

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

**Seventy-Sixth Session
February 25, 2011**

The Committee on Government Affairs was called to order by Chair Marilyn K. Kirkpatrick at 8:05 a.m. on Friday, February 25, 2011, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, 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:

None

STAFF MEMBERS PRESENT:

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

OTHERS PRESENT:

Gustavo "Gus" Nunez, Manager, State Public Works Board
Catherine Cortez Masto, Attorney General
Ross Miller, Secretary of State
Scott W. Anderson, Deputy Secretary for Commercial Recordings,
Office of the Secretary of State
J. David Fraser, Executive Director, Nevada League of Cities and
Municipalities
Jeff Fontaine, Executive Director, Nevada Association of Counties

Chair Kirkpatrick:

[Roll taken.] We were going to have a work session first, but with the bad weather we are missing a few members, so we will wait. We will begin with the State Public Works Board presentation and then go into work session.

Gustavo "Gus" Nunez, Manager, State Public Works Board:

It is a pleasure to be here this morning and we thank you for giving us this time. In the audience is Susan Stewart, our Deputy Attorney General and Construction Law Counsel.

Chair Kirkpatrick:

Before we get started, I know that the Attorney General had a plane to catch at 8:30 a.m. If she comes, we will have to move your presentation.

Gus Nunez:

No problem. [Mr. Nunez read page 1 and the first paragraph of page 2 of [\(Exhibit C\)](#). He also read from pages 1 through 6 of [\(Exhibit D\)](#).]

Chair Kirkpatrick:

I appreciate your lining all this out, because it is most helpful for us to actually see it. I would like to check to see if there are any questions, so you do not have to read the whole presentation. I know there will be construction manager at risk bills this session. I know there will be some design/build questions.

Can you give us some examples? I am going to take your presentation and hang it near those bills because it is well laid out on how they should work.

Can you give us some ideas on what type of project each one falls under?

Gus Nunez:

You bet, Madam Chair. Probably the best way to describe it is with respect to the design/build method. A design/build project will contract one entity, which is composed of a contractor licensed in Nevada and the architectural engineering firm that is going to do the best design. There is one contract with both entities together.

The part of the selection process which is based on costs requires that the design/build team provide a cost for the project before it is even designed. It is quite difficult, and because of that we want to make sure we have a very good idea as to what it is we want, and that we can then describe it to them accordingly. In order to do that, the project has to be fairly straightforward. You must be able to describe from the get-go the type of spaces you need, down to the type of light fixtures, the type of hardware, and the type of doors. It must be very detailed so that later on during the design there are no questions as to what is to be provided.

An example of a project that lends itself to design/build would be a parking structure. They are very standard now and easily definable. Another good example of a design/build project would be a general office building. A general office building is fairly straightforward: you have offices, you have open space, and you have an elevator, restrooms, conference rooms, and storage. So it is very easily definable. You have to be careful that you properly define all of your finishes, especially the exterior skin of the building and the interior finishes, because this can affect the cost and quality quite a bit.

Does that give you a flavor of what design/build is all about?

The construction management at risk method (CMAR) is best used for very large or complex projects. They do not have to be large if they are complex. An example of a project that may not be large but may be complex would be a full remodel of a building including heating, ventilating, and air conditioning (HVAC), and finishes that has to be done while the building is still occupied. The sequencing of the construction to keep the building operational can be fairly complex to schedule out. Having to define that on a design/bid/build up front is difficult. You cannot forget something because every time you forget something, there is a change order.

It is best to have the contractor on those types of projects on board during the design process and during the phasing of the project. What the CMAR also does, in our opinion, it allows us to manage the risk as the owner a lot better. How that happens is the contractor works with us during the whole design process. He gets to review the drawings as they are being developed; he gets to comment and develop cost estimates, do his value engineering and make suggestions. He buys into the design and the drawings and the quality of the drawings. It avoids a lot of conflicts later on during the design process.

As you can see, this is a two-step process, meaning there are two separate contracts. The first contract is for preconstruction services during the design process. Assuming everything goes well and the contractor performs the way we anticipate, we then go on to the next contract, which is the construction services agreement. So far, we have only had one problem, and it was when we started the CMAR process and at the end of the design portion we had some lost issues with a particular contractor. We then did not continue construction services with the contractor. We took the drawings and put them out to bid. We did a traditional bid method and went with the low bidder and moved on. It can happen. We have done quite a few of them, and it only happened once. We could not come to an agreement when it came to the costs.

After we sent it out to bid we found out that we were correct when we felt the contractor was a bit high. The costs should have been much lower. We had a local contractor trying to do a job in Elko, and his relationships with the local subcontractors were not as developed as they should have been. It was there that we were able to get better pricing through the hard bid process.

We have learned quite a bit through the various projects that we have done, and I would like to say it is an excellent method for the projects that lend themselves very well to it. It is an open book process because we know up front what the contractor's fee is, which is basically his general overhead and profit. We get his costs up front and what his general conditions are. The only other costs left are the costs of the work, which is what the subcontractors do. That is bid by the contractor, and we oversee the bid process. We are there throughout the preparation of the bid packages for the various trades. When the bids come in, they are opened, and we are there. We oversee the process mainly for bid shopping to make sure that as the bids are scrubbed, we are getting the best bid. All of the costs are an open book to us. We know all the costs up front.

Chair Kirkpatrick:

I do have a question.

Assemblywoman Neal:

You just mentioned you have control over the bid process. Have you had any complaints about bid shopping? I know you oversee it, but contractors may be giving information to a subcontractor that they prefer to do a lower bid so the subcontractor would get the bid.

Gus Nunez:

We have not had any complaints with respect to bid shopping, but we have had a complaint dealing with the prime contractor's prequalification process of the various subcontractors. A lot of the larger contractors do not accept sub bids from anyone. They require all subcontractors to go through a prequalification process before they accept bids from the subcontractors.

As a result of those complaints our board held various public meetings with industry representatives. They made some suggestions to us, and those suggestions have now been placed in policy, and they are reflected in the documents that we use to select the CMAR. If you would like additional information as to what items were brought out, we do have minutes on the individual items the subcontractors had concerns with. One of the concerns was they did not want to fax in their bids. They wanted them delivered in a sealed envelope as the prime contractor does when he bid to us as the owner. They wanted to bid to the contractor in the same manner.

Obviously, when the sealed bids come in and when they are opened, we usually have two to three members of our staff, depending on the size of project, overseeing everything and getting copies of all those bids so we know from the get-go what was submitted versus what we end up with through the whole process.

Chair Kirkpatrick:

I know there are some bid shopping bills that are coming this session. Maybe we can wait and have the full discussion then, unless you would like to get with Assemblywoman Neal. I am not sure if it is your office or the Office of the Labor Commissioner that has the bills because I have not seen them.

Gus Nunez:

It is our office. We requested a bill that will assist us in enforcing certain laws which prevent bid shopping, and that is Assembly Bill 38. Our board requested that bill and we proposed it through the Office of the Governor. The Governor's Office forwarded it on to the Legislature, and I imagine we will be hearing the bill in the near future.

Chair Kirkpatrick:

I have ten amendments on A.B. 38 already, and I am used to that with the Public Works Board. We do have a pretty tight schedule, and we need to move on.

Gus Nunez:

I would like to move on to our recent accomplishments. On page 9 of my presentation it shows that last biennium (fiscal years (FY) 2008 and 2009) we did \$906,777,181 in design and construction. So far this biennium (fiscal years 2010 and 2011) we have \$213,457,323, which is a decrease. If you look at the next biennium, the proposed Capital Improvement Program (CIP) is reduced to \$65 million. With all the discussion on jobs, approximately 50 percent of the dollars that you see on page 9 are for wages in the design and construction industry. You can see that going from \$906 million in FY 2008-09 to \$213 million in FY 2010-11 is a decrease in wages we put out to the private sector. The next biennium it is going to drop to \$55 million, so you are looking at \$25 million of that in wages going into the private sector. Basically you are going from the last biennium of \$450 million down to \$25 million. It is a big hit to the construction industry.

Page 10 gives you the volume of work completed for the current biennium in square feet of building space for major projects.

Page 11 is the current volume of work underway. Starting on page 12 are pictures to give you an idea of some of the projects that are either underway or are completed. Page 12 shows a picture of the 36-bed Child and Adolescent Center that is proposed for southern Nevada. I do know this design is completed. It is going through plan check. However, due to the cutbacks, the Department of Health and Human Services has concerns that it is probably not going to be able to man and operate this particular facility. They are requesting that the construction be delayed, even though the project is funded all the way through construction. We may not be proceeding with this project at this time.

The next project is the University of Nevada, Reno (UNR) Center for Molecular Medicine. This project is completed and operational.

The project on page 14 is the Desert Research Institute Computer Activated Virtual Environment (CAVE) building on the Truckee Meadows Community College (TMCC) Dandini Campus in Reno.

The next project on page 15 of my presentation is the Three Lakes Valley Conservation Camp, formerly known as the Indian Springs Conservation Camp.

In the background of the picture you can see the existing Southern Desert Correctional Center. In the front of the picture you can see the new buildings with brand new pavement. This is the facility we are referring to. That includes the facility for the Nevada Division of Forestry (NDF).

The photo on page 16 is the expansion of the Florence McClure Correctional Center. This is a typical prison layout.

The next picture on page 17 is the Southern Desert Correctional Center Core Expansion. This prison was originally designed for 750 inmates. The population has increased over the last few years. Currently the facility has 1,900 to 2,000 inmates. Obviously, the visiting area, the dining area, the culinary facility, the laundry facility, et cetera, which we consider the core facility, can no longer meet the needs of the number of inmates that were placed in that facility. We are going through a process of expanding all of the core facilities.

Page 18 shows a few pictures of the interior of the new Nevada State Museum at Springs Preserve. These are the exhibits which were funded through the Capital Improvement Program (CIP). The actual building was funded through Question 1 (Q1) Bonds. The exhibits were funded through the Capital Improvement Program. The exhibit process will be completed in the next couple of months, and the building will be open and operational at that time. It remains unclear whether the Museum will have the funds to open and operate the building. I do not have any information on that.

