

**MINUTES OF THE
SENATE COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-sixth Session
May 6, 2011**

The Senate Committee on Government Affairs was called to order by Chair John J. Lee at 8:05 a.m. on Friday, May 6, 2011, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 5100, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator John J. Lee, Chair
Senator Mark A. Manendo, Vice Chair
Senator Michael A. Schneider
Senator Joseph (Joe) P. Hardy
Senator James A. Settelmeyer

GUEST LEGISLATORS PRESENT:

Assemblyman Richard (Skip) Daly, Assembly District No. 31
Assemblyman Tom Grady, Assembly District No. 38
Assemblyman Lynn D. Stewart, Assembly District No. 22

STAFF MEMBERS PRESENT:

Michael Stewart, Policy Analyst
Heidi Chlarson, Counsel
Martha Barnes, Committee Secretary

OTHERS PRESENT:

Shelley D. Blotter, Division Administrator, Employee and Management Services,
Department of Personnel
Marilyn G. Wills, Interim Director, Office for Consumer Health Assistance, Office
of the Governor
John V. Hefner, Retired Command Sergeant Major, Nevada Army National
Guard

Senate Committee on Government Affairs
May 6, 2011
Page 2

Lieutenant Colonel Richard Blower, Staff Judge Advocate, Nevada National Guard

Ernie Adler, Former Senator; Nevada Rural Housing Authority

C. J. Manthe, Chief Operating Officer, Nevada Rural Housing Authority

Pat Sanderson

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

Charles (Chas) L. Horsey III, Administrator, Housing Division, Department of Business and Industry

Hilary Lopez, Ph.D., Chief of Federal Programs, Housing Division, Department of Business and Industry

Lon DeWeese, Chief Financial Officer, Housing Division, Department of Business and Industry

Fred Reeder, Partner, Reno-Tahoe Construction Inc.

Lee Thomson, Chief Deputy District Attorney; Department of Aviation, Clark County

CHAIR LEE:

I will open the hearing today on Assembly Bill (A.B.) 37.

ASSEMBLY BILL 37 (1st Reprint): Revises provisions relating to the hours of operation of state offices. (BDR 23-422)

SHELLEY D. BLOTTER (Division Administrator, Employee and Management Services, Department of Personnel):

I will describe the flexibility that could occur due to the proposed amendments. Under law, State offices of all Constitutional Officers, departments, boards, commissions and agencies are required to be open for business from 8 a.m. to 12 noon. and from 1 p.m. to 5 p.m. every day except Saturdays, Sundays and holidays. Any offices staffed by more than one person are also required to remain open during the noon hour of each working day. This bill deletes that requirement and allows State offices to remain open for hours that would benefit their customers.

Sections 1 through 5 still require State offices to maintain not less than a 40-hour workweek. In the Assembly, section 1, subsection 3 was amended to require that the hours of operation be posted at the office. If the hours change, they must be first posted at the office location, on the office Website or otherwise publicly noticed for at least 30 days prior to the change of office hours. Sections 1 through 5 would become effective on July 1.

Section 6 removes the sunset provisions in *Nevada Revised Statute* (NRS) 378.070. During the 2009 Legislative Session, this statute was amended to suspend the requirement for the State Library and Archives to maintain an eight-hour day, and five-day workweek, for two years. A.B. 37 would allow the Administrator of the State Library and Archives to designate the hours of operation in the future. Due to significant reductions in the State Library and Archives budget, the amendment is necessary because we are unable to staff it at a full-time level. Section 6 of this bill becomes effective upon passage and approval.

For other State officers, departments, boards, commissions and agencies, the amendment generally increases flexibility in operations. Agencies have reported it would allow them to open earlier or stay open later. It could also allow for a nonstandard workweek so they could work a Tuesday through Saturday schedule or open at 7 a.m.

CHAIR LEE:

I will close the hearing on A.B. 37 and open the hearing on A.B. 146.

ASSEMBLY BILL 146 (1st Reprint): Makes various changes relating to the Office for Consumer Health Assistance. (BDR 18-179)

MARILYN G. WILLS (Interim Director, Office for Consumer Health Assistance, Office of the Governor):

Assembly Bill 146 will make various changes to statute language for this Office and further define its role in assisting Nevadans. It would further define "consumer" to include a person who needs information and assistance regarding all of their health care services or disputes in billing related to medical claims. Currently the statute only includes a person who needs coverage under a health care plan, needs assistance or information regarding prescription programs or a person requesting information on Canadian pharmacies.

Assembly Bill 146 allows the Director of the Office to adopt regulations for all of the statutes pertaining to the Office for Consumer Health Assistance, Office of the Governor. Because the statute states only NRS 223.560 and NRS 223.580, the new language states "NRS 223.560 to 223.580, inclusive." The change will give the Director the authority to write *Nevada Administrative Code* pertaining to the Office and all of its functions.

Lastly, the bill further defines the role of the office regarding medical billing. *Nevada Revised Statute* 223.575 states the Director may hear, mediate, arbitrate, or resolve disputes regarding the accuracy or amount of charges billed to a patient, the reasonableness of arrangements made and such other matters related to the charges for care provided to a patient as deemed appropriate.

Section 4, subsection 3, paragraph (b) defines the reasonableness of arrangements to include "any bill for medical services, including, without limitation, arrangements to pay hospital bills" The passage of A.B. 146 will enhance the ability to ensure Nevada consumers are protected as well as educated regarding their rights and responsibilities in the health care environment. At this time, the Office has not had any challenges regarding medical billing decisions, but this would provide an appropriate process if a decision is disputed.

New regulations could include a hearing by an independent party when and if providers were to dispute a Consumer Health Assistance (CHA) determination. If a provider requests a final determination outside of the decision made by CHA, that organization would have to bear the costs of such a review. The CHA Office suggests that this process mirrors our external review process for managed care appeals. In the case of an external review, the health plan must pay the external review organization directly for the work done to make the final determination. Our role is to facilitate the information flow between the provider and the external review organization. We have investigated the possibility of utilizing the Department of Administration Appeals Office in the Hearings Division as the review organization. Nothing has been set up yet, and CHA would work with all involved entities to create a fair system.

CHAIR LEE:

I will close the hearing on A.B. 146 and open the hearing on A.B. 420.

