

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

**Seventy-Sixth Session  
February 14, 2011**

The Committee on Government Affairs was called to order by Chair Marilyn K. Kirkpatrick at 8:31 a.m. on Monday, February 14, 2011, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/76th2011/committees/](http://www.leg.state.nv.us/76th2011/committees/). In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

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

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

Assemblyman John Ocegüera, Clark County Assembly  
District No. 16  
Assemblywoman Debbie Smith, Washoe County Assembly  
District No. 30

**STAFF MEMBERS PRESENT:**

Susan Scholley, Committee Policy Analyst  
Brenda Erdoes, Committee Counsel  
Cynthia Carter, Committee Manager  
Jenny McMenomy, Committee Secretary  
Olivia Lloyd, Committee Assistant

**OTHERS PRESENT:**

Joni Eastley, Chairman, Nye County Board of Commissioners  
Pam Webster, Assistant County Manager, Nye County  
Jeff Belmont, Member, Laborers' International Union of North  
America Local 872  
Debra Orozco, Member, Laborers' International Union of North  
America Local 872  
Richard DiFilippo, Member, Laborers' International Union Local 872  
Samuel P. McMullen, representing Las Vegas Chamber of  
Commerce  
John J. Slaughter, Management Services Director, Washoe County  
John H. Seymour, Business Director, International Brotherhood of  
Electrical Workers Local 401  
Robert A. Cashell, Sr., Mayor, City of Reno  
Tray Abney, Director of Government Relations, Reno Sparks  
Chamber of Commerce  
John Madole, Executive Director, Nevada Chapter of the  
Associated General Contractors of America, Inc.  
Steve Holloway, Executive Director, Nevada Chapter, Associated  
General Contractors of America, Inc.  
P. Michael Murphy, representing Clark County  
Paul McKenzie, Executive Secretary, Building & Construction  
Trades Council of Northern Nevada  
Jack Mallory, Director of Government Affairs, International Union  
of Painters and Allied Trades District Council 15  
Ted J. Olivas, Director of Administrative Services, City of  
Las Vegas

Danny L. Thompson, representing the Nevada State American Federation of Labor-Congress of Industrial Organizations (AFL-CIO)

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

Tom Clark, representing CleanPath Renewables Development

Patrick T. Sanderson, representing Laborers' International Union Local 872

Peter Krueger, representing Mechanical Contractors Association, Inc.; National Association of Electrical Contractors Nevada Chapters; Plumbing, Heating, Cooling Contractors of Southern Nevada; Sheet Metal and Air Conditioning National Association Southern Nevada Chapter

Randy J. Brown, representing AT&T Nevada

Warren B. Hardy II, representing the Associated Builders and Contractors of Nevada

Curtis Calder, City Manager, City of Elko

Michael J. Franzoia, Mayor, City of Elko

Chris J. Johnson, Elko County Commissioner

Demar Dahl, Elko County Commissioner

Robert K. Stokes, Elko County Manager

**Chair Kirkpatrick:**

[Roll was called.] We are going to call the meeting to order on time, but we are going to stand at ease for a few minutes until the Speaker can come present the bill.

[Committee awaited the arrival of Assemblyman Ocegüera and Assemblywoman Smith.]

We would like to go ahead and have the presentation from Nye County.

**Joni Eastley, Chairman, Nye County Board of Commissioners:**

As most of you probably know, Nye County is the third-largest county geographically in the United States with 18,000 square miles. It is the largest county in Nevada. We have a population of approximately 46,000 people. Our main population bases are Pahrump, where about 80 percent of the population resides, Tonopah, which is the county seat, and Round Mountain. Nye County employs 425 people. Our approved budget for fiscal year (FY) 2011 is \$37 million in our general fund. Our total funding is \$61 million. The Nye County Board of Commissioners comprises five members. They are listed in our presentation ([Exhibit C](#)).

I would like to give you a general overview of travel distances from the county seat, which is in Tonopah. Every service that a citizen can receive in Tonopah can also be received in Pahrump. We have had to do that because the population base is in Pahrump and the travel distances between the two places are far. It is 170 miles from Pahrump to Tonopah, 70 miles from the county seat to Round Mountain, and Amargosa Valley is 125 miles to the county seat. While Gabbs is only 70 miles from the county seat where people would come to get certain services, to get to Gabbs from Tonopah you have to go through Nye County and then through Esmeralda and Mineral Counties and back into Nye County.

Nye County has several state-mandated services. We share that similarity with other counties. We do have some regional services that are provided and, of course, local services.

**Pam Webster, Assistant County Manager, Nye County:**

The sources of our revenue are shown for the general fund. Our primary sources are ad valorem and consolidated taxes, which is the case in most counties. Those have dwindled over the last few years, and I will discuss that in a minute. We are getting \$3 million from payment in lieu of taxes (PILT) funds. We get roughly \$2.4 million in charges for services including our planning and zoning areas, which have dropped dramatically over the last two or three years as construction has been reduced considerably.

Public safety is a major portion of our budget in the general fund. When we look to make reductions in our budget and protect public safety it puts a huge strain on the remaining portions of the budget to accommodate not making any actions in the public safety area. Our overall budget is almost 80 percent people related—salaries and benefits. We have streamlined supplies and services considerably.

In Pahrump we have a private industry. Corrections Corporation of America (CCA) opened a detention facility with a 1,500 bed potential. It is at 1,100 beds occupied at this point in time. There were roughly 200 new jobs created in the area. Roughly 50 people moved in from other areas with the opening of that facility. All of them purchased or rented homes within Pahrump. It had a positive impact at a time when we were having significant problems with empty houses, foreclosures, and people abandoning properties and moving out of the area.

We have a solar reserve project. A 110 megawatt solar field is breaking ground in June of 2011. The potential for jobs on that project is upwards of 600 positions over the course of its construction of 12 to 18 months. That is in

the area around Tonopah. In addition, we have several other applications with the Bureau of Land Management (BLM) for solar projects around U.S. Highway 95 which is in Amargosa Valley and near Beatty. We have some other small leases for 10-20 megawatt footprints around the Tonopah airport. Those are in a pre-lease stage right now but will be moving forward shortly. They are waiting to get purchase power agreements.

Our sales tax revenues have steadily declined for 36 months straight and bottomed out, hopefully. We have had four months of increased sales tax revenue. There is a 28 percent reduction over the three- to four-year period. Looking at the current budget situation, unfunded mandates or state legislative actions could hit the general fund at around \$2 million. We have seen a reduction in our assessed valuation of real property of 30 percent. Pahrump is in close proximity to Las Vegas and when we do major projects for which we do not have local companies that are eligible to bid on them, we have to recruit companies from Las Vegas. We then lose sales tax on many of those supplies because they are purchased and hauled in from Las Vegas or they have the inventory already.

We are looking at the optimization of technology with respect to the outlook within our budget strategies. We have to do better with the resources that we have. We are trying to improve productivity wherever we can. We have implemented a new financial system. We are looking at a new court system for case management. We have done case management systems within our health and human services area and our code compliance area. The new financial system will spread out to planning and building permits as well as finance. We are trying to automate as much as possible to save our resources to be as productive as possible.

**Joni Eastley:**

Nye County is 18,000 square miles in size. One way of making the county smaller is by optimizing our use of technology.

**Pam Webster:**

We are trying to utilize electronic communication as much as we possibly can.

**Chair Kirkpatrick:**

You say that you are going to optimize for technology and automation. One of the things that I have always heard is that there is an issue getting the broadband and fiber optics out to the rural counties. Is that not true in parts of your county?

**Pam Webster:**

There are challenges getting out to some of the smaller communities, but we are pretty well set with communication services and broadband services out to our smaller communities.

**Assemblywoman Neal:**

What is the percent of your unemployed? What is the percentage of foreclosures that you have? What does "IAF" stand for?