The next project is the Davidson Math and Science Building at UNR. This project was completed in the last six months.

The project on page 20 is the Great Basin College (GBC) Electrical and Industrial Technology building in Elko. That building was completed a couple of years ago and is operational.

The last project on page 21 is the UNR Medical Education building which is currently under construction. This project will probably be completed in the next two months.

The next two pages are an update of the work we are doing with the state Office of Energy. The State Energy Office received an American Recovery and Reinvestment Act of 2009 (ARRA) grant for energy upgrades for state-owned buildings. We were able to utilize the work that we have done under Senate Bill No. 152 of the 75th Session which required the State Public Works Board, within 90 days of the effective date of the act, to determine the

specific projects to weatherize and retrofit public buildings, facilities, and other structures. Our Facility Condition Analysis Section also helped in this area to meet the requirements of S.B. No. 152 of the 75th Session.

According to a recent news article, the State of Nevada was the first to use ARRA grant money for public works. All of the projects that we have been working on have come out of the ARRA grant funding. Part of the reason for that was the work that we had already done under S.B. No. 152 of the 75th Session.

Page 23 of my presentation lists our actual projects that we are doing under the ARRA grant. There are 112 facilities receiving lighting retrofits. We have completed the Henderson Department of Motor Vehicles (DMV) photovoltaic (PV) solar project. We also completed this same project on the Legislative Counsel Bureau (LCB) parking lot. If you look you can see the solar panels on the third floor of the parking lot. The lighting retrofit was also completed this past winter.

We are also doing a PV solar project at the Grant Sawyer Building in Las Vegas that is currently under construction. We are doing eight mechanical upgrades and retrofits. Three are under construction and five of them are in the design process.

We are currently in the design process with the Nevada State Library and Archives building PV solar project.

Moving on with a quick note with respect to litigation, on page 25 you will notice under Contract Dispute Litigation we have none. We do have other litigation. We are participating in the class action lawsuit against JM Eagle, alleging that JM Eagle sold Nevada faulty polyvinyl chloride (PVC) water pipe.

The next few pages are a summary of the 2011 Capital Improvement Program (CIP). Page 27 is a summary of the distribution of the bonding capacity. Note that the state funding portion available for the 2011 CIP is \$27 million. The 2007 biennium was close to \$600 million, so this is a big decrease in this funding.

The next page shows the allocation of the bonding capacity from the current CIP due to the request to cancel the Children's Hospital in southern Nevada. Should that happen and be approved by the Legislature, that will release \$11.6 million that will be available for the current CIP.

Page 29 is a summary of the nonstate funding sources of the 2011 CIP. There is Question 1 (Q1) funding that we call the slot tax, Special Higher Education Capital Construction Funds (SHECC) funding, highway funding, federal funding, risk management, and other projects that come to us during the biennium from various agencies.

Moving on to page 30, I will talk about the development of the CIP.

Chair Kirkpatrick:

We are running short on time. Can we please skip to page 32 and talk about the consolidation and the Governor's recommendation as far as it pertains to your office?

Gus Nunez:

You bet, Madam Chair. We had 204 requested projects totaling \$427 million. The Governor's request for \$27 million was for 32 projects and the pie charts show the distribution by agency. If the reallocation is approved with respect to the Children's Hospital there will be ten projects that then can be funded with the \$11.6 million, and the pie chart on page 33 shows how it would be distributed.

Chair Kirkpatrick:

That is just current bonding capabilities. There are no individual dollars from that; that is just our bonding capacity.

Gus Nunez:

Yes, that is just bonding capacity which is backed by the ad valorem tax of the state. That is the state portion.

On page 34 of my presentation is an analysis of the state funding distribution by categories: Life Safety/Code Issues, Critical Maintenance, and Statewide Maintenance programs. The other part of this is to give you a quick overview of the implementation of Senate Bill No. 395 of the 75th Session which required the State Public Works Board to adopt regulations in the area of what we call green building standards: energy efficiency, water conservation, use of renewable resources, and recycling of construction waste. To implement this we have prepared a spreadsheet of things that should be considered from a cost-effectiveness point of view. Then the right-hand column shows you the process we will go through in order to implement those items to comply with the requirements of S.B. No. 395 of the 75th Session.

Chair Kirkpatrick:

Can we have this spreadsheet in a larger format so we can see it? With the current 2009 international codes that most local governments have adopted, are we considering making changes to our current lead abatements? Have we included that upgrade in here? Honestly, it will make everyone energy efficient from the time we start building. Some local entities actually said that if you are doing a retrofit or if you are making an addition, then you have to go back and redo your whole entire home to include the new codes.

Gus Nunez:

Yes, the 2009 International Energy Conservation Code makes reference, with respect to the energy efficiency of the building, to American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2007. When S.B. No. 395 of the 75th Session passed we were under ASHRAE Standard 90.1-2004. Now, going to the 2007 standard, to tell you the truth, is going to be very difficult. It will not be easy to meet the requirements of S. B. No. 395 of the 75th Session because the standards have gotten higher with the new code requirements under ASHRAE standards, which is what the international energy code has adopted.

Chair Kirkpatrick:

That is probably something that we need to revisit this session so that we can be on the same page and not be behind.

Gus Nunez:

We have adopted those standards already by regulation.

Chair Kirkpatrick:

Okay, perfect.

Gus Nunez:

I will make sure that you get an electronic copy of the spreadsheet so you can print it any size you would like.

With respect to the consolidation plan, please go to page 38 of my presentation and you will see the Proposed Consolidation Organization Chart. The deputy manager for fiscal and administrative services is no longer there. That individual will actually be the new administrator of the Administrative Services Division of the Department of Administration, and he will be basically in the areas of contracts and accounting. He will be doing those services for us. All those positions are going to the Administrative Services Division. That consolidation will bring in the Department of Information Technology (DoIT), the Department of Personnel, et cetera. They will be doing those functions for all agencies

under the Department of Administration. Hopefully, this will provide higher efficiency in those areas.

The color code is basically by function. In yellow, you will see the administrative services which now include administrative assistants. Professional services are shown in green and they are the employees that develop CIP and implement the projects for the project managers in our planning section.

In dark blue is our building official function. The light blue identifies buildings and grounds maintenance. The orange includes the employees that oversee the leasing program of all leases for the State of Nevada.

Instead of being just the Public Works Board, my boss will also be the director of the Department of Administration. The State Public Works Board will still be responsible for final recommendation and adoption of the Capital Improvement Program of the state and making the recommendation to the Governor. They will still be responsible for adoption of all of our regulations and going through the regulation process. They will be the appeals board that they currently are. When a contractor comes in and they are disqualified through our qualification process they can appeal to the Public Works Board. The board will continue to do that. They are also a part of our dispute resolution in our contracts if we end up in a claims situation or a dispute with a contractor. They will continue to be a policy board, just like they are today.

Page 39 of my presentation is the State Public Works Division mission statement.

Some of the benefits we are seeing through consolidation are that the State Fire Marshal inspections will be completed as part of normal State Public Works Board (SPWB) site observation by the Facility/Condition and Analysis (FCA) section. They are already going out every year and inspecting the various state buildings. While they are there, with a punch list and some training, they can do the same thing for the State Fire Marshal. While they are there, they can accomplish two jobs, and this will add to the efficiency of how we do business. They will then report not only to the agencies with respect to the FCA report—which you will all get a copy of—but they will also do a separate report for the State Fire Marshal with any violations they may find. I talked a little on centralizing and streamlining contracting and accounting functions under the Division of Administration Services and optimizing the operation efficiency by combining the Public Works Board and Building and Grounds resources and expertise.

That concludes my presentation unless you have any questions, or if later you think of anything you might like to ask, please telephone, come by, email my office or ask me to come by.

Assemblyman Livermore:

There used to be an elected county official, and in his organization there were building plans, building checks, and fire inspections. There seems to be a duplication of service between the State Fire Marshal and the local county fire marshal. In some cases fees have to be paid twice for the same inspections. Can you give me a little information and your thoughts on that? It should be like a one-stop shop where you get whatever inspections are required.

Chair Kirkpatrick:

We actually tried to delete the State Fire Marshals because we had the same concerns last session. It really became a problem for the rural areas, but I am glad to see that there is a consolidated effort so that we are not duplicating services. What we heard from the State Fire Marshal Division was that it was not keeping up with the inspections it was required to do, and yet the dollars were still getting paid. Mr. Nunez can touch on it a little bit, but we had that discussion last session.

Assemblyman Livermore:

I just knew there was a duplication of fees and charges which inflated the cost of the project.

Gus Nunez:

We have had some issues with the State Fire Marshal. He used to have interlocal agreements with the locals for the inspection of our facilities. What we found is that we had the State Fire Marshal coming in and inspecting our facilities, and we also had the locals coming in and inspecting our facilities. I do not blame them for it. They feel they need to be there because they are the guys that are going to "put the wet stuff on the red stuff" and they want to make sure they have a say on how the fire safety of the building is done. Our concern is that we only want one boss; we do not want two bosses. We only want to take direction from one person because sometimes, as you know, people see things differently and interpret the code differently. It then becomes a problem when you have disagreements. We have always requested, "Please, one boss on fire safety," and we will comply with that.

I do not know if that answered your question. I do not think it did, but I wanted to let you know what the issues are.

Chair Kirkpatrick:

You gave me the answer from Public Works. I will give the answer from the Assembly Committee on Government Affairs. Mr. Stewart and I tried one session to delete them so they would only have one boss. The school districts were really getting it from three different entities, and it was really a nightmare. We are with you on that, Mr. Livermore.

Are there any other questions? Thank you, Mr. Nunez. We appreciate your presentation; it is very helpful, well laid out, and detailed. I know that we do have some CMARs, some public works, and bid shopping. You will be back often.