ASSEMBLY BILL 420 (1st Reprint): Revises the rights of members of the Nevada National Guard. (BDR 36-1033)

ASSEMBLYMAN LYNN D. STEWART (Assembly District No. 22):

Assembly Bill 420 concerns the Nevada National Guard. In the last decade, members of the Nevada National Guard have been actively deployed to Iraq, Afghanistan and throughout the world. They have done an excellent job. This bill will protect them in certain circumstances.

Section 1 provides for the confidentiality of their military records. Sections 2 and 3 provide for protection from termination while they are in training or on active duty and if they are terminated to restore that employment. Section 4 prevents civil action against them while they are involved in their training, and section 5 provides a preference of five points on exams while in training or on active duty.

The bill does not affect the administrative control of the Nevada Army National Guard over the members while they are in training.

JOHN V. HEFNER (Retired Command Sergeant Major, Nevada Army National Guard):

I serve the Nevada National Guard Enlisted Association as the Legislative Chairman. Assembly Bill 420 pertains to the rights of members of the Nevada National Guard. I will try to cover each section clearly and timely.

Section 1 of the bill provides additional protection to National Guard members who file documents of military service with the county recorder. In order to show eligibility for tax exemptions and other benefits, members must present their separation documents, disability ratings or other service records. In the past, these became a matter of public record; however, in today's world of identity theft and loss of personal information, it is essential to protect this information. This section restricts the county recorders from releasing the information to only those individuals the members designate or persons related to the members upon their deaths. I do not have to tell you how important it is to protect the members from identity theft.

Sections 2 and 3 extend the employment protection rights of members to assemblies, periodic training and other duties otherwise referred to in NRS 412.139. Previously, members were only protected when in a State active duty status or a federal active duty status. This aligns the State statutes with the federal law known as the Uniformed Services Employment and Reemployment Rights Act.

Section 4 will align the NRS with the Service members Civil Relief Act (SCRA) for part-time National Guard members. The SCRA provides protections for members while they are on Title 10 of the United States Code, chapter 30-Active Duty, which is deployment. It does not necessarily provide protections to members while in other statuses. One reason it does not cover

part-time members is that members may perform duty in a variety of statuses, including active duty; inactive duty, drill; annual training, covered by SCRA; or under Title 32 of the United States Code, section 502 (f), which is full-time training.

The intent of section 4 is to protect members attending drill, State active duty or other periodic training from being evicted, served divorce or child custody papers, or other civil claims during that period. Guard members should not have to deal with this added stress during these periods of training as it could affect their morale and mindset during important missions. It is not our intent to provide 24 hours a day, seven days a week protection to Guardsmen serving on full-time training status with the exception of times when they are supporting their units.

As a Command Sergeant Major, it was not uncommon for me to hear of one of my troops going through one of these types of events. Domestic suits bring about the strongest of emotions and at times, we sent our members home to deal with the situation. I understand we may not prevent all outside influences, but this section would impede the filing of the action or claim until the training period has ended.

Section 5 would allow current members of the National Guard a five-point preference with an application for employment in the State. It is possible for our members to serve in the National Guard for an entire career and not be awarded a DD Form 214 Report of Separation, which would generally validate their veteran's status as defined by NRS. I served on active duty with the Nevada Army National Guard for 27 years and was issued a DD 214 at my separation. It is entirely possible for a member who spent as little as one year on active duty to get the preference while I who served 27 years did not receive that preference.

In order to receive the preference, the member's commander can write a letter of recommendation for the member. This would ensure the State is looking at a quality individual. This validation is even more valuable than an honorable discharge paper that could be decades old and not attest to the quality of the veteran today. Members are routinely screened for performance and trained to live the Army values of loyalty, duty, respect, selfless service, honesty, integrity and personal courage. The Air Force values are similar, integrity first, service before self and excellence in all we do. Granting the preference would support

our own soldiers and airmen, and the State would have a dedicated and loyal workforce.

LIEUTENANT COLONEL RICHARD BLOWER (Staff Judge Advocate, Nevada National Guard):

I am testifying on behalf of Brigadier General William R. Burks, the Adjutant General of Nevada. The Nevada National Guard is in support of the bill. As Sergeant Major Hefner testified, long-standing federal laws protect service members from employment problems or civil litigations while they perform their federal active service. When we meet as guard members to train once a month, two weeks a year, we are training to prepare for that federal mission. Unfortunately, those protections available under federal law did not exist during those training periods. This bill will correct that inequity. I was concerned that any internal administrative proceedings—such as demotions, promotions or discharges—would not continue. Assemblyman Stewart has clearly indicated that is not the intent of section 4, so the Nevada National Guard can now support this bill.

CHAIR LEE:

I question language regarding the additional points in section 5. If a member of the Nevada National Guard applies for a State or county job where a test must be taken, and he passes the test, he receives five additional points because he is active; but if he is inactive, he will not receive a letter of recommendation. Some people may go inactive and then return to an active status.

LT. COLONEL BLOWER:

We are only addressing current National Guard members.

CHAIR LEE:

A former National Guard member would not qualify for the recommendation letter from the commanding officer of the member's former unit?

LT. COLONEL BLOWER:

Not unless he had a DD 214 from previous deployment or active duty service. We do have a lot of members who spend time in the Army, Navy or Air Force and then come into the National Guard. They may still utilize the DD 214 from that service in order to get their preference.

Your concern may be a member of the National Guard who for an entire career never went on active duty. That person could leave the National Guard without a DD 214, getting a National Guard discharge paper that may or may not be accepted by a county clerk or State recruiter to qualify for veteran's status. In that situation, a former National Guard member may not get the preference. A current member would get the recommendation and the preference.

SENATOR MANENDO:

Would it be up to the clerk's office to decide if the person was eligible for the veteran's status?

LT. COLONEL BLOWER:

I misspoke earlier when I mentioned the county clerk's office, it is actually the State recruiter who reviews the application and applies the veteran's status. It would not be the county clerk.

CHAIR LEE:

I will close the hearing on A.B. 420 and open the hearing on A.B. 198.

ASSEMBLY BILL 198 (1st Reprint): Revises provisions governing the Nevada Rural Housing Authority. (BDR 31-376)

ASSEMBLYMAN TOM GRADY (Assembly District No. 38):

Assembly Bill 198 is a bill relative to the Nevada Rural Housing Authority (NRHA). The bill was heard in Assembly Government Affairs and passed the Assembly with a 40 to 2 vote. We amended the bill in an attempt to satisfy some of the concerns brought forward by the NRHA.

