

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

**Seventy-Seventh Session  
May 10, 2013**

The Committee on Government Affairs was called to order by Chairwoman Teresa Benitez-Thompson at 9:06 a.m. on Friday, May 10, 2013, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to UNLV – Room 102, System Computing Services Building, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [nelis.leg.state.nv.us/77th2013](http://nelis.leg.state.nv.us/77th2013). In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Teresa Benitez-Thompson, Chairwoman  
Assemblyman Elliot T. Anderson  
Assemblywoman Irene Bustamante Adams  
Assemblyman Skip Daly  
Assemblyman John Ellison  
Assemblyman James W. Healey  
Assemblyman Pete Livermore  
Assemblyman Harvey J. Munford  
Assemblyman James Oscarson  
Assemblyman Lynn D. Stewart  
Assemblywoman Heidi Swank

**COMMITTEE MEMBERS ABSENT:**

Assemblywoman Dina Neal, Vice Chairwoman (excused)  
Assemblywoman Peggy Pierce (excused)  
Assemblywoman Melissa Woodbury (excused)

**GUEST LEGISLATORS PRESENT:**

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

Minutes ID: 1084



**STAFF MEMBERS PRESENT:**

Jennifer Ruedy, Committee Policy Analyst  
Jim Penrose, Committee Counsel  
Bonnie Hoeffcker, Committee Manager  
Lori McCleary, Committee Secretary  
Jennifer Dalton, Committee Secretary  
Cheryl Williams, Committee Assistant

**OTHERS PRESENT:**

Tim Farkas, Energy Finance Manager, Ameresco, Inc.  
Paul Ira, Account Executive, Ameresco, Inc.  
Thomas Perrigo, representing City of Las Vegas  
Ted Olivas, representing the City of Las Vegas  
Les Lazareck, Owner, Home Energy Connection  
Kelly Thomas, Director, U.S. Green Building Council – Nevada Chapter  
Tim Fromhart, Jr., Private Citizen, Las Vegas, Nevada  
Shari Farkas, Community Engagement Director, HomeFree Nevada  
Annette Bubak, President, Nevada Energy Star Partners Green Alliance  
John Slaughter, representing Washoe County  
Kitty Jung, Commissioner, District 3, Board of Commissioners, Washoe County  
Kyle Davis, representing Nevada Conservation League  
Cadence Matijevich, representing City of Reno

**Chairwoman Benitez-Thompson:**

[Roll was called. Rules and protocols were explained.] There will be a change in the agenda. We are not going to be hearing Senate Bill 404 (1st Reprint). We will hear that bill on Monday. We have a work session first and then we will hear Senate Bill 250.

**Senate Bill 404 (1st Reprint): Revises provisions relating to business practices (BDR 28-827)**

[This bill was not heard.]

**Senate Bill 23: Establishes “Nevada Tribes Legislative Day” as a day of observance. (BDR 19-288)**

**Jennifer Ruedy, Committee Policy Analyst:**

[Ms. Ruedy read an explanation of the bill from the work session document ([Exhibit C](#)).]

**Chairwoman Benitez-Thompson:**

I will accept a motion to do pass.

ASSEMBLYMAN LIVERMORE MOVED TO DO PASS  
SENATE BILL 23.

ASSEMBLYMAN DALY SECONDED THE MOTION.

**Chairwoman Benitez-Thompson:**

Are there any comments on the motion? [There were none.]

THE MOTION PASSED. (ASSEMBLYWOMEN NEAL, PIERCE, AND  
WOODBURY WERE ABSENT FOR THE VOTE.)

**Chairwoman Benitez-Thompson:**

I will assign the floor statement to Assemblywoman Swank.

**Senate Bill 24: Authorizes the establishment of a program for law enforcement  
personnel and prosecuting attorneys on the Vienna Convention on  
Consular Relations. (BDR 18-399)**

**Jennifer Ruedy, Committee Policy Analyst:**

[Ms. Ruedy read an explanation of the bill from the work session document  
([Exhibit D](#)).]

**Chairwoman Benitez-Thompson:**

I will accept a motion to do pass.

ASSEMBLYMAN STEWART MOVED TO DO PASS  
SENATE BILL 24.

ASSEMBLYWOMAN SWANK SECONDED THE MOTION.

**Chairwoman Benitez-Thompson:**

Are there any comments on the motion? [There were none.]

THE MOTION PASSED. (ASSEMBLYWOMEN NEAL, PIERCE, AND  
WOODBURY WERE ABSENT FOR THE VOTE.)