**Pam Webster:**

"IAF" stands for the Indigent Accident Fund.

**Chair Kirkpatrick:**

If you do not have those numbers on unemployment and foreclosures right now would you get them to the Committee? That would be very helpful. We are aware that your county was one of the hardest hit in terms of foreclosures and unemployment.

**Joni Eastley:**

Nye County is strange in this regard. A lot of what happens with unemployment and the foreclosure rate in Nye County is coming directly out of Pahrump, which is right at the Clark County border. Many of the people who lived in Pahrump were going into work in Las Vegas. The majority of the other communities are not experiencing the same problems. There are relatively few foreclosures or there have not been any. The same is true for unemployment. I will use the town of Tonopah as an example. Tonopah is the county seat. We have done some things to reduce the number of employees who are working for us, but there have not been any direct layoffs in Tonopah. The Nevada Department of Transportation (NDOT) has a major maintenance station there. The school district has offices there as well. There really is not that much unemployment. Round Mountain Gold Corporation has not laid off anyone, and there has been somewhat of a resurgence in mining and other businesses. When we look at Nye County as a whole most areas have not been affected. Predominantly the foreclosures and unemployment are coming out of Pahrump. Other areas have not been affected.

**Assemblyman Goedhart:**

I would echo the sentiments of Commissioner Eastley. Throughout the rest of Nye County there are some green energy projects in the works. Mining, ranching, and farming in today's economy have actually seen an upwards spike relative to the other areas of the economy. The prices of gold, precious metals, and even farming commodities are jumping up. The rest of Nye County has done relatively well. We had a lot of people in Pahrump who relied upon the

Las Vegas job market that were commuting back and forth over the hill. They have been inordinately impacted by the recession.

**Pam Webster:**

As Las Vegas property values were spiraling, Pahrump had a huge attraction to people who lived in Las Vegas. There was affordable housing and the benefit of the jobs that were offered in Las Vegas while only commuting approximately an hour. That commute is acceptable to some people. When Las Vegas hit their downward spiral, obviously Pahrump had the same effect: possibly in a more drastic manner because it is such a small community. Our last unemployment rate that I saw was 17 percent, which does not count all the people that work for themselves or are related to real estate.

Last year we did offer an early retirement program. It was a purchase of the Public Employees Retirement System (PERS) service credits. Roughly 40 to 45 people took advantage of that program and took early retirement. That resulted in a middle management position shift because most of the people that had longevity with the county and were able to take advantage of this program were in higher levels of management. We did that to avoid layoffs and as an attempt to get the portion of the workforce that were able to retire to take advantage of retirement income. We did not have to take the newly acquired portion of our resources. That would have hit much harder. We have done upgrades to our website to make more information available online. This will hopefully answer some of the public's questions through electronic means instead of having to go through actual resources.

We are really looking at resource sharing. If we have areas that have some downtime that are able to help out another area, then we are trying to do that. We are cross-training and trying to expand our resource supports as much as we can. Our general fiscal condition is a concern to all of us. We are all in the same boat. We are all in this together. We are looking at the potential of resource sharing even among government entities. We are trying to take and absorb as much as we can. That is going to have a huge impact. Some things can be worked through. We are looking at tax structure concerns with the tax caps on property taxes. Also, abatements on renewable energy projects are a concern. The whole tax implications of consolidation are a concern. Resource sharing with a distribution of services, not only among governments but between governments, is something we are looking towards. We are looking at consolidating as much as we can within our government as well.

Water management is always an issue. Water quality in the north has had a huge impact in Nye County and small communities that now have arsenic and

fluoride issues that require million dollar corrections to house and help communities of 300 and 400 people.

**Joni Eastley:**

Sometimes it is less than that. It could be communities of 40 and 50 people. These require multimillion dollar fixes.

**Pam Webster:**

It is devastating. I am going to talk about unfunded mandates.

**Chair Kirkpatrick:**

I have not let any other county talk about their bill draft requests specifically. It is fine that it is in the presentation, but I do not like to muddy the waters so we are not going to discuss that specifically. Are there any other questions?

**Assemblyman Goedhart:**

Would you go over what Nye County has done with some of the geothermal lease royalties and how you have parlayed that into an economic development arm to help facilitate some of the new green energy projects that are coming to Nye County?

**Joni Eastley:**

Assemblyman Goedhart has done wonderful work in this area. We have come to rely on him quite heavily, and he has really helped to support us in this regard. A few years ago when the BLM auctioned off some geothermal leases in Nye County, we gained approximately \$530,000 in revenues from the auction of those leases. My recommendation to my colleagues on the board of commissioners was to create, by resolution, a special renewable energy fund where those revenues would be deposited. This would enable us to draw from that and move our project forward in Nye County. I subsequently contacted Senator Reid's office and requested a matching \$50,000 appropriation to be deposited into that fund to help us with renewable energy programs and projects. Senator Reid was kind enough to shepherd that through the process. I like to think that our renewable energy program in Nye County is one of the more robust ones in the state of Nevada. It is due to some forward thinking by my colleagues. We appreciate their support. We also appreciate what Assemblyman Goedhart and Senator Reid have done for us.

**Pam Webster:**

Additionally, one of our severe challenges is transmission. We have great land and world-class sun, and we do not have the means of getting the electricity that can be generated out. This is because we do not have the population that warrants getting that kind of electricity. Transmission has been a huge



challenge because the emphasis within the state has been on the east side. We have used a significant amount of those resources to push for transmission solutions within the west side of the county.

**Assemblyman Ellison:**

Could you talk about PILT? We have the full authorization for five years. It looks like you are down to the last point.

**Chair Kirkpatrick:**

We are going to have a full discussion on that in the Committee on Taxation.

**Assemblyman Ellison:**

If we do not get the full funding, that will have a major impact on Nye County. Is that correct?

**Joni Eastley:**

Yes.

**Chair Kirkpatrick:**

We are going to have a full discussion on this. I barely learned the acronyms last session when we did four bills to try and help the rural areas. We are going to start the hearing on Assembly Bill 144.

**Assembly Bill 144:** Makes various changes relating to bidder preferences on state and local public works projects. (BDR 28-64)

**Assemblyman John Ocegüera, Clark County Assembly District No. 16:**

I am here to present A.B. 144 ([Exhibit D](#)). To begin with, we would like to go over where we stand and where we are in regard to this bill. As you know, we are at record unemployment—about 14.5 percent as of December. About 60 percent of that unemployment is construction jobs. About 91,700 construction jobs have been lost. We have the highest rate of foreclosure—about five times the national average. We are still seeing property values declining.

Nevada has bidder preference just as many other states. That allows contractors that have paid certain taxes in this state for the previous five years to have a preference. The Nevada Jobs First Bill expands that bidder preference for Nevada public works jobs and provides a strong means of enforcement. This bill expands the application of bidder preference so the law applies not only to state contractors but also to local government contracts as well. Nevada Jobs First requires no additional state funding but provides an advantage for Nevada businesses that are investing in Nevada.

**Assemblywoman Debbie Smith, Washoe County Assembly District No. 30:**

I would like to mention that Chair Kirkpatrick was the prime sponsor on this bill, and Speaker Ocegüera and I are presenting it so she can continue to chair the meeting. I want to make sure that she has all the credit due on this bill. I would like to walk you through the requirements for bidder preference on these public works contracts. In addition to existing law that requires that they pay taxes in the state for the previous 60 months, this bill requires that at least 50 percent of all workers employed on the public works job must be Nevada residents. That is demonstrated by holding a Nevada driver's license or identification card. All vehicles primarily used on the public works job must be registered in Nevada. At least 50 percent of the design professionals on the job must have a Nevada driver's license or identification card. This is important. We have heard a lot in the last couple of years about the architects and other design professionals involved in these jobs. They are the sort of frontline people who get involved from the very beginning. We know their industry has suffered greatly. This is also an effort to keep these people in Nevada so that, as our economy recovers and the public works and other commercial work start coming back, we have those great minds in our state to get these projects moving. Twenty-five percent of the materials used in public work must be purchased in Nevada. Certain payroll records must be maintained and available in Nevada. This is an attempt to have the companies hold a presence in Nevada. If they need to maintain their payroll records here, then they will have a presence here.