Gus Nunez:

Absolutely. Thank you for your time, and it is certainly our pleasure.

Chair Kirkpatrick:

At this time I am going to call up the Attorney General since we made her wait, and then we will go into work session.

Catherine Cortez Masto, Attorney General:

I appreciate the opportunity to come in this morning and give you a high-level overview of what our office does. In front of you is the PowerPoint ([Exhibit E](#)). In a nutshell, we are considered the largest law firm in the state. There are approximately 330 employees in my office, which includes 140 attorneys and 48 investigators. The rest of our employees are support staff.

What I mean by being the largest law firm, we are actually active in every court in this state at some time representing the state or representing some interest on behalf of the state.

The second page of the presentation lists our mission statement.

The third page is a general overview of what we do. Basically we provide legal counsel and representation for state agencies, boards, and commissions. We also investigate and prosecute state crimes.

The next page highlights the various agencies that we represent. There are approximately 97 agencies. Those are the agencies alone in the Executive Branch. The next page shows the board and commissions represented by our office. There are over 100 of those boards and commissions. In total there are probably 200.

Every time this Legislature creates a board or commission and does not provide my office with the additional staff to support it, my existing staff has to carry that load. So the attorneys in my Government Affairs Division are the individuals who actually handle the boards and commissions.

On the next page, you will see the boards and commissions not represented by the Office of the Attorney General. By statute, all of the boards and commissions are required to be represented by the Attorney General unless there is a specific exception in the statute. So, for these boards and commissions, the Legislature has found fit to give them the authority to hire their own legal counsel.

The next page gives you an overview of the organization of my office. It is broken down into the Bureau of Government Affairs, the Bureau of Litigation, the Bureau of Criminal Justice, the Bureau of Consumer Protection, and the Administration.

The Bureau of Government Affairs is what I just talked about. The attorneys in this unit handle all of those agency boards and commissions. You will see on the next page the divisions and types of agencies broken down from Gaming, Transportation, the Public Works Board—whom you just heard from—and Business and Taxation. We have an actual unit that handles just Boards and Licensing. We also have Health and Human Services and Government and Natural Resources. There are some very large agencies that have more than one attorney representing them, and there are some agencies in the state that just have one attorney. It just depends on the needs of each agency.

Our Bureau of Litigation is our unit that handles any type of high-level or complex litigation that occurs in the state that we have to represent. In this Bureau, we have an actual personnel unit that handles all the personnel actions throughout the state that the state agencies may be involved in, the reason being, we have expertise in this type of litigation. We want to make sure there is consistent representation throughout the state on personnel issues. But more importantly, there is consistent legal advice on personnel issues to all the state agencies as well. This is a new Bureau that we have actually just implemented.

When I took office four years ago, I had commissioned a group to come in and do an internal analysis in the office to determine how the office could be realigned to be more efficient. We implemented an eight-year-term plan to implement that strategic plan. I was fortunate to be reelected so as to be able to implement the final recommendations from the report. This is what you are seeing now. Along with the individual unit I talked about creating—Boards and Licensing—we have created a personnel unit.

We have created a true appellate unit in the office. Most people do not realize that we actually have a solicitor general in the office who represents the state in any action before the Nevada State Supreme Court, the United States Court of Appeals for the Ninth Circuit, and the United States Supreme Court. In addition, there are attorneys in that unit who represent any type of federal habeas and inmate appeals and any type of amicus request that we may be asked to sign on to or that we may initiate ourselves. They also coordinate the Attorney General's opinions.

Also in this unit is our Public Safety Division. This unit is in the litigation arena. As you will see, a lot of complex litigation comes from the Department of Motor Vehicles, the Department of Public Safety, and the Department of Corrections. For that reason, they are the ones in the litigation unit that are handling the complex litigation. For instance, the tobacco litigation is handled through this unit.

Chair Kirkpatrick:

May I ask a question? I am stressing the importance of legislative intent this session because I think we could do better on how we carry that out. I have worked with your office on some legislative intent so could you expand on how important that is when you have those things?

I happen to receive your newsletter, and often I read of settlements that have been reached. My question is: when these settlements are finished, where do those dollars go? Does it go back into the system? Please explain the process.

Catherine Cortez Masto:

Sure, if I could please jump back to the first question. After you pass legislation it becomes law. If there is any challenge to the legislation, my office steps in and represents and defends that law on your behalf. For that reason, I always ask that our office and my attorneys work closely with the Legislative Counsel Bureau (LCB) to make sure that the law is constitutional as it moves through the process. The last thing we want to have is a bill that has been passed that may be challenged as unconstitutional and we lose.

When a bill is passed and we have to defend the bill, what happens in court under the legal analysis is we look at the plain language of the statute. If the plain language is very clear, we do not get into legislative intent. If the plain language is clear, and it may not have been your original intent, but if it reads a certain way and is very clear, that is the way it is going to be interpreted by the courts. However, if there is ambiguity in the language that has been passed, that allows us under the legal doctrines to then look at the legislative intent to determine what the true intention of the Legislature was when it passed the

law. We can only look into the legislative intent when there is an ambiguity in the terms. That is why it is very important when you are passing legislation and, believe me, the LCB is fantastic. We work very closely with them to ensure that the clear language that is put in the statute reads the way the Legislature originally intended it, and obviously we try to prevent any ambiguities. If there is ambiguity, we really look back to the Legislature and the legislative intent. If you do not put it on the record we cannot determine that legislative intent.

It is very helpful for my office when we have to determine and go back to look at the legislative intent. We pull the records to see the dialogue to understand what the Legislature had originally intended. If there is no record, then there is no help for us. That leaves us and the courts to try to interpret what the legislative intent was.

In answer to your second question, there are two different types of litigation that my office handles, and those are criminal and civil.

Jumping to the criminal, any time you see a criminal action that occurs, most of the time in any type of settlement you might see there is usually restitution for the victims, so all that money will go to the victims in any criminal action. Very few times will we get attorney fees and costs; this is usually not allowed by government attorneys.

When we have civil litigation, it depends on the type of action. For instance, in my Bureau of Consumer Protection, often there is a consumer litigation settlement and money comes in for restitution for the consumers to be used in a certain manner, and/or there is money that comes in as a penalty or fine or fee against that business. Under the statutes and depending on what we are litigating under, if it is an unfair and deceptive trade statute, there is a certain mechanism in the statute that requires some of the money to go into a budget account to be used to further the enforcement of my office. Any amount over that budget cap comes back into the General Fund dollars.

Let me give you an example. Our Bureau of Consumer Protection, because of the multistate litigation and other litigation that my office has been involved in, has returned about \$10 million to the General Fund over the last four years. On average, it is anywhere from \$1.6 million to \$2 million annually, in just consumer litigation. Hopefully, this answers your questions.

Chair Kirkpatrick:

It does, and I will give you an example that I have seen. Everyone should sign up for all of the state agencies' newsletters because they are helpful to know

the information before the press prints it and you have your constituents calling your office.

There was a particular yogurt that said one thing about what the yogurt would do. Seven states participated in a class action suit. Nevada actually got a little bit of a benefit from it, but I was able to tell my constituents that I knew what they were talking about. I do not always get a chance to read the paper, but the agency newsletters are amazing. I always encourage people to be part of all these newsletters.

Catherine Cortez Masto:

That is nice to know. We try to be informative. Let me give you another example. A couple of years ago there was a merger between United Health Services and Sierra Health Services and we filed an antitrust action. The only other type of settlement that you will see, in that particular case, was a consent decree that actually specified where the dollars were going to go for state government. There was \$15 million that came back to the state, and it was specific as to how that money was to be utilized. A lot of that money went to programs already identified in Health and Human Services. That is the only other way that the money may come in and be used for a specific program, not necessarily for the General Fund or to be utilized however the Legislature determines.

Next is our Bureau of Criminal Justice. In this unit we have our special prosecutions which handles, besides the federal habeas corpus actions, the public integrity prosecutions, elderly exploitation, missing children, and we have a Tri-County Prosecutor that prosecutes domestic violence and sexual assault cases in three of our rural communities: Lincoln, White Pine, and Eureka Counties. We are developing another tri-county prosecutor program in three of our other rural communities, Nye, Esmeralda, and I cannot think of the third county right now.

The other units are Medicaid Fraud, Workers Compensation, Insurance Fraud, and then we have created a new general white-collar crime fraud unit that involves mortgage fraud, securities fraud, and some of the consumer fraud that involves criminal prosecution.

The next is the Bureau of Consumer Protection. Besides what we just talked about, the litigation in this office involves businesses that are engaging in unfair and deceptive trade practices. This is where I have my antitrust unit, as well as the consumer advocate. This is the consumer advocate who represents the interests of customers of Nevada's regulated public utilities. He is looking out for the best interests of the customers in terms of rate increases.

Let me highlight this because most people do not realize this. Under one roof in my office I have attorneys and investigators; this is unique. Only the Attorney General's Office has this. The Las Vegas Metropolitan Police Department has its own investigators, prosecutors have their own attorneys, and they are running different agencies with different individuals. In my office they are all under one roof, which requires me to sometimes put in conflict walls. It also requires me to ensure that I am providing the best resources to both individuals, as well as requiring me to put protocols in place specifying how the investigators work closely with some of the attorneys. You will see that there are 48 peace officers, and the general areas in which they work in my office are listed.

We have the Special Units in my office. Besides everything we have talked about, we touch on anything that involves state action or litigation. We also have a domestic violence area we work in the state. I chair the Nevada Council for the Prevention of Domestic Violence. My office enforces the open meeting law; in fact, we have a bill that will be coming before this Committee.

I created a task force to take a look at the open meeting law. Can it be strengthened? Should we be looking at other ways that we can make the law more accountable and transparent for the benefit of the public?

I chair the Cyber Crime Task Force and Assemblywoman Pierce participated, thankfully, on that Task Force at one point in time. We look at different types of cybercrimes impacting the state and how we can pass laws or look at ways that law enforcement can address those concerns.