**Chairwoman Benitez-Thompson:**

I will assign the floor statement to Assemblyman Stewart.

**Senate Bill 79:** Revises provisions governing the use of net profits derived from certain municipal utilities. (BDR 58-449)

**Jennifer Ruedy, Committee Policy Analyst:**

[Ms. Ruedy read an explanation of the bill from the work session document ([Exhibit E](#)).]

**Chairwoman Benitez-Thompson:**

I will accept a motion to do pass.

ASSEMBLYMAN HEALEY MOVED TO DO PASS SENATE BILL 79.

ASSEMBLYWOMAN BUSTAMANTE ADAMS SECONDED THE MOTION.

**Chairwoman Benitez-Thompson:**

Are there any comments on the motion? [There were none.]

THE MOTION PASSED. (ASSEMBLYWOMEN NEAL, PIERCE, AND WOODBURY WERE ABSENT FOR THE VOTE.)

**Chairwoman Benitez-Thompson:**

I will assign the floor statement to Assemblywoman Bustamante Adams.

**Senate Bill 227:** Authorizes the governing body of a municipality to acquire, improve, equip, operate and maintain certain projects. (BDR 21-1043)

**Jennifer Ruedy, Committee Policy Analyst:**

[Ms. Ruedy read an explanation of the bill from the work session document ([Exhibit F](#)).]

**Chairwoman Benitez-Thompson:**

I will accept a motion to do pass.

ASSEMBLYMAN ELLISON MOVED TO DO PASS SENATE BILL 227.

ASSEMBLYMAN LIVERMORE SECONDED THE MOTION.

**Chairwoman Benitez-Thompson:**

Are there any comments on the motion? [There were none.]

THE MOTION PASSED. (ASSEMBLYWOMEN NEAL, PIERCE, AND  
WOODBURY WERE ABSENT FOR THE VOTE.)

**Chairwoman Benitez-Thompson:**

I will assign the floor statement to Assemblyman Ellison.

**Senate Bill 304:** Revises certain provisions of the Charter of the City of Sparks.  
(BDR S-136)

**Jennifer Ruedy, Committee Policy Analyst:**

[Ms. Ruedy read an explanation of the bill from the work session document  
([Exhibit G](#)).]

**Chairwoman Benitez-Thompson:**

I will accept a motion to do pass.

ASSEMBLYMAN DALY MOVED TO DO PASS SENATE BILL 304.

ASSEMBLYWOMAN BUSTAMANTE ADAMS SECONDED THE  
MOTION.

**Chairwoman Benitez-Thompson:**

Are there any comments on the motion? [There were none.]

THE MOTION PASSED. (ASSEMBLYWOMEN NEAL, PIERCE, AND  
WOODBURY WERE ABSENT FOR THE VOTE.)

**Chairwoman Benitez-Thompson:**

I will assign the floor statement to Assemblyman Daly.

That is all for this work session. Committee members and audience members  
will be seeing agendas posted with additional work sessions.

We will move into the hearing for Senate Bill 250. I will invite the bill sponsor,  
Senator Hardy, to the witness table.

**Senate Bill 250:** Provides for the creation of certain local improvement districts.  
(BDR 21-475)

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

Senate Bill 250 deals with a local improvement district and provides for the  
creation, by a local government, of a local improvement district that includes an  
energy efficiency improvement project or renewable energy project.

The local government must meet several requirements prior to creating the district, which include adoption of a procedure for the creation and administration of the district for the purposes of financing one or more energy efficiency improvement or renewable energy projects. The bill also requires the written consent of each and every landowner within the district where a project is to be located. They must include information on the benefits the owner will receive from the project, as well as other contractual information regarding the builder or builders of the project, a refundable deposit on the project, and other information. Construction must be completed through independent contracts with contractors licensed in Nevada.

In English, the developer-backed special improvement district is an energy improvement opportunity. Senate Bill 250 relates to property assessed clean energy, otherwise known as PACE, financing. The owner must opt-in and cannot be forced or voted into a particular area. This will allow the local government to be off the hook for providing security for debt issuance because it is developer-backed financing. Likewise, it allows the local entity to recover the cost of the setup and will create jobs in the renewable energy industry.

There are many people in Las Vegas who would be happy to address the particulars. Tim Farkas is probably the point person in Las Vegas, if you would like him to start.