There are consequences for failure to comply with the provisions of this bill. If a contract is awarded with bidder preference, failure to comply constitutes a breach of contract and there is a penalty of ten percent liquidated damages which are related to the contract cost. That is in section 2 of the bill. Contractors who breach a contract of over \$5 million would lose certification for bidder preference for five years. Those are serious penalties that will really encourage these contractors to comply and produce the evidence that they are required to produce and document that they did comply with the law. In addition, a contractor-applicant, or design-team that breaches a contract over \$25 million would be subject to the penalty and loss of bidder preference and will not be able to bid on any public works contracts for one year. Contracts that fail to comply with the requirements are then considered void.

**Assemblyman Ocegüera:**

When out-of-state contractors employ out-of-state workers, it makes sense that the money they are spending is going out of state. It does not stay in this state, and it does not help our local economy. With more jobs going to Nevadans more money will stay in Nevada.

One example is in the purchasing division. We have 168 contracts let, and only 82 were to Nevada contractors or companies. In 2009, we heard a story about the architectural firm that lost a contract because of who had the lowest bid. It seems to me it should have been the Nevada company that got that job and not the out-of-state company. Similarly, in 2009 we heard testimony from Assemblywoman Ellen Spiegel that there was a contract where the Nevada company bid was \$130 higher, and the out-of-state company received that contract. With this bill, more money stays within the local economy. That is a good thing. For every dollar spent in Nevada, \$1.47 is generated back into our economy. When we purchase from local suppliers, we believe that it recirculates up to three times as much money in the local economy as a contract with a national firm.

The wage benefits, business taxes, and fees paid in Nevada return to Nevada. Local businesses contribute a greater share of revenue to local causes. These people are the ones invested in our community. They give to charitable organizations. If they are an out-of-state company they do not have the buy-in and they do not assist with our local causes. Money spent locally generates economic activity well beyond the value of that initial contract.

**Assemblywoman Smith:**

I know the members of this Committee are interested in what is going on in other states. We know that during this recession and the economic downturn we have seen a lot of focus on what we can do to help our own state recover. This is an effort to do that. We want to help our businesses and our state. These businesses have really been hanging in there during this recession. Especially in the construction industry they are trying to keep their workers employed, and it has made all states look at what can be done to enhance that effort.

We have looked at several other states. There are as many as ten states that we were easily able to identify that have recently adopted this type of preference program. There are varying ways that they have established their programs. Our legal staff has taken a look at all the legal issues around bidder preference and has helped us craft a measure similar to what the other states have done. It appears to be legally defensible and something that we are very comfortable with. Other states are certainly on board with this idea. We have heard a lot about the need to help local businesses grow and to have local businesses be able to come back to work here.

Recently, in the State of the State address, our Governor said roughly 80 percent of jobs will be created by local businesses. We need every one of them to put Nevadans back to work. Our economic development commission

stated that long-term economic development is most successful if it is based on the development of new enterprise within the state borders. Senator Settelmeyer said that we have to get more jobs, which is the key to everything. We certainly agree. This is one step in that direction. The Sparks Chamber of Commerce also said that by keeping money in our community we improve our quality of life, our schools, and build a better, stronger northern Nevada.

We often see the chambers of commerce with the "shop local, buy local" campaigns. This is the same concept if you extend that way of thinking to the construction industry. The many people that their industry uses to support those projects are really part of a "shop local, buy local" mentality. I would like to remind you of the very large community of construction workers that we currently have in Nevada who have had to go out-of-state to work in order to keep their families afloat. The idea is to bring those people back home and their companies back home. It enables them to reunite with their families and enjoy the Nevada life that they want to have. My son-in-law is a construction worker who has worked out-of-state for the past three years. He has worked in five different states. I have spent a lot of time talking to him about his experiences, and those people who are living that life right now live very meagerly in the states that they are living in and send almost all of their paycheck back home for their families. That is what is happening when we have out-of-state workers come and work in Nevada. That money is going back to some other community to be spent. Our goal is to get these workers back home and to help their employers and former employers flourish and let these communities start to grow again with this provision.

**Assemblyman Ocegüera:**

In summation, this is the first in a series of bills that you will see in this Committee and others that concentrate on jobs and the economy. This is something on which we can all agree. It is not a partisan issue. It is not Democrat or Republican. It is us standing with the Governor. It is Democrats standing with Republicans. It is about jobs. This is what we are here to do this session, and this is the first step in that process of many bills that will help Nevada to get back on its feet again. This bill strengthens Nevada's local economy. It supports Nevada businesses, diversifies Nevada's economy, hopefully decreases unemployment, and supports our economic development.

**Assemblyman Ellison:**

I completely agree. We have to get the people back to work. I do not believe it is a partisan issue either. The reason I think that is because Nevada comes first and it is what we have to look toward. What we looked at in northern Nevada is for every job we keep and every dollar that is spent in the state of Nevada

goes around seven times in our local economy. It is so important to keep that money in our local economy, whether it is Las Vegas, Reno, Elko, or other places in Nevada. The Elko Chamber of Commerce and the Nevada Economic Development Authority have looked at this issue. They have said that it is imperative to do what is necessary to keep jobs in Nevada. It is not saying that people cannot give a bid and receive the job. It is simply stating that we are looking at the local people first.

**Assemblywoman Woodbury:**

Many states use the inverse reciprocity system, and since Nevada has several border counties, do you see Nevada negatively affected down the road if they implement the same processes set forward in this?

**Assemblywoman Smith:**

We have looked at that over the last couple of days. We can look at similar provisions, but the whole goal is to keep our local contractors working and employing local workers. While you can do a reverse reciprocity agreement and offer a similar type of provision, our goal is to help our local contractors get back to work. I think that is the worthy goal, and that is where we should stay focused.

**Assemblyman Ocegueda:**

I was at the National Speaker's Conference in January. Every speaker in the country that was there discussed what they could do in their economy to bring jobs to their state. We are in a race with all these states. They are all trying to do the same thing that we are trying to do. We have to do everything that we can to be in the lead on that race.

**Assemblywoman Woodbury:**

Does this have a sunset clause for when the economy gets back on its feet, or do you see it as something that is good for Nevada in perpetuity?

**Assemblywoman Smith:**

This does not have a sunset clause. One of the things that I have observed is that the boom economy that we have experienced over the last 20 years has taught us a lot of lessons. Continuing to focus on what we do in Nevada to strengthen our state and grow our state will continue to remain important. All the national economists that we listen to tell us that this is going to be a long, slow climb back up in our economy. I think this provision will help us with that. We are not looking at putting a sunset clause in but are looking at how we can better build our Nevada economy.

**Assemblyman Goedhart:**

I am not questioning the constitutionality of this bill, but I am speaking as someone who works for a business that exports 100 percent of its goods into California and brings new money back into the state. We were involved in a protectionist measure by the State of California which took us eight years to resolve through a majority of the United States Supreme Court. Even though it may be constitutional, what impact will it have in the California political environment when we try to export renewable green energy, which is a possible leg of our future economic development?

**Assemblywoman Smith:**

Part of this is a philosophical discussion. Looking at the fact that other states are already implementing the same provisions, I still believe that the right thing for us to do is to protect our Nevada businesses. California is implementing the same regulations. Local governments are doing the same as well. There is a balance. In the end, it does balance itself out. I do think it is a philosophical discussion about how much you do to protect your state. I think that this bill is balanced, and with the help of our legal staff, we have that good balance. If you look at some states the provisions are much more stringent. We tried to develop something that would not send a negative message anywhere else but would still give us that balance and give our local businesses this leg up.