The NRHA was established in 1973 in rural Nevada to assist low-income housing needs. The Authority worked with State agencies and Farmer's Home Administration of the U.S. Department of Agriculture (USDA)—now USDA Rural Development—on many programs and expanded its mission over these many years. With the present board—consisting of Chairman Tom Cook, Gardnerville; Gwen Washburn, Churchill County; Roger Mancebo, Pershing County; Willis Swan, Fallon; and the past county and city representatives—the authority has continued to move forward with oversight from the Nevada Association of Counties (NACO) and the Nevada League of Cities and Municipalities. Currently, NACO appoints two members and the League of Cities and Municipalities

appoints two members; they jointly appoint a fifth person who is a recipient of services from the Rural Housing Authority.

Section 1 of A.B. 198 includes Nevada Rural Housing Authority for the purpose of interlocal agreements where local governments can loan funds for housing needs in their areas and for no other purpose. This does not give the NRHA any taxing authority. We have a situation where one county wants to join in a partnership with the NRHA to finish an abandoned development. The NRHA has the expertise to help with housing in this rural Nevada community.

Section 2, subsection 2, paragraph (c) addresses the appointment of the board and authorizes members of the board to remain as members until their elected term expires. It also authorizes the Executive Director of the NRHA to accept names to appoint the representative from a user group to be on that board.

Section 4, subsection 2 allows the NRHA to provide service in any area of the State if contracted with the State or local government presently in NRHA service areas. All counties except Clark and Washoe have provided assistance when they were called upon. The NRHA has matured since 1973 and served Nevada well. Both have grown in these past 38 years.

ERNIE ADLER, FORMER SENATOR (Nevada Rural Housing Authority):

One important thing to remember about the evolution of the Nevada Rural Housing Authority is, it was founded in 1973 prior to the Housing Division that was founded in 1975. The NRHA used to tend to all housing needs in the State. In 1995, the Legislature decided it would be more efficient to split the Nevada Rural Housing Authority off as an independent local government body to serve the rural counties and the rural portions of Washoe and Clark Counties.

In 2005, the jurisdiction of the NRHA was further defined to allow the Authority to process mortgage loans in townships under 100,000. The 2005 amendments have benefited the NRHA. For instance, in 2008 the NRHA was voted by the U.S. Department of Housing and Urban Development (HUD) as the best housing authority in the United States. Lately, we have few entities voted the best. In the last five years, the NRHA has been rated in the top 1 percent of all housing authorities in the U.S. It has been an effective agency.

In 1995, this Legislature defined the NRHA as a "public body corporate and politic, an instrumentality in a local government and political subdivision of the

State." It has been a local government entity for quite awhile. What was missing from the definition? Other local governments may borrow money from local governments to complete projects; an exclusion in the statute does not allow NRHA to do the same thing. It has a very specific need to borrow this money. Currently, Eureka County has the General Moly Mining Venture going into the north part of the County. The County has reserved land to build housing for the miners there. The County has no way of developing that land without lending the money to the NRHA, which will bid it out to contractors to build the housing in Eureka County. This bill is essentially a jobs bill. You will see a lot of out-of-work construction workers go to Eureka County to build houses for the miners, teachers, deputy sheriffs and other people essential to the community.

If this bill does not pass, you will get the blighted communities that crop up in mining communities with people living in trailers. This bill will allow for stick-built homes. We are already launching the first phase, which will provide rental townhouses for the first wave of workers. This will bring hundreds of permanent jobs into the community and provide construction jobs too. Some of the Clark County people here say, what does this do for our people? We recently completed a tax credit project in Winnemucca through the Housing Division, and it was put out to bid. The winning bidder was from Henderson. Clark County contractors are bidding on these projects all the way up in Winnemucca. We feel confident they will bid on this project as well.

Section 2 deals with a specific problem. A tenant member of our board has been a good board member, but she is pursuing her education at the community college and will get a high-paying job at some point. We would be obligated to bump her from the board because she would no longer be an eligible tenant. We would like to enable her to serve the remainder of her term before she has to be removed from the board as our tenant representative. People should not be punished for improving themselves by getting knocked off the board.

Section 3 has the same local government language. It involves getting loans from other local government entities to do development projects and dovetails from the first section.

Section 4 enables us to complete service projects within the State. What this focuses on is a special need. We have numbers of rental properties; under HUD regulations, they must be inspected by independent inspectors to ensure they are quality rental units. Reno Housing Authority does the same thing. This

language will allow us to utilize the same inspectors to inspect in Reno and the territorial area of the NRHA housing inspections. It actually improves governmental efficiency between the two housing agencies because the inspectors do not have to stop when they get to the county or city line, and the inspectors are contracted employees.

Confusion during the Assembly hearing prompted us to provide amended language in section 4, subsection 2, to clarify the NRHA is not allowed to make mortgage loans in townships and cities with over 100,000 population. As for the current law, this does not change anything about loans that can be made in those areas. It clarifies that NRHA can contract with other governmental entities to provide mortgage loan services. This bill cleans up a lot of problems and provides the ability to generate jobs in Eureka County, which is important during our tough economic times.

C.J. MANTHE (Chief Operating Officer, Nevada Rural Housing Authority):

We administer a number of important programs, and it is our privilege to assist over 1,600 Nevada families. We do that in the way of rental assistance, security deposit loans and a number of other programs. In light of the testimony on A.B. 420, we also have special programs for military members and veterans. We recently launched a program to assist homeless veterans, and we have special homeownership programs for veterans as well.

CHAIR LEE:

What is the difference between the two organizations, the Nevada Rural Housing Authority and the Housing Division? How do you assess the difference between the two? Do we now have two groups with two different missions?

SENATOR ADLER:

There is a big difference between the two entities. The Housing Division is a subdivision of a State agency, the Department of Business and Industry. The NRHA is a separate local government entity like an irrigation district. There are several small local governmental entities throughout the State which have specific tasks of meeting the housing needs of the rural areas, including those in Washoe and Clark Counties. That was split off in 1995 by the Legislature because some of the rural areas of the State were underserved in terms of housing. The specific charge NRHA was given was to provide rental housing and to enable people to purchase homes and further the entire mission.

CHAIR LEE:

Is there competition between the two organizations, or do you have different missions even though you cover some of the same issues?