We all know about Yucca Mountain, and that is a litigation unit in my office. We engage in tobacco enforcement and the master settlement agreement for the tobacco money. Some of that money comes into my office to support tobacco enforcement as well as our diligent enforcement of the Tobacco Master Settlement Agreement.

The Missing Children's Clearinghouse is in my office. I have a prosecutor, attorney, and support staff, looking for individuals who kidnap their children. We find the children, bring them back to the state, reunite them with their custodial parent, and then prosecute the noncustodial parent for the kidnapping.

In 2007 we passed a law to create a Senior Protection Unit in my office that investigates and prosecutes elder abuse, neglect, and exploitation in our state.

For the last four years I have chaired a methamphetamine working group. We have made some great strides in addressing methamphetamine use

and trafficking in this state. We need to continue to work in that area. I have a bill that is before the Legislature to create a substance abuse commission that is . . .

Chair Kirkpatrick:

That bill is on the work session today so, you might want to stay behind.

Catherine Cortez Masto:

The next one is the Prosecution Advisory Council. I actually chair this Council. This is where I work with a lot of the district attorneys and local law enforcement in the state. This gives my office the ability to continue to collaborate and work together.

Most people do not realize that when a district attorney in one of our 17 counties has a conflict in a case and cannot handle it, by law, he has the authority to ask my office to prosecute that, and we do so. He has to go to his board of county commissioners, get a resolution to send it to my office, and we will continue that prosecution.

Finally there is the Mortgage Fraud Task Force. I have talked a lot about it. We have a unit in the office that investigates and prosecutes mortgage fraud—anything from the foreclosure rescue scams and loan modification scams to the loan origination scams to the building scams—anything out there dealing with mortgage fraud. We just recently received federal grant dollars to support that unit and increase the prosecution by adding additional prosecutors as well as an investigator.

This is briefly what my office does. The last thing I would like to highlight are the legal opinions that come out of my office—the Attorney General Opinions (AGO). Pages 14 and 15 of my presentation identify the AGOs by statute. I bring this up because most people believe they can contact the Attorney General's Office and obtain an AGO. That is not the case. The opinions are meant, by statute under *Nevada Revised Statutes* (NRS) 228.150, to provide advice to my clients. It is very specific and includes all the state agencies, boards and commissions, and constitutional officers. The law has allowed the various district attorneys in their jurisdictions to also ask for an opinion, if they need an interpretation on a state law that will help their public bodies carry out the functions of their office.

Those are the only individuals who can ask for an Attorney General Opinion. I know in the past there have been some legislators who have called for opinions as well, but you have your legal counsel here at the LCB, and they do a great job. We work closely with them, and they are the ones who would

provide the advice to you. Please remember that we are in constant contact with the LCB and there are times when we have Attorney General Opinions and we will reach out to them and ask them to assist us with that legislative intent of the purpose behind the law.

That is my presentation unless someone has questions.

Chair Kirkpatrick:

Does anyone have any questions? We appreciate your coming, and we will see you more often this session in Government Affairs.

Catherine Cortez Masto:

Thank you, and I look forward to it.

Chair Kirkpatrick:

At this time, we will go into our work session. This is typically the way we will do work session this session. The work session is always posted on the window by my office 24 hours before the work session takes place. I think it is very import that people see what we are voting on so that you are more comfortable with it. Also, it is on the Nevada Electronic Legislative Information System (NELIS) 24 hours ahead of time so the public can see it as well. Let me remind you of a couple of options that you have for voting.

If you are not comfortable voting for a bill because you want to make sure that when the mock-up gets to legal it looks the same, you can always reserve your right to change your vote on the floor. One courtesy I request from everyone is, if you are going to change your vote, please let me know so that I am aware. It is no different than anywhere else; you have to count votes on the floor. If there are any questions for the future, I do not mind if people change their minds.

Each work session that we have will be in a binder so that you have the opportunity to read the bills and be aware of what is going to be there. I think it is important that you know what is going to be in a work session.

With that we will start. Does anyone have any questions before we start? [There were none.] I try to go slowly because I know a lot of you have not had a work session yet. Ms. Scholley will go over Assembly Bill 10 ([Exhibit F](#)).

Assembly Bill 10: Revises provisions governing certain funds and the destruction of public records. (BDR 33-441)

Susan Scholley, Committee Policy Analyst:

[Read from work session booklet.] Assembly Bill 10 ([Exhibit F](#)) requires that: (1) any interest earned on the Gift Fund for the State Library and Archives be credited to that Fund; and (2) before destroying a public record, the custodian must either microfilm the record or save it in an electronic recordkeeping system. The bill sets forth the applicable standards for each method of saving a record. Finally, the bill eliminates the Fund for the Support of the Division of Museums and History.

Chair Kirkpatrick:

Does anyone have any questions?

Assemblyman Stewart:

Why was there a fiscal note?

Susan Scholley:

The fiscal note was based on the fact that the interest that was earned on the Gift Fund is currently going to the General Fund, but now it would be maintained in the Gift Fund. I should point out that, in response to some email inquiries, the Department of Cultural Affairs indicated that apparently there is some question as to whether or not the interest should have been going to the Gift Fund all along.

Assemblyman Stewart:

It was minimal, as I recall.

Susan Scholley:

For the record, yes, it was between \$12,000 and \$20,000.

Chair Kirkpatrick:

Are there any other questions?

Assemblywoman Bustamante Adams:

If I remember correctly, the reason that we were eliminating the other fund was because it was covered in another agency. Is that right?

Susan Scholley:

The reason that fund was being eliminated was that it had been cleared out a while ago, and they did not foresee that fund having any money in it in the foreseeable future. They also did not want to have to deal with the record keeping and reporting functions.

Assemblyman Anderson:

That fund is just a legislative gift fund, correct? It is only for appropriations from the Legislature?

Susan Scholley:

There are two funds. It gets a little confusing. The Gift Fund is the one that the change would deal with redirecting the interest. The fund that is being eliminated is a legislative fund that was created and yes, that was supported from legislative appropriations.

Chair Kirkpatrick:

Are there any other questions? With that I will take a motion.

ASSEMBLYMAN MUNFORD MOVED TO DO PASS
ASSEMBLY BILL 10.

ASSEMBLYMAN GOEDHART SECONDED THE MOTION.

Is there any discussion? All those in favor say, "Aye." Any opposed?

THE MOTION PASSED UNANIMOUSLY.

We now move on to Assembly Bill 61.

Assembly Bill 61: Creates a permanent entity to study issues relating to substance abuse in this State. (BDR 18-290)

Susan Scholley, Committee Policy Analyst:

[Read bill from work session document ([Exhibit G](#)).] Assembly Bill 61 creates as a permanent entity the Substance Abuse Working Group in the Office of the Attorney General. In addition to the Attorney General, who will serve as the Chair, the Working Group will have nine members appointed by the Attorney General. Members will serve without compensation and are not entitled to per diem or travel expenses. The Working Group must meet at least once every three months and shall report its findings and any recommendations to the Legislature no later than January 15 of each odd-numbered year.

There was an amendment proposed to correct an oversight in the drafting which was to add a sunset date of June 30, 2015. Also the fiscal note that was submitted by the Attorney General showed no cost to the state.

Chair Kirkpatrick:

Are there any questions or concerns? [There were none.]

ASSEMBLYMAN STEWART MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 61.

ASSEMBLYMAN ANDERSON SECONDED THE MOTION.

Is there any discussion? [There was none.] All in those in favor please say, "Aye." Any opposed?

THE MOTION PASSED UNANIMOUSLY.

Lastly we have Assembly Bill 183.

Assembly Bill 183: Revises provisions regarding the establishment and maintenance of a reserve account for payment of the outstanding bonds of a school district. (BDR 30-114)

Susan Scholley, Committee Policy Analyst:

[Read bill from work session document ([Exhibit H](#)).] Assembly Bill 183 is enabling legislation that permits school districts to determine the reserve account for payment of the outstanding debts of the school district. The bill changes the amount of the required reserves to the lesser of: (1) 10 percent of the outstanding principal; or (2) for Clark County and Washoe County, 25 percent of the amount of principal and interest on all outstanding bonds, and for all other counties, 50 percent of that same amount.

Chair Kirkpatrick:

Is there any discussion?

Assemblywoman Neal:

Based on the information that we received yesterday with the amount being lower and the bond rating changing, do we really still believe this is a logical move to drop the reserve?

Chair Kirkpatrick:

The reserve is not before us. The policy decision is what is before us. As far as the dollars and what is available, all of that is determined by the Assembly Committee on the Ways and Means. This is entirely a policy decision.

Assemblywoman Benitez-Thompson:

I was trying to remember from testimony and, as I recall, Clark County was not going to be able to benefit from this or this would not impact them, although they did testify in support of the bill. Is that correct?

Chair Kirkpatrick:

That is correct. At least for myself, living in Clark County and working on the bonds since 1996, policy-wise the issue is whether or not I want to see it used for construction and stay with the will of the people. The people in my district voted for it to be a construction thing. The policy is whether or not we decide if it should stay for construction, period, or whether or not they should have to go out to the voters again when Clark County is able to use it.

Assemblywoman Benitez-Thompson:

Assemblyman Stewart had asked if this would affect the bond rating in the long run, and I did not write down the response or whom the response was from. I do remember the response was no; the rating agencies do not seem to take the reserves into account. I am just checking to see if that response was accurate.

Chair Kirkpatrick:

I believe that Carole Vilardo testified that using these reserves would not affect the rating. Is that correct Ms. Scholley?

Susan Scholley:

I am a little reluctant to characterize Ms. Vilardo's testimony. She was asked whether the Clark County reserves were above normal and what percentage she would recommend. Is that the question you are referring to?

Assemblywoman Benitez-Thompson:

I believe that was a separate question, and she was responding that she did not have concerns about the percentages that were proposed in the bill. I remember Assemblyman Stewart specifically asked if this would affect the bond ratings in the long run, and someone replied no. I am trying to recall who that was.