**Chair Kirkpatrick:**

I worked on Assembly Bill No. 147 of the 75th Session, and I tried to move heaven and earth to come up with a consensus that appeased everyone. I listened to everyone on all of these demands. Here we are two years later. We listened to hundreds of people on what they thought the bill should be. We have watched other states move quickly to get this done. We have to turn our state around now. Purchasing has changed across the nation because local governments in particular are concerned about how to keep their people working. Does this apply necessarily to renewable energy jobs? I do not know specifically when it comes to exporting energy because that is a private industry. This is for public works jobs. If we want to do nothing as a state, then we should just say that. I personally do not. I represent construction workers that have been out of work for two years. I have had them at my home crying because they do not know how to feed their families. It is an emotional issue for me because I do represent those people. If we cannot put the tools that we need in place to try to put them back to work, then I should not have been sent here.

I drive my streets every day. People are worried about how they are going to water their plants. Yards have been let go. A friend of mine came to my house recently. She went through the welfare program to become a carpenter.

She did great for five years. Now she has not worked in two years. She is now getting food stamps for the first time in her life. She has one whole side of her house where the electricity does not work. She has to use her neighbor's electricity because she cannot afford to get it fixed. Her unemployment insurance has run out. She just wants to go back to work. Those are common themes that I hear in my district every single day. Personally, whether it is a philosophical issue or not, we need to do something to put Nevadans back to work. This is very personal to me because I have watched friends and neighbors lose their homes and cars. Some of them have had to give their children to their parents because they are unable to support their family.

**Assemblywoman Pierce:**

I work at a community service agency for my regular job. I talk to out-of-work construction workers every day. To say that they are having a hard time is a terrible understatement. They have run through their savings and every dime they have. They just want to go back to work. These are people who have been a big part of our community in Las Vegas. Now they have to use the food banks in the community and do everything they can to keep a roof over the heads of their families and food on the table. This is a great bill, and, given the fact that the legislative session only occurs every other year, we need to get behind this. We cannot sit on this, especially when other states are making the same kind of provisions. We need to be stepping up and doing everything we can to put this very vital part of our economy back to work in order to heal this state from this terrible recession.

**Assemblywoman Smith:**

I would like to clarify that this bill is effective upon passage and approval. We have made this bill a priority, and we are making it a priority with the effective date so that anything that is in the works right now, in the bid process, can be included.

**Assemblyman Livermore:**

I concur with everything said here today. Jobs are the most important and critical issue for our state and our local communities. I want to make sure that as we go forth with this that there is not an issue of employers that hire union or nonunion. We need to ensure that these public works projects are available to both of these groups because Nevada is a right-to-work state, and I would like to protect that and make sure that everyone has an opportunity under this law.

**Chair Kirkpatrick:**

It is anyone who has a Nevada driver's license. Anyone who is contributing to our State is eligible under this bill.

**Assemblyman Ellison:**

The Governor gave us directions on what we need to do to balance this budget. This bill would help not only the construction workers but others as well. It has a far reaching effect; schools, small shops, gas stations, hotel workers are all affected by this. This is not just a construction bill. This is going to affect the whole economy all the way down. I think it is important to look at it that way.

**Chair Kirkpatrick:**

If you are in support please come up during the support section, and if you are in opposition please come up at that time for testimony. I want to make clear that neutral is the place for people testifying who are asking for clarifications.

**Assemblyman Munford:**

I profoundly support this bill. In my district, unemployment has always been a problem. I hope that in some way this can have some impact on my district and help to create some jobs. I have so many stories I could tell about conditions and situations in my district. People are always asking for help and assistance so I hope this bill goes through.

**Jeff Belmont, Member, Laborers' International Union of North America  
Local 872:**

We support the bill. We need to get back to work. When construction goes, the economy goes. Everything that you are saying is positive. Hopefully, we can get this moving as fast as possible so that Nevadans can go back to work.

**Debra Orozco, member Laborers' International Union of North America  
Local 872:**

I am a laborer in the construction industry. I was born and raised in Nevada. I love Nevada. I raised eight children here. I am the grandmother of 22 children. I am 55 years old and I find myself out of work. Not only am I out of work, but many of my brothers and sisters that are in the local chapter are as well. I support this bill. This state needs it badly. I sympathize with all the people that are going through the things that I am going through myself. I have worked here since I was 14 years old. I have been out of work almost a year. I am on the verge of being out in the street without a home. It is very important that we bring the jobs back to all the counties in Nevada. The unemployment numbers say 14 percent but it is more like 22 percent. Half of the people that are out of work are not on unemployment. Those that are on unemployment do not qualify for any of the state benefits because we make too much money on unemployment, according to the state. We have gone through our savings. If we do not bring the jobs back to Nevada or employ Nevada contractors, we are



giving this money away. I have worked arm-in-arm with people from out of state. Granted, when the boom was on we did not have enough workers in Las Vegas. That is not the case now. We now have to make the measures that they are making in other states. We have to make the law to employ Nevadans, we put the money back into our economy, and we take the money in order to live comfortably again. We can be self-respecting citizens. We want to make a contribution to society. I ask you to think this through thoroughly and vote yes on A.B. 144.

**Richard DiFilippo, Member, Laborers' International Union of North America Local 872:**

I fully support this bill. When our country has a strong middle class, our country is also strong and prosperous.

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

We are in full support of this bill. We are in favor of anything that we can do to help jobs have a higher component of employees and put people back to work.

**John J. Slaughter, Management Services Director, Washoe County:**

The Washoe County Commission has placed a high priority on job creation and retention. We fully support A.B. 144.

**John H. Seymour, Business Director, International Brotherhood of Electrical Workers Local No. 401, Reno, Nevada:**

We are in favor of A.B. 144. Forty percent of union electricians statewide are out of work. We are seeing that not only are they out of work, but they are also losing their benefits, their families are falling apart, and there really is no place else in the country for them to go to work. We are hearing from our membership that they need something to believe in. We firmly believe this bill does just that.

**Robert A. Cashell, Sr., Mayor, City of Reno:**

[Elaborated on ([Exhibit E](#)).] The Nevada Jobs First Bill is something that we really need to do. As a local government official, I am tired of seeing trucks from Arizona, Utah, and California taking the jobs from our local people. We need to have those jobs. Giving priority bidding to Nevada businesses that employ workers on state and local projects is the right thing to do. Nevada Jobs First is something we can do right away. The effort will be critically important in addressing both the record unemployment and the incredible damage done to the construction sector by the economic conditions. At least 50 percent of all workers employed should be Nevada residents. I think that should be a little higher, personally. All vehicles used on the project should be registered in Nevada. At the last small hotel I saw built in Reno, 90 percent of

the license plates I saw around the project where out-of-state license plates. We need to have a way to follow up and make sure that does not happen. I agree that the professional design teams should be Nevada residents. Twenty-five percent of materials used for the public work should be purchased in state. If "purchased" means that the materials are purchased at a point-of-sale in Nevada, then sales tax would be paid to Nevada. Then the contractor can show proof of taxes paid, and it would satisfy the request. If this is the definition, then I do not know why it could not be a higher percentage of sales tax.

If I were a contractor that had a highway paving project I might purchase asphalt from California refineries, but I would still pay taxes at the point-of-sale, which is the project location. As proof of meeting this provision, would I, as a contractor, have to show receipts of the materials purchased from a Nevada business? Also, not many materials are made in Nevada. Brokers would be set up to run business and that would not help us at all. We need to make sure it says that it has to be purchased in Nevada. I think we should raise the 25 percent of materials number also. I think this is a great bill, and it is good that the records will be kept in Nevada. We have had several projects in the last few years that we have had to chase all the way to other states to get the records on payroll. That runs up our expenses. Having to keep their records here is very important.