SENATOR ADLER:

There is competition to a certain extent. Assemblyman Grady's district is where it all converges. The NRHA, Housing Division and the USDA Rural Development operates there. If you are a low- or moderate-income person in Lyon County, what you have is competition. You can get a mortgage through the Nevada Rural Housing Authority, which has some down payment assistance. You can get a 100 percent financing loan through USDA, or you can decide to take the product the State offers through the Housing Division. It is not a bad thing because it offers a selection, like a supermarket, and you can select the product that is best for you. In some of the counties like Washoe, we can offer loans. A person would have the Housing Division loan whereas USDA Rural Development cannot operate there either based on HUD guidelines or State legislation. There are some rural areas where everything overlaps in terms of products.

CHAIR LEE:

How do you define rural Washoe County or Clark County? Is it considered rural because no one is within a half mile of you? I understand you can come into Clark County, Good Springs and some of those areas. You can also come into Washoe County, and someone mentioned projects being done in Sparks.

MR. ADLER:

That is correct.

CHAIR LEE:

To me, Sparks is not rural, but something makes Sparks available for consideration for these projects.

SENATOR ADLER:

In 2005, the Legislature defined rural for the purposes of loans only as being under 100,000 population. That is not really a problem in Sparks because it means a low-income person trying to get a housing loan has a choice of getting a loan from the Housing Division or NRHA. People have more products to choose from. Some people will choose the loan from the Housing Division because it usually has a slightly lower interest rate. Some people will choose the

NRHA loan because it offers a 4 percent down payment assistance that they never have to pay back.

CHAIR LEE:

Do I purchase the lot and then approach you about building the home on it?

SENATOR ADLER:

No. You would buy a house as you would today.

CHAIR LEE:

It would not be getting a loan to build a house on a lot.

SENATOR ADLER:

No. We used to have that program but with the drop in housing prices, it is no longer feasible.

SENATOR SCHNEIDER:

When speaking to Senator Mike McGinness, he does not consider Fallon to be rural, he thinks Panaca and Pioche in Lincoln County are considered rural. I hear you are processing loans in Sparks, which is a suburb of Reno with an area of 400,000 population. I have also heard that NRHA is making loans in Summerlin, which is not part of the City of Las Vegas. The Strip is not part of the City of Las Vegas either; it is Clark County. When we are tight on money and have these different agencies that seem to be cannibalizing each other, it causes me concern. I understand a need for assistance in the rural communities, but 100,000 is not rural to me. Could these be combined to become a part of the Housing Division? I do not even see Minden and Gardnerville or Carson City as rural. To me this is just an extension of Reno. Carson City is a nice-sized town and Minden and Gardnerville make up a suburb of Carson City. You go across the line in Douglas County to Wal-Mart to buy wine, and it is all one continuous city. It does not look rural to me.

ASSEMBLYMAN GRADY:

If you went to Carson City, Minden, Gardnerville, Fernley or Yerington and called these suburbs of Reno and Sparks, you would probably be run out of town because these people are very territorial. But you are absolutely right, we have become a region. Let me provide an example. Many years ago, we began a project in Yerington, and I was on the board of a nonprofit organization for 25 years. It got to the point that the board members decided they could no

longer serve, and the project was turned over to the NRHA for completion. We could not have turned the project over to the Housing Division because it did not manage the units. There is more to it than just being located in Area A or Area B. You have loans that are much different. People in those areas will visit Bank A, Bank B and Bank C trying to get the best rate for their loans. We are still rural, and many areas in Washoe County are rural. The mission of the Nevada Rural Housing Authority is to make sure those areas are serviced with more than just loans. The Authority wants to ensure the areas are serviced with facilities, rent assistance, senior housing and everything that makes life better for the people who use their services.

SENATOR SCHNEIDER:

You are saying Sparks and Summerlin are considered rural?

ASSEMBLYMAN GRADY:

I cannot answer for Summerlin. This Legislature has determined the 100,000 population rating that we follow, and we are now changing from a 400,000 to a 700,000 population determination. These determinations are established through State and federal guidelines.

SENATOR SCHNEIDER:

Sometimes the Legislature does things and then says that did not work, so we make changes. I know this is not Nebraska or Kansas where you have a whole slew of towns of 300 or 400 people. You have hundreds and hundreds of towns in those states that are all rural. Nevada is the most urbanized State in the Nation. All of our population is up here and down in Las Vegas. When I see the NRHA coming into Las Vegas Valley and processing loans, it concerns me. We have our own housing authority; Reno and Washoe County have their own housing authorities. For the NRHA to come in, it seems like it is poaching.

ASSEMBLYMAN GRADY:

The others have different missions. The North Las Vegas Housing Authority, Henderson Housing Authority and the Reno Housing Authority all have different missions than the NRHA or the Housing Division. Other housing authorities manage apartments or houses they build. The NRHA has a broad mission, and the Housing Division has a mission to get people into homes at reasonable prices be it urban or rural. Each has its own mission and does it very well.

SENATOR ADLER:

An important difference is the other housing authorities do not make mortgage loans. Housing authorities in Clark County do not make mortgage loans. They are different entities under the statutes as they are strictly housing authorities; they are not local governmental entities, so they are defined differently and have different missions. If any one of these entities can get a low-income person a housing loan, that is a good thing because it is important to get people into houses. It is not important who gets credit for it.

SENATOR SETTELMAYER:

I have spoken to many people helped by the NRHA, and they indicated your Website is easy to navigate when seeking help regarding foreclosures and weatherization. The NRHA Home At Last program has also helped people in my area. Have there been any discussions to alleviate some of our concerns?

ASSEMBLYMAN GRADY:

We attempted to do that when the bill was heard in the Assembly. Many of you have worked with Assemblywoman Marilyn Kirkpatrick, Chair of the Assembly Committee on Government Affairs, and you know that not a bill leaves her committee until it is well-worked. We spent a great deal of time trying to alleviate all problems and concerns and thought we had done that.

CHAIR LEE:

Senator Adler, I see this legislation as benefiting one person in regard to section 2. When someone has moved on, someone else can always fill the position. I question that only one person could bring value to the board. There is an opportunity for others to become involved, and I have a concern with that section.

PAT SANDERSON:

For every mining town in the State, especially in northern Nevada, there is a shortage of housing. It is hard to find a place to live in these smaller communities. This will help Eureka. If you go to Winnemucca, the rent is exorbitantly high, and you cannot find a place to live in Elko. Many of these small towns do not have available housing. The NRHA assists in finding a place and helps you get into it. I was a mining brat, and we moved from town to town. We lived in a tiny trailer most of the time, and it is hard to raise a family in these little 20-foot trailers. If we can provide housing for the people who are

coming to work in the mine, it will help Eureka, the rest of the State and the people who are trying to live and raise their families here.