**Chairwoman Benitez-Thompson:**

Good morning Mr. Farkas. Will you be walking us through each section of the bill?

**Tim Farkas, Energy Finance Manager, Ameresco, Inc.:**

If that is what you would prefer, I would be happy to. [Mr. Farkas provided a summary of S.B. 250 ([Exhibit H](#)).]

**Chairwoman Benitez-Thompson:**

We will start with any opening comments you may have.

**Tim Farkas:**

I believe Senator Hardy's summary was spot-on and I do not really have anything to add. I will go through the highlights of the bill section by section. It is only about eight pages long and there are only about a half-dozen things to emphasize.

Section 1, subsection 1, paragraph (b) is where the written consent is required by each property owner. Section 1, subsection 1, paragraph (d) requires the fair market value not be exceeded by the total liens on the property. This added

lien through a special improvement district (SID) or local improvement district (LID) cannot take the property "underwater," as we say. I believe that is an important point.

Section 1, subsection 2, requires that the liens be recorded. Section 1, subsection 5, requires contractors to be licensed in Nevada. We are confident that this will help the growing industry of home energy and small commercial energy retrofits in Nevada. The Office of Energy and state nonprofits, Energy Fit Nevada and Green Chips, have worked together to ensure a growing industry and register contractors. This bill will help that. It also includes indemnity for the municipal issuer. It requires that the total contract price not exceed 80 percent of the estimated maximum benefit. There has to be some creation of a limit to what the loan amount could be in relation to the benefit that is expected. Senator Hardy mentioned the powers that this bill gives to issuing municipalities. The issuing municipality has the discretion to create the rules around that, as well as the other rules regarding the issuance.

Section 1, subsection 6 requires that these improvements be considered property of the owner, which is an important distinction and a difference between previous SID/LID issuances.

Section 1, subsection 8 is really a list of those powers that the issuing municipality has the discretion to determine specifically.

Section 1, subsection 9 is also an important section. It states, "A bond or interim warrant issued for a district created pursuant to subsection 1 must not be secured by a pledge of the general credit or taxing power of the municipality or by the surplus and deficiency fund established pursuant to NRS 271.428." That is what Senator Hardy referred to as being developer-backed. This takes away the option for the issuing municipality to provide a municipal form of security, whether that is a budget revenue or the general obligation of that entity.

Sections 2 and 3 more explicitly define energy efficiency and renewable energy in *Nevada Revised Statutes* (NRS) Chapter 271. Those were added in a previous session, and this bill cleans up and clarifies how energy improvement can be done.

Section 4, subsection 4 refers to the requirement for any listed owner to be notified or to provide their written notification that they consent to this project, which would capture couples in a separation situation, or something of that nature. One party listed on the deed could not do this project without all the parties listed on the deed.

Section 5, subsection 3, paragraph (a) requires that payment and reimbursement for the issuance be clearly evidenced, either in writing that the installation is complete or verification through an inspection. Again, it gives the discretion to the issuing municipality to determine what they would prefer.

I would be happy to answer any questions.

**Chairwoman Benitez-Thompson:**

Are there any questions from Committee members regarding section 1 of the bill?

**Assemblywoman Bustamante Adams:**

Is this a group of individuals or different associations working together to bring this bill forth with Senator Hardy? Can you give me a little bit of background so I can put it in the right context?

**Tim Farkas:**

My background is as a municipal finance banker. I used to work in public finance for Nevada State Bank. I currently work as an energy finance manager for an energy services company. We do not actually perform these types of residential and commercial projects. I do this out of an interest in this industry. I have been involved with this legislation for the past three sessions. This is the bill I think will clean up any past efforts we have engaged in.

Around the table, we have representatives from the City of Las Vegas, private industry, and the nonprofits I mentioned before. I believe several of them wish to speak and they would be happy to explain who they are and exactly why they are here.

**Paul Ira, Account Executive, Ameresco, Inc.:**

We have done many energy conservation projects on public buildings. We are here to support this for the private and commercial sector to continue energy efficiency conservation and renewable energy projects for the state of Nevada.

**Tim Farkas:**

Would you prefer to ask questions on the bill now and then let the other parties speak after my question and answer session is over?

**Chairwoman Benitez-Thompson:**

We will get to the technical part of the bill first and then we will open for testimony in support.



What types of properties are we talking about? In earlier conversations, I was told this is specific to commercial and retail properties and not residential properties. Is that the intent of the bill?