**Brenda Erdoes, Committee Counsel:**

That is exactly the way that the provision is worded. It says that the 25 percent of the materials used for the public work will be purchased in this state. The proof there is anticipated to be sales receipts from Nevada businesses.

**Robert Cashell:**

I hope you raise it to 50 percent.

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

We support this bill and the efforts behind it. One of our main concerns was what other states immediately surrounding Nevada do. We did not want to put any of our members at a disadvantage to those states that currently have a little more to spend on public works and have the opportunity to work in those states and cannot work here right now. All the testimony seems to point to the fact that other states are doing exactly the same thing. This bill in and of itself will not create jobs. A strong private sector moving forward will create the jobs and the money necessary to build more public works in order for this to come fully into effect.

**Chair Kirkpatrick:**

That is one of the reasons why it does not have a sunset clause on it. We all recognize that it is one of the tools. I believe it is an important tool to start with.

**John Madole, Executive Director, Nevada Chapter of the Associated General Contractors of America, Inc.:**

We support this bill. I hear a lot of stories similar to the ones we heard earlier. We need to get these people back to work. Speaker Ocegüera said that the next step in your journey is to do something that will create some public works. There is not a lot of work out there currently to put people back to work. We applaud your efforts and support everything that you are doing here.

**Steve Holloway, Executive Vice President, Las Vegas Chapter of the Associated General Contractors of America, Inc.:**

We believe this is a great first step in getting our people back to work. You have heard the numbers. I will give you one more number. At one time construction workers constituted 12.7 percent of the total employment in the state. We are down to less than 5 percent of the total employment in the state. Last year we spent \$750 million on unemployment benefits alone. Over half of those people drawing benefits were attributed to layoffs in the construction industry. This bill will be a great first step. We are looking forward to other measures that will provide the jobs so we can apply the bidder preference.

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

We are in support of A.B. 144. The Clark County Commission, on October 5, 2011, passed a resolution by unanimous vote supporting local businesses, using local workers as a preference for entering into local contracts. It is clear that we are in support of that. We would like an opportunity to review the language, but it is evidenced by the commission's resolution that we support the bill and it moving forward.

**Paul McKenzie, Executive Secretary, Building & Construction Trades Council of Northern Nevada, AFL-CIO:**

I was asked by my organization to come here today to show our support for this bill and offer any assistance we can in moving this legislation forward. We would be more than happy to assist you in your efforts in any way. We would like to thank Chair Kirkpatrick for bringing this legislation forward and all those who signed on to it.

**Jack Mallory, Director of Government Affairs, International Union of Painters and Allied Trades District Council 15:**

People have referred to our economic condition here in the state as the "Great Recession." For those of us who are in the construction industry, this is truly a depression. There is very little, if any, immediate recovery in sight. Those who are unemployed are looking at public works as their best and, potentially only, opportunity for employment until work in the private sector recovers. These workers will benefit from this bill. There are a couple of areas of concern to us that are contained in the bill. I understand that there are interstate commerce implications that have to be recognized. They have been appropriately addressed within the bill, particularly as it relates to hiring percentages. We are concerned with what some of us consider mild penalties for breaching the provisions of the bill. There are numbers of jobs that are less than \$5 million and even more jobs that are less than \$25 million. If contractors abuse the preference provisions, the penalties should be stronger.

I realize that there are potential concerns with individuals having the ability to submit a complaint of a breach. These complaints require proof as well as an investigation by the awarding body or the labor commissioner's office. It also appears that in existing statute and regulations there are provisions that provide for due process. With all of these things being said, I believe it is of utmost importance that this bill move quickly, that it be enacted quickly, and that it be made the law of the land quickly. We are in full support of the bill for those reasons.

**Chair Kirkpatrick:**

We are going to categorize your testimony under neutral because you had some clarifications and concerns.

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

We have our purchasing manager in Las Vegas in case you have any technical questions, but she will not need to testify here today. We are in support of this bill. Our city council is going to pass a resolution indicating our support of the Building Jobs Coalition of Nevada's efforts and the report that they put out. We look forward to working with our friends in the contracting community to create the forms and other things that are going to be required to implement this bill. It has a very short timeline, and we are going to have to work closely together with the contracting community. We can perhaps do that with the Nevada Public Purchasing Study Commission, so that the forms that we see throughout the state are consistent, and it is easy for the contractors to meet these requirements.

**Assemblywoman Neal:**

Could you get into more detail on how you are going to bring these steps out to make sure this program works at the city level?

**Ted Olivas:**

We have to add a number of contract provisions as well as a number of contract forms that the contractors will be required to submit. We have to add the five new requirements to the bid documents. We have to add the bid submittal requirements. We will also likely have to modify the bid protest clause to include these new provisions. Our acceptance of bid clause will have to be modified. There is also a provision on liquidated damage which will have to be modified as well. There are also forms that the contractors are going to have to submit. We are going to have to create an affidavit for the new bidder's preference requirements. We are hopefully going to create a standard certified payroll form that includes the additional information on the driver's licensing and car registration. We are going to have to create a standard form of some sort to gather the information on the design professionals which is separate and new. Also, we need some sort of form to determine the location of material purchases. We are going to have to figure out if this is on a monthly, quarterly, or as-needed basis. There are a number of things that we are going to have to do. We would like this to be standardized so that the contracting community knows that when they see a bid from the City of Las Vegas that those submittal requirements are the same as what they see in Henderson, Sparks, Reno, and elsewhere.

**Danny L. Thompson, representing the Nevada State American Federation of Labor-Congress of Industrial Organizations (AFL-CIO):**

We wholeheartedly support this bill. We were one of the original supporters. In fact, I worked on the original bidder's preference. If anything, this bill should be expanded to anyone who receives a tax abatement from the state. Something happened with one of the first solar projects that was built in El Dorado Valley. This out-of-country company came with an out-of-state contractor, with workers from out of state completely. The state gave them \$15 million in tax abatements on that project. They went to the Public Utilities Commission of Nevada (PUCN) which gave them triple the output on that plant and they did not hire a single Nevada worker. I know that because I had a photographer take pictures of the license plates every day and 88 percent of those people had license plates from other states. When I went to the PUCN and questioned them about it, they held a hearing. To add insult to injury, the company sent an attorney who told me that we did not have the skill to build. These were little stands that hold devices up that are part of the process in the solar plan. They are made out of inch-and-a-half angle iron. He told me they had to be built in Phoenix and shipped here. I came to the Legislature the next year and got a bill

to address that issue. Ultimately it did not pass but I can tell you that is what happens when no one pays attention. We are all paying for that plant now. We have lost our property taxes that are going to this company who is not even in America. It is not even an American company, much less a state of Nevada company. Nothing was done about that. I wholeheartedly support this bill and, if anything, you should extend this bill to anyone who gets a tax abatement. They should have to abide by what they tell you. If they are going to hire Nevada workers, then this provision should extend to them.

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

We have about 1,650 journey level workers, apprentices, and classified workers as members of the organization that I represent. No less than 60 percent of those people are unemployed at this time. They are having a difficult time. Thank you for bringing this bill forward and moving it quickly. We like the fact that it takes effect upon passage because today is the day that more of our members are losing their homes. Today is the day that more of our members cannot feed their families. Today is the day that we are hoping that we can help restore the dignity of those families and keep those families together in Nevada.

**Tom Clark, representing CleanPath Renewables Development:**

CleanPath recently received an award from the City of Reno to do eight solar projects for the City of Reno and committed to 100 percent local workers for the job. That is dozens of people in construction. They will be working over the next six months with those projects. We fully support this bill.

