kirkpatrick:

Have you spoken with the county on how those services would be divided up? In all fairness, Laughlin does have some nice buildings; the justice centers are very nice, and I know we have hosted our public lands meetings there. They do have a couple of different buildings the county paid for. How do you envision that working?

Senator Hardy:

I suspect the county would be amenable to those discussions about how that would work, inasmuch as we do not have even the vote to see if they want to incorporate. Some of those discussions may be premature to the reality of it, but the fiscal feasibility issue will have to address those, so the Committee on Local Government Finance will have to have that in the mix as to what they have. Those discussions and studies will be open meetings.

Chair Kirkpatrick:

I do not disagree, and the reason I ask on the record is because I think that at times it has been a one-sided conversation, and this way the public knows that, regardless of how a vote would go, there is still a much longer process to go through before any of this could happen. And I would bet we would be in session next time before it came to fruition.

Senator Hardy:

The incorporation would be July 2013 if everything should move on. In the words of the immortal Pete Ernaut, "Rome was not built in a day." As his experience with Incline Village has gone, we have actually picked his brain and

addressed his concerns and the concerns of his clients along the river in Laughlin, and he is not here in opposition to this. That is as strong a statement as I can make.

Chair Kirkpatrick:

Thank you, Senator Hardy. Are there any questions? [There was no response.] With that, I know I have some testifiers from southern Nevada who are in support. For those of you who do not wish to testify, you can submit your written testimony to the committee secretary, and she will make sure it is posted on NELIS.

Karl Munninger, President, Laughlin Economic Development Corporation:

I have served in an administrative capacity with the Southern Nevada Health District for 31 years, before retiring to Laughlin five years ago. I am presently serving as President of the Laughlin Economic Development Corporation (LEDC), and I have no current or prospective business interests in Laughlin. So as not to repeat what has already been said, I would just like to bring forth for consideration the huge disparity in population growth among three cities, Laughlin, Mesquite, and Bullhead City. Over the last 20 years, Mesquite has grown from a population of 1,800 to 21,000; they have added 19,000 people. Over the last 20 years, Bullhead City has grown from 22,000 to 39,000 people, an increase of 17,000 people. In that same time frame, however, Laughlin has only added 700 people; and, indeed, Laughlin has lost about 10 percent of its population over the last, about, three years.

We certainly understand why Clark County has to have rigorous development rules in place. When you are constructing a city center, very stringent and comprehensive development rules are necessary. However, those rules have not proved at all workable in Laughlin. That is why we have had only a few hundred houses built in the last ten years, whereas our sister city, five miles away, has had thousands of new houses built. And we feel we should be able to have more reasonable development rules, approximating paralleling those, of our sister city in Arizona, Bullhead City. From a state perspective, I think that we need to look at all of the property and sales tax revenue that has gone over to Bullhead City and is being drained away from the State of Nevada. In this time of extreme revenue shortages, I think it would certainly benefit Nevada to have the property taxes and sales taxes brought back into our state. We would simply ask you to give us a chance. Your Commission, made up of legislators, will have to approve and decide that such a proposed city is feasible, and then again, the residents of Laughlin will also have to approve that.

Jordan Ross, Constable, Laughlin Township:

There are two things I would just highlight right now. With the recent passage of Assembly Bill 400, I feel that making S.B. 262 (R2) become reality will become even more advisable, because the argument that voters are being faced with, a no-win scenario, is now closed. Secondly, many of the active members of the civic community in Laughlin are very strongly in agreement that we can do a lot of unique things, completely outside of the box, that will offer unique fiscal solutions and allow us to be able to operate and deliver services at the same level, but at a much lower cost, particularly those related to public safety. Those are the basic points I wanted to make today. [Submitted written testimony ([Exhibit M](#)).]

Chair Kirkpatrick:

Is there anybody else who would like to testify in support?

Rosemary Munger, Private Citizen, Laughlin, Nevada:

I am a resident of Laughlin and a licensed attorney in the state of Texas, but I belong to the LEDC, and I am a member of the Laughlin Town Advisory Board. Any remarks I make today are not the opinions of the Laughlin Town Advisory Board. I would like to reiterate what Mr. Munninger said. I practiced real estate law in San Antonio, Texas, during the peak of San Antonio's growth. My husband and I moved to Laughlin four years ago, and I began to wonder why Laughlin had not sustained that same type of growth, because Laughlin has every attribute that contributed to San Antonio's growth. I began asking questions, and the crux of the matter is that the laws that Clark County has had to pass, the ordinances they have had to pass to control the development on the Las Vegas Strip, are stifling the growth of Laughlin. It is not anything intentional on the part of Las Vegas or Clark County, it merely boils down to the fact that people cannot make things financially feasible if they have to abide by the rules that have been laid out to govern CityCenter and the Cosmopolitan of Las Vegas.