CHAIR LEE:

I do not want Eureka to look like Silver Peak. Over the years, another trailer was pulled in and parked. Silver Peak is probably a wonderful place to live; they are now making a master plan to improve the area.

J. DAVID FRASER (Executive Director, Nevada League of Cities and Municipalities):

I am speaking in favor of A.B. 198. The Nevada League of Cities and Municipalities works very closely with the NRHA. Jeff Fontaine, who represents the Nevada Association of Counties (NACO) asked us to present NACO support for the bill. Our rural members of the Nevada League of Cities and Municipalities and the Nevada Association of Counties think highly of the Nevada Rural Housing Authority. They would object strongly to anything that might keep the Authority from operating in the rural areas. The NRHA has done a lot to promote affordable housing within their jurisdictions; the proof was having the NRHA named the top performer in the Country. Executive Director D. Gary Longaker has done an outstanding job, coming in during a difficult time in the NRHA. The Authority has been in the top 1 percent of housing authorities during the past five years, including the award in 2008 as best performer in the Country. Mr. Longaker has brought some outstanding people on staff. You would be impressed with the high caliber of people on staff at the NRHA, which has allowed the Authority to complete some wonderful projects.

I am unaware of any NRHA projects in Summerlin, but Sparks has taken advantage of some overlapping jurisdictions of the NRHA. Sparks has also taken advantage of programs offered by the Housing Division. It is a good thing for a community to use all tools available to them. By utilizing both of those agencies, communities have provided more affordable housing.

This bill really addresses three matters in receiving loans from local governments. As an example, in Eureka, the NRHA could receive a loan from the local government to complete a housing project to serve the miners. This would allow more people to get jobs at the mines, which are booming right now, and allow Eureka to grow and boost the economy. This would benefit everyone in Eureka County.

Secondly, referencing the board seat, the bill really says if someone moves out of the program, there are five seats on the board and one program participant. The Nevada League of Cities and Municipalities and the Nevada Association of Counties must agree upon that appointment. The purpose of that individual on the board is so the board benefits from the perspective of somebody living within the program. The bill just says if someone moves off the program, the individual can finish the term. We go through a thorough process, which involves taking advertising, taking applications, screening the applicants and interviewing them. Someone who just came off the program the day before will not have forgotten what it is like to be a participant.

The third part is that the Authority can be contracted by another agency since the focus of this Legislature is how can we as local governments save money through cooperation, whether it be consolidating programs or other interlocal agreements that would save money. The legislation says if NRHA has an inspection team and an entity wants to utilize it rather than incurring the cost of creating its own team, the law would allow the entity to contract for the service. This would result in a savings to the entity. Each of the issues will allow savings for other agencies and allow NRHA to continue its work. The NRHA has a well-functioning board, and members are held highly accountable.

SENATOR SETTELMAYER:
How long is the term?

CHAIR LEE:
The term is four years as stated in the bill.

SENATOR SETTELMAYER:
Am I correct that the NRHA receives no General Fund money?

MR. FRASER:
Yes, that is correct.

SENATOR SETTELMAYER:
The NRHA helps thousands of families and does not cost the State a dime.

CHAIR LEE:
Page 3, section 2, subsection 3 lists the length of the term.

MR. FRASER:

The NRHA commissioner seat is not a high priority but a helpful housekeeping item. The other two issues will have a more direct impact on the ability to provide service. It has been long enough now that the commissioner in question is much closer to the end of her term than the beginning.

SENATOR SCHNEIDER:

Assembly Bill No. 372 of the 73rd Session stated the Nevada Rural Housing Authority receives no General Fund monies. According to testimony, that bill enables the Nevada Rural Housing Authority to operate in the rural portions of Clark County and Washoe County such as Mesquite, Searchlight and Gerlach. Summerlin and Sparks were not mentioned as part of Washoe and Clark Counties. I have concerns with this issue.

I have a bill that has passed out of the Senate to put controls on boards and commissions. In the Senate Commerce, Labor and Energy Committee, I commented that some of the members of these boards and commissions become powerful in their own minds, but they are creations of the Legislature. They hire contract lobbyists to try to dictate to the Legislature what to do, and they gain more power. We are quickly turning Legislators over now; I am concerned that new Legislators will think these boards and commissions run the Legislature. That A.B. No. 372 of the 73rd Session specified that the Rural Housing Authority was to operate in rural parts of Clark and Washoe Counties, not within the cities themselves.

MR. FRASER:

I have worked closely with NRHA and respect what the Authority accomplishes. The Housing Division has a mission to perform good work as well as the local housing authorities. The City of Sparks is not disadvantaged by having the services of both these agencies.

CHARLES (CHAS) L. HORSEY III (Administrator, Housing Division, Department of Business and Industry):

Some of the testimony has been interesting, but to clarify the record, housing authorities located throughout the State are primarily property managers, such as apartment projects where persons with low to moderate incomes reside. The funding for those projects comes from the Housing Division. We provide all of the financing for the NRHA, except when it sells tax-exempt bonds on Wall Street. The Winnemucca Senior Apartments project was dead on the vine,

and we resurrected it with funding from one of our programs. We have also provided funding for the project in Carson City operated by the NRHA. We have supported the NRHA for a long time, and this is the first time we have been in opposition of a measure.

We did not oppose the authorization of the NRHA to make mortgage loans in the rural areas of the State because the time had come for those rural areas to access that type of program. Our problem was that 90 percent of the loans it made have not been in Eureka, Mesquite, Fernley or Fallon; the loans have been made in Sparks. The intent for the Authority's existence was to service the other areas in the State. The major metropolitan areas were supposed to take care of themselves.

We appreciate the amendment from the Assembly Government Affairs Committee, but it does not go far enough. We are not concerned about the terms of the commissioners on the board because it does not affect us. We think section 4 is too ambiguous, and we have not been given any information as to the purpose for this language. What may the NRHA do if A.B. 198 passes versus what it can do now? We are in opposition to section 4 because of the ambiguities. We provide financing in most instances and have supported the Authority in the past; we just do not support this bill.