**Patrick T. Sanderson, representing Laborers' International Union Local 872:**

I was born and raised in Hawthorne, Nevada. I am a northern Nevada resident. I worked 45 years in construction. I come from a different direction. I know that when local contractors get these jobs that Nevada residents work. That is just the way it is. Their base is here in northern Nevada, and without the contractors here getting the jobs, the workers in the state lose out. I am 100 percent behind this bill. In 1975 I moved to Alaska and they had a mandatory provision that you had to be an Alaska resident in order to work on the pipeline. It came about two years after the pipeline started. The local residents were getting cut out, and the contractors were bringing their friends from other states to work on the pipeline. At that time, there was a headline in the newspaper that showed how many thousands of people applied for an Alaska driver's license because they did not have to have one before. All of those people also had to have their cars registered. This was just the working people that were trying to find a job. When this happens and someone wants to work, it will be a boon for everyone.

In Reno, you see businesses shutting down. When the construction workers go back to work, we buy the things that are in these shops and everything works well again. I hope you get this bill passed right away. We have the Spring Valley Wind Project that is going to get started in Ely. They have a national agreement, but they have a union and nonunion side. When they bring in the nonunion side, they bring in 90 percent out-of-state workers. When they hire the union side they bring in 95 percent Nevada workers. If Nevada gives incentives for these companies, we need to give Nevada people work.

**Chair Kirkpatrick:**

This bill applies to all Nevada residents to be on the job site whether you are union or not union. I am not picking on one side or the other. Mr. Clark, I applaud your company for investing in Nevada 100 percent.

**Peter Krueger, representing Mechanical Contractors Association Inc.; National Association of Electrical Contractors Nevada Chapters; Plumbing, Heating, Cooling Contractors of Southern Nevada; Sheet Metal and Air Conditioning National Association Southern Nevada Chapter:**

All the associations that I represent are strongly, solely, and singly behind this issue. We will work with the entire group to get this bill passed.

**Randy J. Brown, representing AT&T Nevada:**

AT&T employs about 1,700 people in the state of Nevada, and we register more than 400 vehicles here. The potential issues that we saw surrounding this piece of legislation that we wanted to clarify are threefold. The first is that we employ many Nevada-based engineers and those people have regional responsibilities. It is also a very specialized industry. Engineers that are located and housed in Nevada may design jobs for Nevada or neighboring states in which we operate and the same is true in reverse. Also, the material that we use in our work is a very specialized type of material, whether it is placing fiber-optic cable or copper wires in a facility. That material may not be manufactured or sold in the state of Nevada, and we may have to purchase that material someplace else. If you are using the 25 percent threshold and our only contribution to the project is a placement of a material that is not available for purchase or sale in Nevada that is a problem for an industry such as ours. Lastly, as a company with over 280,000 employees, you might imagine that we have a centralized payroll department and that payroll department is not located in the state of Nevada. We have access to records and we can produce records, but the actual processing of payroll is maintained in St. Louis, Missouri.

**Chair Kirkpatrick:**

We can get that clarification on the information for you. The legislative intent for the payroll records is so that there is not money spent by the state trying to

obtain those payroll records. As far as the 25 percent threshold, other states have implemented that provision as well. You can use that for basic supplies. For instance, if you use shovels to lay the fiber-optic cables that would count. We would just like to clarify it before we take this up in a work session so when the local or state governments implement this policy we do not do more harm than necessary.

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

I would like to put, on the record, some questions that our members had. We asked for input from our membership. Our members have no concern about the requirement to use local workers, as all of their employees are local. We share the concerns of our friends in labor with regard to that issue. I would like to reemphasize what Assemblywoman Smith discussed. It takes the necessity to do something from a good idea to an essential idea. That is what other states are doing with regard to this kind of activity. It is an unfortunate reality of the economy that many of our workers have to go out of state to work. As other states begin to implement their legislative measures akin to this bill, our workers will be at a disadvantage regionally. That makes this bill something that is essential for the Legislature to address.

The universal comment from our members when we asked for feedback on this legislation was to thank the Legislature. On behalf of our members, thank you for addressing this issue and for making the plight of our industry such a high priority this session. Thank you for treating Nevada workers as Nevada workers without regard to affiliation because that is the priority of the Legislature and we appreciate that a great deal.

There were a couple of concerns that our members had. I received a couple of comments regarding the requirement for a Nevada driver's license or a Nevada identification card. Our question is: Is that strong enough to ensure local residency?

The second concern was that we thought that the penalties for those who violate this legislation were a little weak. I had one member point out to me that if the penalties are too tough that it might have a chilling effect on contractors applying for the bidder's preference. For example, if a ten percent penalty is placed on a contractor for something that they have very little control over, will that be a deterrent on your desire to even seek the five percent bidder preference? The way the bill is drafted, if we do not have people seeking the preference, then we do not have all of the advantages that come along with the bill. A solution to this problem that we received was that it might be better to



extend the bidder preference to subcontractors and hold them responsible for the same criteria. That was one suggestion.

The other concern, which was already addressed, was the clause about materials purchased in Nevada, as opposed to manufactured in Nevada. We certainly need to generate that sales tax and, over time, we want to see all of these products manufactured in Nevada. We are working towards that goal.

**Brenda Erdoes:**

The reason that we selected driver's licenses or identification cards was because proof of residency is needed to obtain that documentation. That proof is usually obtained by the Department of Motor Vehicles (DMV) by an electric bill or some other documentation. Once you get your driver's license you have specific requirements, such as having your car registered, that are triggered by the driver's license. In regard to the subcontractors, the general contractor would have the opportunity to include in their contract something that would remedy the problem of subcontractors not upholding the law. Your last question has already been answered; it is just purchased in Nevada and not manufactured here.

**Warren Hardy II:**

We stand ready to assist in any way we can as you seek additional clarification on this.

**Assemblyman Stewart:**

What would your recommendation be if you have concerns about the driver's license? What kind of proof of residency would you like to see?

**Warren Hardy II:**

I would like to see having the record clear in terms of the requirements for both the driver's license and the identification card. I think we understood that a driver's license required residency. We were less clear on the identification card. That clarification from Brenda Erdoes helps a great deal.

**Assemblywoman Pierce:**

In my recollection, on A.B. No. 147 of the 75th Session there was opposition to including subcontractors.

**Chair Kirkpatrick:**

Is there anyone else who would like to testify on this bill? Is there anyone in opposition of this bill? [There was none.] We will now close the hearing on A.B. 144. We would now like to invite up the City of Elko.

**Curtis Calder, City Manager, City of Elko:**

The City of Elko is the largest of four incorporated cities in Elko County. We serve a population of just under 19,000 people. We are somewhat unique. Some consider us the smallest full-service city in the state, while others consider us the largest of the rural communities. In fact, we are a little of both. We are located in the northeastern part of the state. We are geographically isolated. We are a four-hour drive from Reno and seven-hour drive from Las Vegas. Being geographically isolated requires self-sufficiency. Our city provides typical municipal services such as public safety, public works, community development, and parks and recreation. We also provide water and sewer utilities, a regional landfill, and a regional commercial airport. Through mutual aid and interlocal agreements, we also stand ready to assist our neighbors throughout the region.

The City of Elko has not experienced the severity of cuts that our fellow cities in Nevada have endured over the last several years. Due to Elko's cyclical boom-and-bust economy, our community has traditionally resisted the pressure to expand services during the good years in order to position ourselves for the inevitable downturns experienced by mining communities. However, despite historically high gold prices and a conservative management philosophy, even Elko could not escape the recession that has gripped our state. Like most cities, the City of Elko is dependent on consolidated sales tax. In fact, consolidated sales tax counts for 61 percent of our general fund revenue. That is demonstrated on page 9 of our handout ([Exhibit F](#)).