Chair Kirkpatrick:

Maybe Mr. Stewart can enlighten us since he asked the question.

Assemblyman Stewart:

From what I can gather, there is conflict on whether or not it would affect the bond ratings. I have heard three interpretations: the Governor's, Assemblywoman Smith's, and the Clark County School District's. I personally think it will affect the rating in some way. It is a matter of speculation, from what I can gather.

Assemblyman Ellison:

I have spent some time looking at this, looking at what this would do overall, and where this money will be actually used. There was a lot of confusion. Would it go to construction or could it go to other things? I do not support the bill, and I will vote against it. I still think this will leave a large hole in the center of that budget.

Chair Kirkpatrick:

That is fair. The reason it is in this Committee is because it is a policy decision; then the budget people figure out how it works.

Assemblyman Livermore:

When we heard the testimony on this bill, in my opinion, one way or another the money was going to be used for one purpose or the other. I do not believe that is the question here. My constituents and I prefer the money be used in the classroom and directly for the students. Because this bill identifies construction opportunities, I will not be supporting this bill as written, and I will be voting no on this bill.

Chair Kirkpatrick:

Okay.

Assemblywoman Pierce:

I do not have anything in my notes about the bill affecting the bond rating. I think I would have written that down, and I have to say, I agree with the Chair that this money was meant for school construction. I think this is related, and I would like to see this money go where the voters wanted it to go. Certainly we have a lot of old schools that need to be rehabbed, so I am absolutely in support of this bill.

Assemblyman Stewart:

I am really torn by this bill. There are good points on both sides of the issue. Perhaps if it created jobs, which was the original intent of the voters, but I am concerned about the hole it will leave in the Governor's budget. At this point, I am going to vote no on the bill.

Chair Kirkpatrick:

Okay, I respect everyone's opinion and we agree to disagree at times, but 99 percent of time we will come out of this Committee being on time. For me specifically, I walked door-to-door on this bond. I told my friends to please vote for this because we need schools, and as I said way back in the summer, this was construction money and we have to stick with the voters. With that, I will entertain a motion.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO DO PASS
ASSEMBLY BILL 183.

ASSEMBLYMAN MUNFORD SECONDED THE MOTION.

Is there any more discussion? All those in favor please say, "Aye." Any opposed?

THE MOTION PASSED. (ASSEMBLYMEN ELLISON, GOEDHART, LIVERMORE, STEWART, AND WOODBURY VOTED NO.)

With that we are closing the work session. As a Committee, we never like to have partisan votes, but I do appreciate everyone's opinion, and we will work closer the rest of the session so we do not have to be this way.

Floor statement for Assembly Bill 10 will be Assemblyman Anderson.

Floor statement for Assembly Bill 61 will be Assemblyman Ellison.

They will probably go on the floor on Tuesday for a second reading and a vote on Wednesday. I will help both of you with the floor statements.

We will now go to the Secretary of State presentation. Welcome to Government Affairs. We are the nicest Committee in the building, and we have the most fun, and we are efficient and get the work done.

Ross Miller, Secretary of State:

[Read from prepared text ([Exhibit I](#)) and presentation ([Exhibit J](#)) through page 8 of prepared text and slide 8 of presentation.]

Chair Kirkpatrick:

Can we stop you to ask some questions?

Ross Miller:

Sure.

Assemblywoman Neal:

This is not dealing with voter fraud, and I do not know how far you get into this, but I do know after the November election in 2010 there was an election worker for about ten years who said specifically that some people were registered in 2008 and had happened to be felons who had their rights restored, and these people were actually turned away at the polls. I sent her to the National Association for the Advancement of Colored People (NAACP) and

I know the American Civil Liberties Union (ACLU) has picked up on this recently and I got an email. Is there an investigation into this incident? From what I understood from her, this happened at Jo Mackey Elementary School, and that is my district and a heavy polling site. There were at least 25 people turned away who she knew had registered in 2008, because she had seen them and then they were turned away in 2010 being told they were no longer a registered voter. She was very upset about it, and I told her to write it up.

Ross Miller:

We will certainly look into that. On our website there is an election law violation complaint form. Please encourage this person to fill out a complaint form, and we will look into someone being turned away at the polls who was otherwise eligible to vote.

Assemblywoman Pierce:

I do not have a bill this session, but I respectfully disagree that our system is more secure than a paper-based system.

Chair Kirkpatrick:

Could you please talk a little about the business portal because I know all of us serve on two committees, and we hear "business portal" more than we hear about consolidated tax distributions (CTX). At least touch on where we are going, how we started with nothing, and how we are trying to get together.

Ross Miller:

Okay. Let me introduce you to the Nevada Business Portal, for those of you that are unfamiliar with it. We are literally working on it as we speak. With the support of Speaker Ocegüera and the 2009 Legislature, we began to develop a one-stop shop for new and existing businesses to conduct transactions with all agencies of the state. The eventual goal is to include all municipal and county governments throughout the state.

If you are starting a new business in Nevada, you will be able to deal with the Department Motor Vehicles (DMV), the Department of Taxation, and the various regulatory agencies all through a single portal.

As many of you are aware, if you want to start a new business the process is very cumbersome, and most people do not know where to go. They start with my office and file articles of incorporation, and then they go to Taxation and they give them the same information that they just gave my office. You then end up in the Department of Employment, Training and Rehabilitation (DETR), fill out the same form, and then on to DMV, down to the counties and locals. This is a single web-based port of entry for transactions with a variety of agencies.

The best example is the < Amazon.com > situation, where you can establish a secure account, keep information on file including a credit card or other payment information, and use it at any time at < Amazon.com > to make purchases from not just < Amazon.com > but thousands of other vendors for which < Amazon.com > serves as a portal.

The portal will improve efficiency on both sides of the transaction. On the government side it will reduce paperwork, create efficiencies, and generate savings for the state, as well as increase customer satisfaction by enabling them to process their needs efficiently.

In phase one, which will be launched in the spring, the transactions will be limited to those with my office and the Department of Taxation. We have already assumed responsibility for the business license fee.

In the second phase, we will have licensing functions with Clark County, the City of Las Vegas, and Carson City. It is already going down to the municipalities, which we are excited about. These entities will be among the first because of their ability to quickly interface with the portal platform. The problem with other local jurisdictions is that if they do not have a way of collecting the information digitally on a web-based portal already, they cannot plug in.

We are developing the architecture, and we are very close to unveiling it. It is more complicated than I anticipated. I should have realized the fact that no other state in the country having a business portal speaks to some of the complexities. We are working very hard on it. This Legislature had the foresight to see last session that by investing a little bit in the electronic architecture, it would eventually result in tens of millions of dollars and reestablish Nevada's status as a premier filing jurisdiction.

Chair Kirkpatrick:

Are there any questions?

Assemblywoman Flores:

I actually had the opportunity to use the business portal last year to develop a limited liability company (LLC), and I came across some difficulties. Do you have something to set up for people when they are actually using the portal and there are some things that perhaps we did not think about? Obviously it is a very complex process, and we do not think about everything. Do you have some kind of line established, or is there someone to call to give suggestions so when people in the community are actually using the portal, they can give feedback?

Ross Miller:

We have a customer service hotline, and you can also email us. If you would like to send me an email I would be happy look into any of the issues you had, and that would be helpful for us to understand as we are building this.

Let me take this as an opportunity to make a case for our budget. When we laid people off and implemented the furloughs and took responsibility for the business license functions, our hold times on that customer service line jumped from 15 minutes to well over an hour. Some of you may have experienced that our processing times went from three days upwards to six to eight weeks. That is not acceptable. We are a significant revenue stream for the state, and if we make any further reductions to our budget it will have an impact and jeopardize that significant revenue stream for the state.

We are available during business hours to take customer service calls to field those kinds of complaints and make modifications to our system, but I hope that we do not end up laying our customer service staff off as a result of budget cuts and spiking the holding times even more.

Assemblywoman Neal:

My question is not necessarily related to the business portal, but it is your trademarks and your trade names that you are actually doing right now. What is your capacity in expanding into other areas and intellectual property, specifically patents?

Ross Miller:

I will have my deputy for commercial recordings respond to your question.

Scott W. Anderson, Deputy Secretary for Commercial Recordings, Office of the Secretary of State:

In respond to Assemblywoman Neal's question, our system would have the capacity to do that. We have recently been approached for some other title trademark types of issues. We are looking at the concept, and I believe our systems are able to handle that. Granted, there would be cost to enhance and modify those systems to do so. We would take a look at it and discuss with Secretary Miller whether that service is something that should belong in our office. There should be the capability to take on additional intellectual types of services.

Assemblywoman Neal:

Do you have an idea of what the timeline could be and estimate of the costs?

Scott Anderson:

Not really, because we have only been given a concept of one other type of intellectual property. There have not been others brought to our attention that would be good fits for our office. If someone has other services that he would like us to provide, we would welcome him to come to our office and present those to us to see how we could develop and put those into our processes. Of course, it would depend on that and we look for input from the Business Law Section of the State Bar of Nevada to make sure those types of services were a good fit for our office.

Assemblyman Goedhart:

I have a comment and then a question. I was one of those businesses that had to turn in my business license for the year, but I inadvertently checked the wrong box. When I called to rectify the situation I must have been one of the lucky ones, because my call was answered within two minutes.

With that being said, how has the revenue been? We used to be the Delaware of the West, and then we increased our fees and licenses. I have heard some talk about people now wanting to license and incorporate in Wyoming rather than Nevada. If you could speak to that it would let us see what the volume has been in light of the tax and fee increase from the last session.

Ross Miller:

We have certainly seen a decline in the number of entities that we have on file. We have Jeremy Aguero with Applied Analysis doing some analysis as to whether or not that decline corresponds with other indicators. It appears that the filings in our office are a leading indicator of the overall economic situation. That seems to make sense, since it tracks the unemployment numbers very closely.