HILARY LOPEZ, PH.D (Chief of Federal Programs, Housing Division, Department of Business and Industry):

I wanted to provide clarification about the good work the NRHA does in rural areas of the State. The Housing Division—besides working with the NRHA on developing projects in rural areas of the State—has also worked with other developers to successfully develop new construction of affordable rental housing in Elko, Fernley, Fallon, Carson City. We also supported the financing of rehabilitation of existing units of affordable rental housing in those areas of the State. We recognize the impact of the housing and foreclosure crisis in rural areas of the State and have worked with other organizations and local governments to provide funding through our Neighborhood Stabilization Program in Pahrump and areas of Lyon County; acquisition and rehabilitation and resale or rental of foreclosed properties; and down payment assistance in partnership with the USDA to help mitigate this crisis. We have a strong track record of providing successful services both in partnership with the NRHA, other developers and State and local governments in those areas.

In terms of section 1, subsection 1, paragraph (b), Mr. Fraser spoke about the need for the Authority to borrow money from different local governments. It specifically referenced Eureka and some other rural governments. When the bill was heard in the Assembly Committee on Government Affairs, we asked for clarification if the word "rural" could be inserted in those sections. Despite discussion, that part of the amendment was not carried forward. We would again ask that section 1, subsection 1, paragraph (b) "loans of money from a local government" be clarified to read "from a local rural government." We would request the same clarification so section 3, subsection 2, paragraph (i) reads, "Enter into an agreement with a local rural government to receive a loan of money from the local rural government"

CHAIR LEE:

Ms. Chlarson, is there a term in the statutes defining a local rural government? Is that term recognized in NRS?

HEIDI CHLARSON (Counsel):

I am not aware of any place in statute referencing a local rural government. We typically use population caps, so if a decision is made, we can use a population cap that the Committee considers rural. We could not insert the word rural into the language as suggested and must be clear as to what it means.

CHAIR LEE:

I had never heard the term "local rural government" utilized before and wanted your insight. If we add a population cap, that would be the area for insertion.

DR. LOPEZ:

We would be amenable to something along those lines should those sections be adopted. In terms of section 4, our concern is that it is broadly defined and ambiguous. We are unsure as to what services would be provided under that section. It could result in duplicated services and inefficient use of resources by moving the NRHA away from its mission of serving rural areas of the State into more urban areas where we have cultivated and supported capacity building of other organizations with successful track records.

At a federal level, a harmonization effort from the White House is a partnership between HUD, USDA and our agency. They are looking at ways to mitigate duplication of services such as compliance and looking to our State housing finance agency—the Housing Division—to take the lead in compliance of all

low-income housing units. The federal level recognizes the entities are trying to alleviate duplication of efforts.

MR. HORSEY:

I want to let Senator Settlemeyer know that the Housing Division receives no General Fund money or taxpayer support. Since 1976, when we made our first loans, we have put approximately 40,000 Nevada families into their first homes or into rental units. We have provided financing for more, financing more occupancy units for senior citizens than the rest of the State's financial institutions combined. If this was an adversarial relationship, we have the financial resources to undercut the NRHA at any time. We do not operate that way, but we do have an ability for a lower mortgage rate than in any part of the Country.

LON DEWEESE (Chief Financial Officer, Housing Division, Department of Business and Industry):

We would be glad to work with Committee staff to add a definition regarding the word "rural" into this bill as we proposed to the Assembly Committee on Government Affairs. We thought the federal language for standard metropolitan statistical area used to distribute almost \$750 million is a good definition to use. I echo Dr. Lopez's concerns about section 4 with regard to vagueness. We are not certain the language itself clarifies whether "mortgage loans" include the other products similar to a mortgage loan, like a mortgage credit certificate or tax credits. We would like the Committee to consider amending those words into the language should you choose to further consider this bill.

While the NRHA may have been created in the Legislature prior to the Housing Division, it was the Housing Division in 1976 and 1977 that rescued the NRHA from a near bankruptcy from one project.

CHAIR LEE:

Is rural 100,000 or less? Is rural 50,000 or less? What would you consider a rural community? Mr. Horsey, you say this is kingdom building, but I get the feeling you cannot compete or will not compete or NRHA is trying to take over your agency and you are figuring out who does what.

MR. HORSEY:

What troubles me the most is that we supported the efforts of the NRHA in the rural areas of the State. This is clear evidence that it wants to divert its

resources from the population centers it was to serve when created by statute. I attended a meeting of the Sparks City Council and asked the Mayor if he considered Sparks rural. He thought I was joking. He said, "We are one of the most progressive metropolitan areas in the entire West." This bill is far too broad. We have not been apprised as to what services the NRHA will provide.

CHAIR LEE:

Mr. Grady has worked hard on this bill and issues change from one House to the next. I do not want to be the final arbitrator between two entities. I do not know where the Governor's staff is on this issue or what we can do to resolve it. We have two entities out to accomplish the same things, yet a competition has arisen.

ASSEMBLYMAN GRADY:

The majority of the Rural Housing money did not go to Sparks. I was informed by the NRHA that 33 percent went into Sparks and 67 percent into the rural areas. I asked for the Constituent Services Unit of Research Division to research "rural" and "urban." No statute has a consistent distinction between rural and urban counties, but the Legislature commonly divides communities into different classes by inserting population clauses into the statute. For example, when the Legislature wants to ensure that a law applies only to Clark County, it refers to "a county whose population is 400,000 or more." When the Legislature wants to enact a law to only apply to Washoe County, the reference reads "a county whose population is 100,000 or more but less than 400,000." I will make this information available to the Committee.

CHAIR LEE:

Is the Executive Director of the Nevada Rural Housing Authority here?

ASSEMBLYMAN GRADY:

No. His assistant is here, but he is out of town and not available to appear before the Committee today.

CHAIR LEE:

The language "provide services" seems to be an issue to discuss.

ASSEMBLYMAN GRADY:

The NRHA has been contracted through the Housing Division on such projects as weatherization to perform work in Washoe County. Whereas the

Housing Division is telling you what it does not want to accomplish, it is contracting NRHA to do it. This seems disingenuous. Mr. Horsey misspoke because the Division opposed our bill last Session, so it has opposed bills in the past, contrary to what he stated. It has become a competition between the two entities.

SENATOR MANENDO:

You piqued my interest when you mentioned kingdom building. There is a bill in the Assembly now to consolidate the Manufactured Housing Division with the Housing Division itself because there seems to be a power grab. I have concerns about moving in that direction.

SENATOR SCHNEIDER:

Could the NRHA provide us some information regarding 33 percent of the loans provided in Sparks? Can you also provide an audited report to see where the loans are being made?

SENATOR ADLER:

I have that information ([Exhibit C](#)).