Despite record high gold prices, page 10 of our presentation displays the economic reality of a 20 percent drop in consolidated tax revenue since 2007. While we have been fortunate enough to avoid layoffs, we have depleted our financial reserves, adjusted our fees for services, and aggressively controlled labor costs through hiring freezes, reorganizations, reductions in pay, and union concessions. We are proud of the collective efforts of our employees as well as the citizens we serve in streamlining service levels while maintaining a balanced budget. Unlike many cities throughout the state, the City of Elko's population has continued a pattern of steady growth through the recession. This requires the city's continued investment in public safety and infrastructure, which is shown on page 11. In fact, 74 percent of our general fund expenditures are dedicated to police, fire, and public works. With an increased demand in services, decreases in key revenue streams such as consolidated tax have an enormous fiscal impact.

Despite our fiscal challenges, the City of Elko has always reached well beyond our corporate boundaries to assist our neighboring jurisdictions at the local, state, or federal level. For example, the City of Elko partnered with the State of

Nevada in the construction of South Fork Dam. We worked with the Bureau of Land Management (BLM) in the construction of the National Historic California Trails Interpretive Center. We worked with Elko County for the construction of the Elko County Senior Citizens Center. Also, we worked with the BLM and the State of Nevada in the construction of the interagency dispatch center. The City of Elko values these creative partnerships that reduce the duplication of services, create synergy, and benefit the tax payer.

The City of Elko's primary challenge is that of economic diversification. While mining provides a stable economy for our community today, Nevada history has taught us that the dependence on this industry alone is a risky gamble. Diversifying our economy is critical to the long-term sustainability of Elko and the surrounding communities. We are grateful for the state's economic development efforts in this area to date, and we look forward to future partnerships that result in a diversified and healthy economic base.

**Assemblywoman Flores:**

What is the primary industry in your city and surrounding county? Is it just mining?

**Curtis Calder:**

Mining and the support industry are the primary industries in the city. There is also a large agricultural sector of ranching that surrounds the City of Elko.

**Assemblyman Livermore:**

Is it the City of Elko or the County of Elko that gets the payment in lieu of taxes (PILT) funds?

**Curtis Calder:**

That would be Elko County that receives those funds.

**Assemblyman Ellison:**

The mining industry in the area is good for sales tax and ad valorem tax, but the net proceeds usually go outside of the area. However, we still have a large infrastructure, like water and sewer, and it is difficult to pay all of those expenses. Could you maybe give a quick overview of this?

**Michael J. Franzoia, Mayor, City of Elko:**

Rural Nevada is quite unique. Elko is the center of the population base in northeastern Nevada by size and services. Obviously the commercial airport is evidence of that population base. Most mining activities are based out of Elko. They have some regional services that are located there. Warehousing goes to different points but is in the community. Elko has always had impacts on

mining in Nevada. We provide services, yet the assets that people have are located either in the county or in adjoining counties. The majority of activity by services we provide are in the City of Elko. Therefore we do not get any benefits from activities of mining as far as taxes are concerned. I will not complain. We get the benefit of the payroll that is provided to the community. That is another support that mining gives to the City of Elko and Elko County. We are unique and we know how to make it work.

**Chair Kirkpatrick:**

You claim that it has been status quo as far as sales tax. However, how did consolidated sales tax drop? I know it is divided across the state. It seems as if you might have been able to even out the tax a bit.

**Curtis Calder:**

There are misperceptions that along with high gold prices that the economy would be doing well in areas like Elko. The gold mining industry is tied to a worldwide market. Gold prices going up high is great for the industry. However, the nation as a whole is in a recession, as well as Nevada. There is definitely an issue in financing projects which create capital and generate sales tax. There is also a general fear in investing in large capital projects due to permit issues at the federal levels. Now that we have seen some of these projects get the necessary permits that they have needed in adjoining counties, they are starting to invest those capital dollars. As that happens, it has a trickle-down effect back to our county.

**Michael Franzoia:**

History will show that Elko County has always shown a fairly strong sales tax report; however, it does not mean that the same dollars are coming back into our general fund. In any given month you could see 10 or 15 percent growth, but the actual money coming in is negative compared to the year before or even the prior month. A lot of goods are purchased out of state and those revenues are spread out throughout the state of Nevada based on the formula in that case. Even though we see some economic activity that is fairly strong, we do not necessarily see the revenues that coincide with that.

**Assemblyman Stewart:**

For many years you were represented by Assemblyman John Carpenter. Mr. Ellison has replaced him and the jury is still out on him but so far he seems to be doing a credible job. Unemployment is around eight percent. Is that correct?

**Michael Franzoia:**

I believe it is about 8.6 percent unemployment.

**Assemblyman Stewart:**

Have your property values stayed relatively stable?

**Michael Franzoia:**

We are seeing a slight decline. That is historical. Usually property taxes are about two years behind when it comes to adjusting to the current economy, so we will see a downward trend this year. We do not know how much it will pick up. We have been pretty stable. Mining is not hiring more people because gold prices are high. They are using the opportunity to expand their longevity and try to spread their production over a longer period. They are trying to maximize a stability of prices and exploit the market by increasing production in Nevada. This could potentially drive gold prices down and hurt us.

**Chair Kirkpatrick:**

Last session you spoke about affordable housing issues that you were facing. I found it interesting that Elko would have affordable housing issues. Can you touch on that issue?

**Michael Franzoia:**

There was some opposition in the community, but we have approved the building of three apartment complexes. Obviously rules have changed related to how people can acquire a home. The next best thing is apartments. Elko has always had affordable housing. The smart people are not upscaling or changing where they live because there is a cost of moving up. They are enhancing the community. That is across the board in Elko.

**Assemblyman Ellison:**

Do you support A.B. 144? Can you give us a quick overview on your take on this bill?

**Chris J. Johnson, Elko County Commissioner:**

I got a chance to look at the bill recently. I think it is a bill that is in the right direction. Any type of program like that certainly helps Nevada contractors. I heard some testimony that I agree with especially since I am a subcontractor. If you could expand the language to pertain to subcontractors that would be good. Move forward with it and put it into place. We need to do all we can to put people to work.

As far as the City of Elko is concerned, we are fortunate to have some ending fund balances from previous years in order for the city to balance the budget. That is what we used to balance it. If you look at the situation that Reno is going through, Elko is somewhat behind that, but those are the decisions that the city council is going to have to make. In the last year it was difficult to get

a balanced budget. Elko will be making decisions similar to Reno in terms of balancing the budget. Elko will be taking on the Idaho Street project. It will be the first reconstruction that the city has seen in 30 years. In order to complete that project, the City of Elko decided to borrow money. Elko is going into debt a little to take care of the needed infrastructure. The economy is a little better in Elko but certainly not anything really different in terms of what we are seeing in the western part of the state.

**Chair Kirkpatrick:**

Are there any other questions? We will invite Elko County to the witness table.

**Demar Dahl, Elko County Commissioner:**

Elko County is one of the beautiful spots to visit in Nevada. If you spend much time in Elko County it is hard to be truly happy any other place in the world. We will be referring to our handout ([Exhibit G](#)). Elko County has a landmass of 17,182 square miles and a population of 51,325 people. The major industries in Elko County are mining, ranching, and recreation. The University of Nevada was first established in Elko in 1874 and then moved to Reno in 1886. Page 3 of the handout shows the county responsibilities.

The Northeastern Nevada Regional Railport, which was constructed over the last three years, is a 60-acre multimodal transloading facility and a 440-acre industrial park. It is where we can bring what needs to be brought in on the rail, which is a big advantage to our mining industry. We recently began the pipeline that will cross northern Nevada. It is a 48-inch natural gas pipeline from Wyoming to Oregon. That pipe has been brought in through this facility. It was a fortunate thing to have in place for that pipeline. That pipeline has been a considerable boon to the county. It is short-lived however.