Based on anecdotal evidence that you may all be familiar with, you certainly know construction companies and real estate LLCs that have closed their doors and are not able to operate given the magnitude of the decline in our economy.

With that being said, overall revenue is up significantly in our office. When they doubled the business license fee it resulted in a significant capture of uncaptured revenue. It brought more money to the table, and we are meeting or exceeding all the revenue projections for our office.

When I took office, we were realizing about \$750,000 for a full-time employee; somewhere in the ballpark of that amount. Today we bring in over a million dollars per full-time employee. We have made tremendous headway bringing

more money to the table, even with significant cutbacks. We had 143 full-time staff when we started, and we have 128.5 employees today.

Assemblywoman Bustamante Adams:

On page 13 it discusses Phase 2 Participating Entities and it lists under Carson City "implemented Nevada Business ID." Does that mean that you will be able to locate which companies are local Nevada businesses?

Ross Miller:

That means we have established a unique identifier for entities in the state, and this is a big problem. When someone files with my office she may list her name as Bustamante, LLC. She then goes to the Department of Taxation and she lists herself as Bustamante Adams Corporation, then she goes down and applies for a license and she may list that she is doing business as BA. There is no way for the state to know that the entity that is on file in different agencies is in fact the same entity. So the effort we have implemented is to give every entity a unique identifier—a Nevada business ID number—that we would then be able to compare amongst state agencies so when we do integrate these systems we will know that if you are in good standing in my office, you have the ability to obtain other licenses.

Other licensing boards will be able to say, "Wait a minute. You cannot obtain a license until you pay the associated fees in that agency." That is part of our focus on uncaptured revenue. I believe there are tens of millions of dollars of uncaptured revenue due to that problem alone, and that is going to be a significant step forward for our office.

Assemblywoman Bustamante Adams:

Thank you for the explanation. Would the system have the capability then if the criteria were developed to determine what a Nevada business would be? Would it have the capability to capture that as well?

Ross Miller:

I am not sure I understand your question; could you please clarify for me?

Assemblywoman Bustamante Adams:

My example is if Mr. Anderson owned a company and the criteria for a Nevada business were that his headquarters was here and that he had 50 percent of his employees here. If the criteria were laid out, would the system have the capability to checkmark that he is a certified local business?

Ross Miller:

It would give the agencies more information and a better ability to coordinate amongst each other. It is not a central repository in that we do not collect all this information and maintain it. What we do is collect the information and distribute it to the appropriate agencies so that they have the information that they need.

From the perspective of my office, we collect very limited information in order to set up an LLC or a corporation. We want to know who your officers and your directors are, we need an address, we need to know who your registered agent is, and we need some basic contact information. The information that the tax department collects could be much more extensive, and they want to know if you had employees that are subject to certain taxes. We will simply collect that information through the portal and distribute the information to them so that they can maintain it in their database.

Chair Kirkpatrick:

Let me provide some insight. I volunteered your office to be a central repository with the state purchasing consortium employees. They were stating that they did not know how the certification process works. If there was just one holding center where people could go online to get certified or better understand the certification process, then they might receive the 5 percent bidder preference because they were certified. Your office is just the repository. I did not speak with your office, so I did not submit the bill.

Some of the people from state and local purchasing agencies were trying to find a way to make this happen. We have been pushing it through Government Affairs to streamline the business process. People can go to other states like Utah and receive a business license within 30 minutes. If the applicant needs additional documentation, there is a five-day turnaround. They are open for business in five days.

In Arizona, a business license can be obtained in ten days. It can be even faster in Phoenix. We have been pushing local government in Nevada to streamline the process. If it takes 54 days in Clark County to get a business license, that opportunity is lost. Your office seems to be a clearinghouse. You seem to be keeping good data. That is how the purchasing department wanted it to be. As we do these certifications, your office would be a one-stop place to go for businesses whether or not they are from Nevada. I never asked you about the bill, so you do not get employees for that.

Ross Miller:

We have had to reach out to purchasing; I think it is a good suggestion to see if there is any way to cooperate with them to share the information when we build the portal in a future phase.

Chair Kirkpatrick:

Mr. Ellison, did you have a question?

Assemblyman Ellison:

On your renewal process and notifications back to the public, how are you doing that? I know there has been a lot of confusion back in the Elko area. Are you going to start to do that more electronically or start sending out more notification? We had a heck of a time trying to renew our license this year, and I send all my LLCs to our attorney, but the other stuff was really confusing.

Scott Anderson:

Our process is that we send out notification of a due business license or your annual list filings 90 days in advance. For a non-Title 7 sole proprietor, or a general partnership, that is sent to the applicant 90 days prior to the due date. For entities that are filed with our office, those are sent to the registered agent and those are also sent 90 days in advance. That is a requirement of state law. We do send out a number of those in paper form via the mail, but we also have the option for commercial registered agents and those who opt in to receive those notifications electronically. So if you were one that chose to receive those notices electronically, you could opt in to do so in place of paper. It would be sent directly to your email address.

Assemblyman Ellison:

We got one for renewal but it did not have the business name on it—just the name. We had no idea how to find out which business it actually went to. We spent hours on the telephone trying to figure that out. It was kind of confusing.

Scott Anderson:

I would have to take a look at that.

Chair Kirkpatrick:

I know we process a lot of things within our state. It is unfortunate that two were on this Committee, but I think our percentage rate is 0.5 percent of when things go awry because I know your office processes a lot of applications; is that correct?

Ross Miller:

We have about 320,000 entities on file, second per capita only to Delaware, and that is a lot of paperwork. We do our best. Occasionally we make a mistake, and we will try to improve.

Chair Kirkpatrick:

I think your office does a great job. We got an abundance of those ridiculous emails from people that were not even licensed in our state. In Wyoming, its numbers were so much less than ours, and it was flooded because we were sending all those emails to Wyoming because the people kept using it as the state. For what we generated I think it is such a small percentage. I just want all of us to work together so we can expedite local government faster. I appreciate what you and your office do.

Ross Miller:

I think I have hit the high points. If there are any questions about the other divisions, I would be glad to answer them.

Chair Kirkpatrick:

Does anyone have any other questions? At this time, we will call on the League of Cities to give their presentation.

J. David Fraser, Executive Director, Nevada League of Cities and Municipalities:

I have with me Lisa Foster, who is under contract with us this session, and you will be seeing her from time to time representing the League on various issues.

You have received a handout ([Exhibit K](#)) which I will run through briefly. In that I will explain what the League is, who we represent, what we do; and then hit on what cities are, how they operate, where they derive their authorities, that kind of thing. As always, I will be open to your questions at any time.

The Nevada League of Cities and Municipalities was actually organized in the 1940s by a group of mayors who got together and said there had to be way that we can communicate and work together and try to communicate better at the state and federal level with a common voice.

They organized into a loose organization that was formally incorporated in the 1950s as the Nevada Municipal Association. Through a couple of name changes, the same organization is today known as the Nevada League of Cities and Municipalities.

The first page of your presentation and the second slide shows who our membership is. The League of Cities represents all but one of Nevada's cities;

they are listed here and fall into three categories which I will mention. They are charter cities; general law cities and towns; government improvement districts (GIDs), and other special districts.

The basic distinction between a charter city and a general law city is that a charter city is granted a charter by the state, which is actually codified in the statutes for each city but that indicates the rules under which the city operates. Whereas, for a general law city, the powers delegated to those cities are outlined in statute in *Nevada Revised Statutes* (NRS) Chapter 266.

The second page of my presentation shows the services that we provide. We do a number of different things, only one of which is to come to the Legislative Building and do the things you see us do most often. We do legislative advocacy; we also put on a lot of meetings and conferences. I will not list everything on this page; you can read that at your leisure. We do elected officials training; we actually run a health insurance pool that many of our cities participate in. Again, as our initial mission we help promote communication between cities and between the cities and the other levels of government, with counties, with the state, and the federal government.

We also have some statutory responsibilities given to us which include among other things, some statutory appointing authority. We appoint, for example, the Nevada Rural Housing Association's Board of Directors, the local Government Finance Committee, and the Nevada Advisory Council for Prosecuting Attorneys. We also serve, as designated by statute, on several committees such as the Statewide Transportation Technical Advisory Committee at Nevada Department of Transportation (NDOT), the Private Activity Bonds Advisory Committee at the Department of Business and Industry, and also on several other committees outlined both in statute and just by appointment.

Moving to page 3 of my presentation, and again I would take questions on the specifics of what we do. I included some information in my presentation in general about what cities do and where the cities derive their authorities. Again, on page 3, the authority mentioned with the general law cities is derived in NRS Chapter 266 and NRS Chapter 267. The things that cities do typically are police, fire, water, wastewater, streets, sidewalks, drainage, parks, recreation, animal control, development services, and public health. We do some public health services, but mostly they are handled by the counties.

I thought that you might find this interesting on page 4. This is a glimpse at how diverse our membership is at the League of Cities. Compare our largest city to one of our smallest cities to show the population difference: Las Vegas has a population of 599,087, whereas the population of the City of Wells is

1,531. You can see the differences in landmass. They are equally significant. If you look at the general funds budgets, I have an asterisk by them because those are generally a moving target, moving downward. Las Vegas has a \$485 million budget, compared to Wells at \$1.4 million. Employees are also significant, and again both of these cities have fewer employees then they did the last time I worked with these numbers: Las Vegas has 2,444 full-time employees, and Wells has 15 full-time employees.

This is illustrative in comparing one of our largest cities to one of our smallest cities. Of course the cities fall everywhere in between in population; but regardless of their size, they are all asked either by statute or charter to provide these essential services listed on page 4: public safety, fire, police, health, judicial, public works, recreation, and general government.

The funding of essential services comes mostly from two sources: the sales tax and the property tax. I added the bottom slide on page 5 of my presentation to give you an idea from your own perspective how the local governments' budgets really are mirror images of the state, although we are asked to do different things. In both local and state budgets, 75 to 80 percent of those expenditures go toward personnel costs. The difference is that the lion's share of the state's money goes toward schools, whereas the lion's share in local governments goes toward public safety. Again, we each have our own responsibilities, but we see where we have the one thing that really takes most of our resources, and these are very similar, especially in regard to personnel.