Chair Kirkpatrick:

I want to pan out and show all the Laughlin residents who are there in support. We are late to floor, so if the folks could show us how long the room is. And if those of you in support could raise your hands, that would be helpful. Each and every one of you is more than welcome to submit testimony.

Rosemary Munger:

I would just ask that the Committee really consider giving the residents of Laughlin the opportunity to vote to become the city that I know they can be, because I have seen it happen in San Antonio. Thank you.

Chair Kirkpatrick:

Thank you, and we appreciate you. Is there anybody else who would like to testify in support? [There was no response.] Is there anybody who would like to testify in opposition? [There was no response.] Is there anybody who is neutral? [There was no response.] With that, are there any final comments?

Assemblyman Crescent Hardy, Clark County Assembly District No. 20:

I will summarize my statements and then provide my testimony for NELIS ([Exhibit N](#)). Just to reiterate, we would like to see the opportunity for those residents in Laughlin to vote for or against incorporation. They are intelligent and will do what is right based on the fiscal study. We have to come before this legislative body to get that permission.

As a resident of Mesquite, Nevada, at its original incorporation date in 1984, I remember that there were less than 1,200 people in Mesquite, on a budget of less than \$800,000. It was stated that we would not have any fiscal ability to incorporate. Mesquite over the last 20 years has been one of the fastest growing communities of its size in the nation, and it has done very well. It is a retirement community and not solely based on gaming, and it continues to thrive. Even in these difficult times, it is still moving forward. One of the things that is really a great difference between Laughlin and Mesquite, in regard to their opportunity, is that they have the water and the infrastructure for sewer and water already available. Mesquite in those days did not have the sewer and water capability, and we have done very well and grown as a diamond in the rough. We would appreciate the people of Laughlin having that opportunity to help the economic development in the State of Nevada. We also have a great police department and fire department which support the community.

Chair Kirkpatrick:

Are there any comments from the Committee?

Assemblyman Ellison:

I do not have a comment but just agree with the Assemblyman.

Assemblyman Stewart:

I would just like to encourage Senator Hardy to bring one simple bill before us.

Chair Kirkpatrick:

He does not know how. [Laughter.] With that, we will close the hearing on S.B. 262 (R2), and apologize to the Laughlin residents. I know it is a 90-minute trip, and if you have any testimony you would like us to see, please submit it and we will make it part of the public record. [Written testimony was submitted by Peter Gorrie ([Exhibit O](#)) and James Shaw ([Exhibit P](#)).] Is there any public comment? [There was no response.] The meeting is adjourned [at 12:00 p.m.].

RESPECTFULLY SUBMITTED:

Cheryl Williams
Committee Secretary

APPROVED BY:

Assemblywoman Marilyn K. Kirkpatrick, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: May 13, 2011

Time of Meeting: 8:08 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 77 (R1)	C	Bru Ethridge	Prepared Testimony
S.B. 7	D	Susan Scholley	Work Session Document
S.B. 74 (R1)	E	Susan Scholley	Work Session Document
S.B. 81 (R1)	F	Susan Scholley	Work Session Document
S.B. 92	G	Susan Scholley	Work Session Document
S.B. 110 (R1)	H	Susan Scholley	Work Session Document
S.B. 98 (R1)	I	Samuel McMullen	Proposed Amendment, Las Vegas Chamber of Commerce
S.B. 98	J	Michelle Jotz	Written Correction
S.B. 262	K	David Floodman	Prepared Testimony
S.B. 262 (R2)	L	Senator Joseph Hardy	Maps of Proposed City of Laughlin
S.B. 262 (R2)	M	Jordan Ross	Prepared Testimony
S.B. 262	N	Assemblyman Crescent Hardy	Prepared Testimony

(R2)			
S.B. 262 (R2)	O	Peter Gorrie	Prepared Testimony
S.B. 262 (R2)	P	James Shaw	Prepared Testimony