CHAIR LEE:

I am going to close the hearing on A.B. 198 and open the hearing on A.B. 413.

ASSEMBLY BILL 413 (1st Reprint): Revises provisions governing public works.
(BDR 28-718)

ASSEMBLYMAN RICHARD (SKIP) DALY (Assembly District No. 31):

Assembly Bill 413 intends to lower the amount that public bodies withhold in retentions from public works projects from 10 percent to 5 percent. We are also attempting to provide uniformity when the job reaches 50 percent completion among the public bodies. There have been differences in how it is applied. Working with the public bodies when the bill was heard in the Assembly Committee on Government Affairs, we amended language to provide clarification. Three different sections cover all three levels, the owner to the general contractor, the general contractor to the subcontractor, the subcontractor to the other subcontractors and their suppliers. Each section accomplishes the same thing.

If owners have issues with prime contractors at the 50 percent completion stage of the project because they have not complied with a certain specification or wage claim, the owners can continue to withhold funds at the 5 percent level and not return 50 percent of the previously held retention. At 50 percent of the project, they can stop withholding the retention funds at the discretion of the public body. If public bodies decide to continue withholding retention, A.B. 413 says they cannot hold it any higher than at 2.5 percent. Normally they hold it at 10 percent; at 50 percent completion of the project, they begin retaining 5 percent of the funding. We would change the language from 5 percent to 2.5 percent when the project is 50 percent completed.

This change is also useful because no one is making 10 percent or 5 percent profit on these jobs. When the projects extend beyond a two-year period, the contractor has to use his or her own cash flow to make payroll and pay his or her suppliers while the public body withholds his or her funds. Sometimes 18 months after a subcontractor is finished on a project, he or she has not received the retention. We are trying to address those issues with this bill and believe it will be beneficial to contractors in the construction industry. It will allow them to be more efficient and finance less money in order to keep their businesses going. That is important in this market.

We worked with the public bodies who expressed concerns in the Assembly hearing and found good public policy regarding the why of retention funding, and we agree. Using the 5 percent rate, no projects were identified that would not have met the needs of the public body. The other safeguard we included was for this language change to sunset in four years. If we find the 5 percent is not enough over the course of the next two Sessions, it will automatically return to the 10 percent retention at the end of four years. If we want to retain the 5 percent rate beyond that time, we have to vote on it again.

FRED REEDER (Partner, Reno-Tahoe Construction, Inc.):

We are a general engineering contractor. We were a subcontractor on the Center for Molecular Medicine at the University of Nevada School of Medicine with Clark and Sullivan Construction. We basically dug the hole and placed the utilities for the building. It was about a \$1.7 million subcontract. I broke ground on that project in November 2008. My portion of the project was 95 percent complete in the first 120 days of the project. I got my final retention in October 2010. It is difficult for a small contractor to operate without cash flow. I can no longer take public works jobs because I cannot cash-flow the project.

I am also hesitant on any building project right now because of the economy. Things got tough and money runs low. We cannot cash-flow a job. A 10 percent margin is not even in the realm of possibility. To decrease the retention to a reasonable amount is a good move.

Public bodies want to keep control and leverage the project to ensure completion. Testimony for the State Public Works Board indicated that when it reviewed its records, 5 percent was adequate to withhold. The agencies still have the ability to withhold the claim amount dollar for dollar for a prevailing wage claim or a deficiency. This is a fair bill that will help struggling contractors in the State weather this economic storm.

MR. SANDERSON:

Ex-Senator Warren B. Hardy II asked me to put his support for this bill on the record.

LEE THOMSON (Chief Deputy District Attorney; Department of Aviation, Clark County):

We oppose the bill as written. As I read section 1, subsection 2, paragraph (a), subparagraphs (1) and (2), the net result is a reduction of a 2.5 percent retention, not a 5 percent retention. A 2.5 percent retention is not enough for jobs that are in trouble. I have been completing this work since 1985 for the Clark County Department of Aviation at the McCarran International Airport. We have completed billions of dollars of work, and I have seen good jobs and bad jobs. For the good jobs with good contractors, I agree we need to have a mechanism to reduce retention. But reducing the retention to 2.5 percent does not take into account protecting the public on the bad jobs.

Retention serves a purpose because it is used to ensure the job is done right. Not only that the job is completed in accordance with the planned specification, but you get the contractor and its subcontractors to keep coming back to finish the punch work of the job. This is not just a public works issue. If I build a house and do not have an incentive to provide to the contractor for completing the work, what other incentive can I use to have the contractor finish the job? The cash flow is gone from the pay applications and the contractors do not come back to complete the job. The contractor may have other jobs lined up with better pay that he or she would rather work. The retention is to keep the contractors and subcontractors coming back to complete the punch work. We need to protect the public with more flexibility than the 2.5 percent

retention on all jobs. Putting that in perspective, when we get to the end on a \$1 million job, we would only have \$25,000 as retention. That is not enough in certain circumstances.

On other jobs where the contractor does what is required, there should be flexibility to allow the public body to reduce some or all of the retention based on the facts on the ground. That is why Clark County has proposed an amendment ([Exhibit D](#)), which assesses the work on the ground to make a determination. It retains the status quo in most of the statutes in NRS 338.515, but it allows the public body to make the decision if things are going well to release as much retention as appropriate. In addition, to address Mr. Reeder's problem, I have seen the problem and totally agree that people who come in on the beginning to complete the civil work of a large complex job should not have to wait for years before they are eligible to be paid. The bill as presented does not guarantee the contractor will get his or her money. With the proposed amendment, there should be a procedure for these subcontractors who have gotten their work done to apply for a release of the retention specifically for what everybody believes is finished. They should be allowed to get their money so it is no longer tied up in this retention law.

The objections we have are in section 1, subsection 2, paragraph (a), subparagraph (2) which says, "Before withholding any amount pursuant to subparagraph (1), the public body must pay to the contractor 50 percent of the amount" That says the 5 percent collected to the first 50 percent of the job has to be reduced to 2.5 percent; then and only then can you continue to hold any further retention on that job.

You become aware of problems with the job in the last half of the job rather than in the first half. That is when the wheels start to come off of a project. This handcuffs a public body from doing its job of getting a project completed within the cost and time stated in the contract.

Section 1, subsection 2, paragraph (b) subparagraph (1) has a restriction. Someone said we had the ability to withhold dollar for dollar under this law; however, subparagraph (1) says, "The public body may not withhold more than 5 percent of the amount of any progress payment." That relates to NRS 338.515 where we discovered a problem with the job. If we cannot hold the money dollar for dollar, we have a problem and are not protecting the public interest. That is the reason for our objections to this language.