To further illustrate that, on page 6 you will see a couple of charts from the City of Las Vegas. I am just using them for an example. If we put any of our cities up here, these proportions would be very similar. You see that 69 percent of the City of Las Vegas budget is in priority A areas and these are areas of public safety, judicial, and public works; whereas priority B is only one-third of the budget. They are the areas of general government, culture and recreation, economic development, and a host other things.

Now we get into a full discussion of Dillon's Rule, which of course many of you know that I am happy to do at anytime. Just to illustrate the point a little bit, the bottom chart shows where the cities' revenues come from. You can see only 13 percent of the revenue is actually controlled by the local governing body. The other 87 percent is controlled by the state.

On the next page I included the City of Elko's budgeted revenue versus expenditures. Again, I chose Elko by way of example just to illustrate the point that if we were to put all our cities' information in this chart and presentation to

you, proportionately, they would all look very similar to what I just showed you with Las Vegas.

I listed some of the challenges that we have in generating our revenues and again, it is the same as the state. Obviously the global credit crisis and the downturn in our economy have really sent us for a loop in the areas where we derive most of our revenues, specifically property tax and sales tax, which not only have to do with disposable income of Nevadans, but also the fact that we are very reliant on tourism to generate a lot of the revenue. While we do still have a lot of visitors coming, we have seen some downturns in that as well.

On page 8 of my presentation, I compare the state to the local governments. How do you address those budget problems? The state has the 120-day legislative session and, as needed, has called periodic special sessions to address the budget needs. Well, city councils are typically meeting every two weeks to address these problems.

The bottom slide shows the budget cuts that have already been taken, which include a decrease in the assessed valuation, the cumulative decrease in the budget since 2008 and 2009, and a decrease in the workforce over that time. I show the budgets for each of those three fiscal years, along with what the reductions have been. As you can see in all cases, significant budget cuts have been made by cities. For example, North Las Vegas has reduced its budget by 33 percent over that period of time. The pressure is phenomenal on these local governments to try to continue to provide services while dealing with those significant losses.

The next slide on page 9 is self-explanatory. Consolidated taxes are very elastic with the economy, and our economy tends to be more service-oriented than goods-oriented which, of course, is a largely untaxed sector of the economy. Property taxes, the impact of foreclosures, the impact of declining land values, and the lack of new growth have really created a significant problem.

I will just comment here that it is kind of a two-edged sword, because at the same time as the downturn in the housing market, we are losing these revenues and there is not a corresponding reduction in the services required. I do not mean just in general; I mean specific to that market as we see increases in foreclosures and so forth. That puts extra demand on zoning enforcement, even on law enforcement, through various issues that arise from those vacant properties. Again, it is a two-edged sword because where we lose that revenue, we also have increased demands.

We have several unfunded liabilities that I mention on page 10 of my presentation. I put on the bottom of this page what I call Possible Actions for Consideration to Promote Revenue Sustainability. Two of those three suggestions are in the form of bills proposed by the League of Cities to this Legislature, but I will not go over the League's bills at this time unless asked to. One would be to address depreciation, and the second might be to expand sales tax to include certain services, and the third would be to adjust the recapture period under the current tax caps. Again, you will have plenty of time to hear about that as two of those are actually League bills.

The final slide on page 11 . . .

Chair Kirkpatrick:

Can I ask for a better description of the adjustment of the recapture period under tax caps? What is that? Not specifically, but that is a pretty broad statement.

J. David Fraser:

All you will get out of me is general because I will need to bring experts with me when it is time to get into the tall grass on that one. Specifically, under the 3 and 8 percent tax caps, there is a provision that says that if the values decrease 15 percent within a 12-month period and then bounce back 15 percent within a 12-month period, then you can recapture that. Part of the problem is as we see this tremendous drop in the values and then we only rebuild 3 percent at a time, it is going to take us decades to get back. The proposal would be to just change the 12 months to 36 months, which I do not think will be a cure-all but I think the value will bounce back. I do not believe it will do it within 12 months. This would expand that time to a 36-month window so, if it drops by the 15 percent and it bounces back by 15 percent, those can be recaptured. That is the simple answer.

Chair Kirkpatrick:

Who do you recapture it from? I am missing something, but maybe that is the day for the bill. I will leave it for now. Please continue.

J. David Fraser:

The only thing I have left is the last slide on page 11 of my presentation which is what you hear from me a lot. That is that we really consider ourselves partners. As the Chair has said many times, we serve the same constituency, whether it is cities, counties, or the state. Someone that lives in one of our communities is not only one of our constituents, but also a constituent of the county that he lives in and of the state. We are all really trying to serve the same people. Although we have different services that we provide in order to

take care of those people, I think that makes us partners in providing that public safety, public health, and quality of life for those people. That is the message that my members wanted to deliver to you today. So with that, I will take any questions.

Assemblyman Livermore:

Part of your membership includes general improvement districts (GIDs). Can you enlighten me what the challenges for the GIDs are today, if there are challenges?

J. David Fraser:

I think the simple answer is that they are facing the same challenges that the state, the counties, and the cities are facing. I am sure that Mr. Fontaine will echo some of the same sentiments. As resources are declining, they are struggling to provide the services they provide.

A general improvement district, for the benefit of anyone on the Committee who may need it, and please stop me if I am insulting your intelligence, but a GID can take on several different types of services. For example, a big one would be water; a GID might just be a water district. It might be a recreation district, but we do have what I call full-service GIDs which look a lot like cities, and that is why they want membership in the League. For example, Incline Village up at Lake Tahoe, which you may think of as a city as you drive through, is in fact a GID and provides a broad range of services.

The bottom line is they are just like the rest of us. They have services they need to provide, and resources are scarce.

Chair Kirkpatrick:

That would be *Nevada Revised Statutes* (NRS) Chapter 318. I learned that my freshman session. I have a question. Has the League or the Advisory Committee for Intergovernmental Relations (ACIR) Committee talked about any services that you could streamline? Can that be on a future legislative discussion while we are in the Legislature?

J. David Fraser:

Sure, you will actually be seeing a bill about the ACIR. The ACIR was created by Senate Bill No. 264 of the 75th Session and includes three city representatives, three county representatives, and three state representatives. This was a technical advisory committee to address the interim study as regards to power delegated to local government. One of the things that they did in addition to those things that were specifically outlined in that legislation was

begin to talk about who provides what service and where those services would best be provided.

As I mentioned earlier, we are a partnership. We need to take care of the people of the state. We all have different needs based on where we are and what is assigned to us in statute, and we are able to provide those different services. That discussion has started at the ACIR in regards to transportation, health, and human welfare, and is a discussion that we would like the ACIR to continue. The nature of the bill that I mentioned would be to extend the life of the ACIR and get that committee operating.

Chair Kirkpatrick:

I would like to see something on a direction actually come out of it before the end of session because I think we have to have those discussions. We are all in the same boat this time and there are consolidation bills out there. We could go through them haphazardly, but there would be so many unintended consequences.

I know I am putting a lot of homework on you and Mr. Fontaine this session, but it would be better coming from you and Mr. Fontaine on what is more efficient, what is effective, and what is not detrimental as we get through the session. We are three weeks in, and in another three weeks, it would be nice to have a road map of what the Leagues would like to see. We would like the Leagues to help drive the train.

J. David Fraser:

If I may, the homework aside, I appreciate the sentiment because one of the things we value in the ACIR is having the ability to have that discussion. It is one thing if the cities and counties all get together and talk about it. It is nice to have the discussion with all three levels of government, and it has been a valuable thing.

Chair Kirkpatrick:

Perfect. Are there any other questions? We will now move on to the presentation from the League of Counties.

Jeff Fontaine, Executive Director, Nevada Association of Counties:

I would like to acknowledge my colleague and the Nevada Association of Counties' staff, as well our Deputy Director, Wes Henderson, whom I am sure you all know, and our newest addition, Leah Bradle, Operation and Public Affairs Specialist.

On behalf of NACO, I would like to thank you for the opportunity to present an overview of our association and talk about counties and county issues. I would like to thank you very much for inviting the counties again to present to the Committee. I know this is something you started when you first became Chair in 2007, and it is very much appreciated by the counties.

The Nevada Association of Counties (NACO) was formed in 1924 under the name of the Nevada County Commissioners Association. We are a nonpartisan state association for county governments, and we are an affiliate of the National Association of Counties, which represents all the nations' counties.

Page 2 of my presentation ([Exhibit L](#)) is our mission statement and our contact information. On page 3 you will see our Board of Directors, which includes a commissioner from each of the 17 counties. Our executive officers are elected by the board, and then there are representatives from each of nine affiliate members who are other county-elected officials.

I would like to say that we are very proud of two of your Committee members. Assemblyman Ellison as an Elko County commissioner is a past president of NACO and also served on the National Association of Counties' Board of Directors, and Assemblyman Livermore, who as a Carson City supervisor was also on our board. They join Assemblyman Kite and Assembly Minority Leader Goicoechea, who were also county commissioners from Douglas and Eureka Counties respectively.

Like the League, we provide a number of services for the counties. We conduct research; we provide assistance in obtaining grants and training for county officials; we monitor federal actions and obviously advocate for counties on congressional bills and various federal agency actions. Closer to home, we monitor regulations and provide testimony on behalf of counties on rulemaking proposed by the various state agencies and, like the League of Cities, we represent counties on a number of commissions and boards. We have some statutory appointments that include a number of county commissioners, and we also represent counties before the Legislature.

I will not go over the exhibits on pages 4 and 5 of my presentation in detail, but I just want to point out that, prior to becoming a state, the first Nevada Territorial Legislature established nine counties in 1861. Those counties were Churchill, Carson City, Douglas, Esmeralda, Humboldt, Lyon, Storey, Washoe, and Lake County, which eventually consolidated with Washoe County.