Pages 6 and 7 show our departments and funding sources respectively. Our funding sources show where our money comes from: taxes, licenses and permits, consolidated taxes, et cetera. Our current operating rate for ad valorem tax is 0.8636. We have a tax cap of \$3.54.

Our challenges are just like everyone else's challenges in Nevada. The Governor's proposed budget and how it will impact Elko County is listed on page 10. The estimated impact for fiscal year (FY) 2011-12 is 8 percent, or \$1.6 million. The estimated impact for FY 2012-13 is 13 percent, or \$2.6 million. If you are from Las Vegas it does not sound like a very big number, but in Elko County that is a significant number. Those functions that have been primarily funded by the state such as health and social services will be transferred to Elko County. That is something that is significant for us. It will be a considerable part of the new expenditures that we will have.

The transfer of all risk fire services to Elko County is something new to us. We have had the Nevada Division of Forestry (NDF) primarily take care of our firefighting responsibilities in Elko County in both all risk and wildfire. It looks now that the all risk fire protection, which is structural fires, is going to be given to the county. We are still going to have assistance on the range and wildfires.

One thing that is of great concern to us is the closure of the Wells Honor Camp. It is fairly important to the economy of the City of Wells. There are some pretty important benefits that come to the county from this honor camp as far as the prisoners in the honor camp. For those of you that are not aware of what an honor camp is, I will explain. When a prisoner that has a nonviolent record has come close to finishing their sentence, they are sent to honor camps throughout the state. The honor camp is administered by the NDF. They do contracts with the surrounding cities or counties to perform functions like cleaning alongside the highways, cleaning fairgrounds, building fences, fixing water structures, et cetera. I really believe in this program. This particular honor camp in Wells was going to be built in the middle of my neighbor's ranch in the 1980s. He opposed this honor camp. He asked me to testify against this camp being put into place. I did not. About two years later I bought that ranch and of course the honor camp was in place. I became very interested in the effect that it has on our prison system and on our prisoners—specifically on the rehabilitation of our prisoners. There is a crew that goes out in the morning to work and stays out all day. These prisoners get used to getting up in the morning and going to work. It is a lot easier to assimilate these prisoners back into society if they are used to doing work. We believe that if we can keep the honor camp open that it would be a good thing.

About 87 percent of the county is federally owned. There are some issues important to us because we have so much federal land. One of those is travel management with the Forest Service. They are closing a lot of our roads in our forests. Much of our economy is dependent upon people using those roads to hunt and recreate in Elko County. There are some grazing issues that we are challenged on by an organization called the Western Watersheds Project out of Idaho. It is a continual challenge to try to keep our ranches healthy. Elko County supports multiple uses of the public lands. It is important for Elko County to have people come and visit. It is important to use the public lands for ranching and mining. We need to keep the roads open for prospectors because that is how mines are found. One of the biggest finds that we have had recently is on the Pequop Mountains. There was a company that came in and developed it and sold it for \$2.3 billion. It is going to be a big boost to the county's economy.

Mining and ranching are very important, mining in particular for Elko County. Both of those industries are cyclical. Right now the cattle prices are good, ranching is good, gold prices and mining are good. I have been a rancher for a long time and you can go from very high to very low quickly. We are a conservative county. We are trying to stay conservative. We are being very careful with the way we spend our money.

**Chair Kirkpatrick:**

Last session we did a lot for the rural counties when it came to implementing different procedures to help the counties economically. For instance, we allowed the commission to take the PILT funds outside of education. Did you set up the committee to allocate that money elsewhere?

**Robert K. Stokes, Elko County Manager:**

We did set up those committees. It was set up through the National Forest Service. Unfortunately, the federal government has not approved those committees yet. We did send the information in for approval. I do not know why it is being held up at the federal level.

**Demar Dahl:**

Page 12 is a list of our commissioners with all their contact information. That concludes our presentation. Do you have any questions?

**Chair Kirkpatrick:**

I think that Elko has a lot of great things. We made one of them, Engine No. 40, into the official state locomotive. Are there any questions?

**Assemblyman Anderson:**

How is your relationship with the federal government? Are they cooperative with you and willing to work with you on some of the projects you want to see around Elko County? Is it a working relationship?

**Demar Dahl:**

We work very hard to get along with the federal government, although it is difficult. We have a few challenges when dealing with the federal government. The travel management of the National Forest Service to close our roads and keep people off of the mountain range is a large challenge. The Resource Management Plan (RMP) being done by the BLM coming in from the north end of the state, which will come clear across every place in the state, will have these. That is also a challenge. We have a big wind generation project that wants to locate in northeastern Nevada. We had them present a few weeks ago and tell us some of the challenges that they have. One of the big challenges is that because BLM is being sued by an environmental group that



does not want this project to go forward, they are restricting access to the area that the company needs the most for the wind generation project. That is the preferred alternative that BLM has made. Unless they change that, we are told by this company that the project will not go forward. It is partly in Idaho. The impact of them not doing this is an approximately \$132 million loss to those places collectively. We also have wild horse problems. We have so many that they are doing a lot of damage to the wildlife and livestock. We cannot gather them together. A lot of our issues in Elko County are public land issues. It is a challenge.

**Assemblyman Ellison:**

We were trying to work through the issues on the Wells Honor Camp. Through all the presentations that have been given to us by people throughout the state, one of the most common themes was trying to streamline the building permit processes to get people back to work. I think this is something that Elko County needs to do as well. Look at ways to streamline to get these permits out and get them on the ground and stop restricting people. Could you possibly talk to us about the building permit department? Also, the Governor is going to stand firm in his State of the State recommendations as far as net proceeds are concerned. I thought that was good news for us.

**Robert Stokes:**

We appreciated the many years of service that Assemblyman Carpenter provided to the Legislature and to Elko County. After ten years of working with Commissioner Ellison we are happy to work with him as Assemblyman Ellison.

The Elko County Commission would like to look at anything that will support getting those permits out quicker and with less regulation. We understand that those regulations are there for a purpose, to provide safeguards. Sometimes they go beyond providing that benefit and simply become a bureaucratic process.

Additionally, we have not met with the full commission with regard to A.B. 144. We support the concept fully.

**Chair Kirkpatrick:**

We have been trying to streamline local government for the last couple of years so it does not take an inordinate amount of time to get a business license. The process is taking too long. That is the direction that we are all trying to take. I know that two years ago we discussed this issue. I think people are finally starting to catch on. We have a lot of entities that are getting better.

**Assemblyman Munford:**

What is your student population?

**Robert Stokes:**

I do not have that information currently, but we would be happy to get that information to you as soon as possible.

**Assemblyman Munford:**

How many high schools do you have in the county?

**Robert Stokes:**

We have nine high schools. Unfortunately because of the geographic nature of the county, they are spread out. We have two large high schools. They would be in Elko and Spring Creek. They are centrally located to each other. The others are spread out all over the county.

**Chair Kirkpatrick:**

We are now going to go to public comment. [There was none.]

The meeting was adjourned [at 10:52 a.m.].

RESPECTFULLY SUBMITTED:

Jenny McMenomy  
Committee Secretary

APPROVED BY:

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Assemblywoman Marilyn K. Kirkpatrick, Chair

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

**EXHIBITS**

**Committee Name:** Committee on Government Affairs

**Date:** February 14, 2011

**Time of Meeting:** 8:31 a.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Attendance Roster
	C	Joni Eastley and Pam Webster, Nye County	PowerPoint Presentation
A.B. 144	D	Assemblyman John Oceguela and Assemblywoman Debbie Smith	Nevada Jobs First Presentation
A.B. 144	E	Mayor Bob Cashell, City of Reno	Talking Points
	F	Curtis Calder and Michael J. Franzoia, City of Elko	Committee Presentation
	G	Demar Dahl, Elko County	PowerPoint Presentation