We submit that the retention language needs some changes, but this bill does not do it. I ask you to consider the amendment proposed by Clark County.

SENATOR MANENDO:

Was this amendment shared with the sponsor of the bill? Is this something you worked on when the bill was heard in the Assembly Committee on Government Affairs?

MR. THOMSON:

I was not asked by Clark County to get involved until yesterday but believe the amendment may have been provided to the sponsor of the bill this morning. This issue should be addressed by the Legislature because there are other ways to approach the problems this bill is trying to fix.

SENATOR HARDY:

Is there a history of other states with similar issues that they have resolved, or do you have a list of contractors with a history of good work that could be grandfathered in to accept the 2.5 percent retention?

MR. THOMSON:

I suggest that may be a bit impractical because you are dealing not only with contractors; the prime contractor may be a very good contractor who ends up with a less than stellar subcontractor on a portion of the work. The prime contractor may also have a less than stellar supplier. As an example, a supplier might come up with cast iron pipes that turn out to be insufficient for the job requirement. It would be difficult to grandfather contractors into a list. I submit that you give public bodies the flexibility to reduce the retention when appropriate—the job is going well and the contractor is performing as expected. Provide us with the authority to reduce the retention. We are currently building Terminal 3 at McCarran International Airport, and it is a \$1.2 billion job. The retention on that project is enormous. I would like the flexibility to get more of that retention released. Under the law, we do not have that flexibility.

SENATOR HARDY:

I am hearing two different issues. First, grandfathering does not work; we need more flexibility, but grandfathering would allow that. Second, retention flexibility is needed, except we do not want flexibility under 5 percent. I am hearing we do not want flexibility under 5 percent, knowing a punch list can be huge. There are issues.

MR. THOMSON:

We would like the flexibility to take it way below 5 percent when appropriate. There are jobs where 10 percent is appropriate. In terms of the grandfathering, contractors on a public works projects do not have the same subcontractors all of the time. I do not see how you could utilize a list to allow companies to be grandfathered and only withhold 2.5 percent because there are too many variables in a complex job due to the types of suppliers and subcontractors involved.

SENATOR HARDY:

Flexibility would be to increase, which would challenge the intent of the bill.

ASSEMBLYMAN DALY:

I did receive the amendment late last night and thought we had this worked out with the State Public Works Board in Clark County. Everyone seemed to think the 5 percent was correct. To provide further explanation, NRS 338.515 says a public body is supposed to withhold 10 percent, but it is not written that way. The language says you cannot pay more than 90 percent of the progress payment. If you have a \$10 million job and you bill \$1 million or you have a \$1 million job and you bill \$100,000, you can only pay me \$90,000 because you have to withhold 10 percent.

This bill says I cannot pay more than 95 percent, so that is where the 5 percent comes into the structure. I disagree that there is no incentive in this market because if the contractors are making 5 percent, they are doing pretty well. They are not making 10 percent. Maybe there was a time when they came close, but not today. There seem to be plenty of safeguards.

Let us review the statements. The law says at 50 percent the public body can make a determination to stop withholding the retention, lower the retention or continue to hold at the same level. We want to make the process more consistent. In discussions with some of the contractors, agencies would reduce it 50 percent—from 10 percent down to 5 percent—and hold all monies previously collected. Others would say we are going to drop it down to 50 percent and give you back half of what we collected because you are doing a great job. There is no consistency.

When we included the language in section 1, subsection 2, paragraph (a), we said agencies can continue to hold the 5 percent and not give any of the money

back if there is an issue under NRS 338.525—if you put in the wrong kind of pipe, if you have not met a speed specification or you have a wage claim. If there is no issue, the agency still gets to make the same determination. If it decides to reduce and continue to hold retention, we said you cannot do it with more than 50 percent and you have to give contractors half of their money back. They are performing well and there is no reason to continue to penalize them. At the end of the job, you end up with 2.5 percent overall or 5 percent. It is similar; if you stopped at 50 percent of the job, you would have the same amount of money.

I am not sure if the gentleman in Clark County actually read the bill correctly, so I want to provide clarification for the Committee. The other portion Mr. Reeder spoke to was where you can withhold dollar for dollar and such. In NRS 338.525 and subsequent statutes, if there is a way to claim an issue, you can withhold the amount of a wage claim as ordered by the Labor Commissioner in addition to the 5 percent. Section 1, subsection 2, paragraph (b), subparagraph (1) says, "The public body may not withhold more than 5 percent of the amount of any progress payment." Any other law that allows you to withhold additional money dollar for dollar on a wage claim is not affected. That is the clarification I want to get on the record. The bill does what we intended it to do. The issues brought forward by Mr. Thomson are not valid.

SENATOR HARDY:

Assemblyman Daly, could you address the flexibility and the 10 percent?

ASSEMBLYMAN DALY:

The flexibility comes in at 50 percent of the job as written into the statute now. That was one of the discussions I had with the State Public Works Board. When you get to 50 percent of the job, you have all options open to you as a public body with one exception. You used to be able to withhold 10 percent. If you had an issue, you could withhold whatever amounts needed that you could withhold under other statutes and continue to hold the higher amount. You could stop withholding any retention, keeping the money you had and going forward, or you could reduce it.

The standard was to reduce the retention by 50 percent, and all of the public bodies were handling it differently. Some continued to hold all of the previous retentions, and some gave half of the money back. We wanted uniformity because different agencies were doing different things. The public bodies have

flexibility to evaluate when 50 percent of the job is done, and if everything is going smoothly, they have all of the same options as previously. We are now telling the public bodies they have to go down to 2.5 percent. They can go lower than 2.5 percent, but it cannot be more than 2.5 percent. Lowering the percentage is the crux of the bill. In this construction market, 5 percent will be more than enough to get the contractor to come back because he is still paying money out of his own pocket.

SENATOR MANENDO:

I will close the hearing on A.B. 413, and it will come back before the Committee during a work session. We have exhausted our agenda and will adjourn the meeting at 10 a.m.

RESPECTFULLY SUBMITTED:

Martha Barnes,
Committee Secretary

APPROVED BY:

Senator John J. Lee, Chair

DATE: _____

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B.198	C	Nevada Rural Housing Authority	Home at Last Program Nevada Families Served (2006-2011)
A.B. 413	D	Clark County	Proposed amendment