This year marks the 150th anniversary of the original nine counties in the State of Nevada. Over the years additional counties were created, and

Clark County was one of them created in 1909. I am sure you realize that the counties are diverse, and I really believe that one of the great things about our state is the uniqueness and rich history of our counties. The counties do make up the fabric of our great state.

Today our counties range in population from roughly 1,000 in Esmeralda County to the nearly 2 million residents in Clark County. Six of the 25 largest counties in terms of land area in the United States are in Nevada. That includes Nye County. It is the third largest county in the country and is larger than many states. Obviously this creates a lot of challenges in terms of providing basic services like law enforcement and public safety.

Going to page 7, you can see a breakout of the different demographics of each county. We put this together before the 2010 Census figures were released.

The 2010 Census showed that all but three Nevada counties gained population since the last census. The three counties that lost population are Lander, Esmeralda, and Mineral Counties. Esmeralda County lost 19 percent of its population, so it is now under 1,000 people, at least based on the 2010 Census. Of course, on the other end of the spectrum is Clark County which gained some 42 percent in population.

I would like you to take a look at page 6 of my presentation. This is a map showing the percent and types of public lands in the State of Nevada. Nearly 83 percent of the state is public lands. It is by far the largest percentage of public lands in any state. In some counties, over 95 percent of their land is managed by the federal government, primarily the Bureau of Land Management (BLM). As you can see on this map, the yellow is the BLM land, and this percentage of federal lands has a profound impact on the economy and quality of life in the counties. Obviously, it is important in rural counties. I can tell you also in Clark and Washoe Counties, particularly during the growth years, it has had a tremendous impact in terms of where urban areas can grow in terms of their residential commerce and infrastructure.

The other point I would like to make about Nevada's population is that even though our state contains vast spaces, it is one of the most highly urbanized states in the nation, with 87 percent of the population living either in Las Vegas or in the Reno/Sparks metropolitan area.

The information on page 8 shows population estimates by county, city, and unincorporated town. I think one of the points to make here is that we have a number of counties without any cities, and you can see which counties they are.

I have also provided some information from Department of Employment, Training and Rehabilitation (DETR) related to unemployment rates based on the 2010 annual figures, as well as per capita income by county, and those are on pages 9 and 10.

One of the other attachments ([Exhibit M](#)) that we included in the packets and uploaded to NELIS is the various counties' largest employers. I am not going to go over all of this information, but you heard from a number of counties regarding their economic issues, and I think these lists provide a really good snapshot of the economic climate in each of the counties.

I would like to move to the role of county governments and tell you historically the role of counties really has been to serve as the administrative arm of the state. The counties maintained records; provided courts; law enforcement, fire protection, building safety; health and welfare; assessed property and collected taxes; and conducted elections. These are functions still preformed by counties and they are preformed through the elected officers, including boards of county commissioners, or in the case of Carson City, supervisors as well as other elected county officers such as sheriffs, recorders, district attorneys, assessors, and such.

There are 75 county commissioners in the State of Nevada and they govern on the 17 boards of county commissioners. Like you, they have jobs, they own businesses and they serve on other boards and committees and spend many, many hours at meetings, and they care deeply about their state and their communities. Particularly in the rural areas, many of them have deep roots in Nevada. They go back generations, and I know there are a number of county commissioners whose family members have served in this legislative body.

Obviously there is a great diversity amongst the counties in terms of the resources and the capabilities. For example, there are six rural counties in Nevada that do not have a county manager, so they are very limited in their staffing capabilities.

I included information on pages 12 through 14 of my presentation that is really an overview of the types of functions that are carried out by the counties, and so we provided information for Clark County, Washoe County, and Nye County. Nye County is your typical rural county. As you can see, there are common services that each of the counties are required in many cases to perform and those are state mandated services: indigent medical care, indigent legal defense, the public guardian, the administrator, voter registration, et cetera.

You can also see some other town services or local services that many counties provide: roads, building safety, water, wastewater, sheriff patrol, and the like. Of course, in the two largest counties, Clark and Washoe, they provide certain services that other counties do not provide such as air quality management and district health.

I would like to conclude by describing some of the issues that we hear from our counties. They become NACO issues, and they are things that we are concerned about, and we want to let you know about them. Like the state, the counties are very much concerned about jobs, economic development and diversification, and it is our belief that county government, being closest to the people, has a great opportunity to make positive change and lead its communities into the future. We believe that includes a vital role in creating sustainable communities in an environment that fosters job growth.

To that extent, the counties are very interested in having the tools to help them grow their communities and also a voice when it comes to things like creating incentives for economic development.

One of the areas that I know that the rural counties are particularly interested in is renewable energy. The Nevada Association of Counties and the counties support the development of renewable energy resources, but we also believe that in pursuing this industry and trying to get the jobs and so forth, we really need to balance the potential impacts—including the environmental, social, and economic impacts—with the need to assure that we are deriving tangible benefits including sustainable long term high-paying jobs, as well as sufficient revenues to support those governmental services that are necessary.

The third issue that I am sure comes as no surprise to you is resources for the counties to carry out their responsibilities and the shortfalls. Every county is experiencing a shortfall. They are seeing declining revenues. They are seeing an increase in demand for many of the services. And over the years they have taken aggressive measures to balance their budgets. They do have a lot of required or mandated services they have to provide. Counties are really the safety net in terms of providing certain services.

The counties are very concerned about revenue diversions, cost shifts, unfunded mandates, and all the things that would impact their ability to provide those essential services and would exacerbate their problems and result in unsustainable budgets.

I would also mention that it is not just the state revenue shortfall that is a problem. Counties are also looking at the possibility of reduced federal

payments from payment in lieu of taxes (PILT), from community block grants, and others. It is really coming from all directions.

Public land is a huge issue for counties, particularly when it relates to access and multiple use. It really affects the economic life in many communities. There are a number of issues: wild horses and how they are being managed was on the front page of the newspaper today, wilderness issues, tribal management plans, and other unrecognized issues out there. People do recognize that it is really a global issue that has to do with the health of the Great Basin ecology. So far, we have been able to avoid the catastrophic wildfires that plagued the state several years ago, but the risk is certainly out there. There is a lot of work that needs to be done with respect to the health of the range as it relates to the economies and the way of life in rural Nevada. As Mr. Fraser pointed out, it is very important to county governments as well as city governments to be able to have more flexibility with regard to how they carry out their day-to-day function to try to be as efficient and as responsive as possible.

The last thing I would like to mention is on page 15 of my presentation. This is to the point that you raise, Madam Chair, about services and the level of responsibility for services. This is one of the key areas that the ACIR is delving into. This page gives you an idea of what the services are, who is providing them, and in some cases, what services are being shared. We could not agree more with your stated interest of making sure that, No. 1, we are not duplicating services; we are being efficient and we are not doing something that will result in a gap of services. I would say of all the things I have said today, this partnership is the most important point I would like to make on behalf of the counties. Whether it is in Health and Human Services or economic development, we want to be part of the discussion; we look forward to working with you and pledge our cooperation. Thank you.

Chair Kirkpatrick:

Thank you. Does anyone have any questions? I know you are probably on presentation burnout, but we have approximately 60 bills that will be coming, and you will be asked to make huge changes that will affect responsibilities of a lot of others.

Assemblywoman Bustamante Adams:

Thank you for your presentation. On the shared services on economic development, is that already taking place or is that something to come?

Jeff Fontaine:

I think the issue with economic development is that we have a statewide Nevada Commission on Economic Development and we have individual county

economic development authorities as well. When you speak of shared services, I think there is certainly some interface there. The reason I put this on the chart was to simply point out that something is being done both at the county level in many counties, as well as at the state level.

Chair Kirkpatrick:

I can tell you and it was part of the Governor's State of the State, and I know leadership from both houses has been all working diligently on some economic development structure changes. I am sure the counties will be engaged in the process in the future.

If we do not have a shared service now, it is coming. I think that we will have to have a separate meeting just on consolidation because the last one did not go very well in the north and I do not want to take my changes in south. So I think we can do one meeting based on some of the reports that we received and what the differences were. I just have not figured out how to make it less than 500 pages. We need to get some summaries out of different portions of the report.

With that, I do not have any other questions. Thank you so much for giving us a summary of your association, and if nothing else the Committee should really recognize that the League of Cities tries to represent 22 organizations, and the counties are trying to represent 17 counties and trying to get all 17 counties to agree on one stance is tough, let alone trying to get 22.

Is there any public comment? [There was none.] Who is going on the education tour in Reno on Monday? [Assemblyman Anderson, Assemblywoman Neal, Assemblyman Stewart, Assemblyman Munford, and Assemblywoman Flores indicated they were participating in the tour.]

Everyone else has to be here or we will not have a quorum to hear bills, and what I do not want to happen is to have work sessions at the end under pressure. Please be here and please be on time. Please leave your notebooks here for work sessions because we will continue to put all of the information in and, at the end of session, it is a nice packet to take home and keep up with where we were.

Meeting is adjourned at [10:39 a.m.].

RESPECTFULLY SUBMITTED:

Cheryl Williams
Committee Secretary

APPROVED BY:

Assemblywoman Marilyn K. Kirkpatrick, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: February 25, 2011

Time of Meeting: 8:05 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Gustavo "Gus" Nunez	Prepared Text
	D	Gustavo "Gus" Nunez	PowerPoint Presentation
	E	Catherine Cortez Masto	PowerPoint Presentation
A.B. 10	F	Susan Scholley	Work Session Document
A.B. 61	G	Susan Scholley	Work Session Document
A.B. 183	H	Susan Scholley	Work Session Document
	I	Ross Miller	Prepared Text
	J	Ross Miller	PowerPoint Presentation
	K	J. David Fraser	PowerPoint Presentation
	L	Jeff Fontaine	PowerPoint Presentation
	M	Jeff Fontaine	List of Largest County Employers