**Tim Farkas:**

The intent of the bill is to enable either commercial or residential. It just so happens that because of a position that the head of Fannie Mae and Freddie Mac Federal Home Loan Mortgage Corporations have taken, and also the fact that many residential properties are underwater in Nevada, we are not sure that a residential program is viable at this time. This enabling legislation will allow for a residential project. There is actually a very good fit for new construction to have the energy improvements of new homes be put into an SID or LID. However, I believe the focus of the interested parties will be for small and medium commercial property, and potentially large commercial, initially.

**Chairwoman Benitez-Thompson:**

Talk to me more about how this financing mechanism is going to work. I see you have to have the permission of each property tract owner and then a lien is assessed against the property. I also see in section 1, subsection 1, paragraph (c), subparagraph (3), sub-subparagraph II (lines 28 and 29) it looks like the governing body is the entity responsible for putting down a deposit. You have the property owners with the liens on the property who are making the monthly payments on this loan, with the county putting down the deposit and the government entity being the one to apply for the loan.

**Tim Farkas:**

Lines 28 and 29 refer to the consent provided and that deposit is intended to come from the owner, not the issuing entity. There would be no cost to the issuing municipality unless there were some costs of issuance that they decided to cover. There would be some discretion by the issuing municipality to make this completely not an issue for their budget whatsoever. They could recover any fees or any expenses they incurred through either the debt of issuance or through fees charged by issuing this process.

To get back to your overall question, different property owners will provide a written consent and a project description, as described and elaborated on by each municipality. They will then be potentially aggregated into a larger issuance and issue every quarter or semiannually so that a larger project represents multiple properties. In that way, there will be some efficiencies for each entity to spread out the cost of issuance and so forth. This is a way for energy improvements to have the lien put on the property at parity with tax liens, which allows the property owner to then sell the property at some point and not be required to pay off that loan at the time of sale. It would stay with

the property. I think this makes sense, since those improvements stay with the property.

**Chairwoman Benitez-Thompson:**

We see many vacancies in retail and commercial property currently. Knowing that is where you are going to start, what happens if these retail or commercial properties are in foreclosure or sales are pending? Are you counting on resolutions and the ordinances at the local level to address all of those details?

**Tim Farkas:**

A debt issuance that would include properties in foreclosure would not be something we could sell to the financing market. In order for an issuance to be sold, the property owners would be required to demonstrate that they are financially sound and there are no liens that would complicate or conflict with this potential lien.

**Assemblyman Livermore:**

How is the percent of the cost going to be distributed between the differences of residential or commercial properties? How is that going to be liened?

**Tim Farkas:**

The cost associated with this process will be determined by the issuing municipality. They will have the discretion to either distribute those costs based on a dollar percentage or to potentially even pay for some of those costs. I do not see that happening, frankly. I think they would probably distribute those costs based on a percentage of each property value in the debt issuance. That would be a simple and fair way to do it.

**Assemblyman Livermore:**

I appreciate that because the second part of my question is whether there is a minimum amount of blend or mixture of how many properties. Is that discretionary for the local municipalities or local government to decide?

**Tim Farkas:**

That would be discretionary. It would definitely be a function of the cost associated with entering into this type of financing for that small property. If owners see what their interest rate would be and they have these additional costs, they would have to weigh whether or not it is worth it to enter into it based on their alternative financing avenues. When a person gets a mortgage, they have fees and rates. It would be the same sort of thing; we have to balance the two.

**Assemblyman Livermore:**

My point is, I would not want to distribute to a residential small property owner a larger portion of the lien only to support commercial properties. That concerns me in creating this legislation allowing local municipalities to decide the governance of this. I do not know who is going to do the appraisals and the assessment of risk.

**Assemblyman Ellison:**

If you create a general improvement district that is going to be energy efficient, what kind of program are you looking at? Is it going to be beneficial to everyone within the district or just a few? Could you explain where you are going?

**Tim Farkas:**

We will take a county for instance. If the county wants to engage in this, they would designate the entire county as an energy improvement district. However, those participants would be piecemealed around the county, wherever they happen to be, and only those participants would participate and benefit from entering into the energy improvement district. No other property, no neighbors' property, or any related property, would be affected directly or conceivably indirectly by one party entering into this.

**Assemblyman Daly:**

A couple of the questions previously asked are starting to get some meat on the bones for me. I am really not following. What I see is a renewable energy industry, bankers, and other people wanting to develop renewable energy. This is a noble thing and it helps us, but I am not seeing why you need government to do this. If this is going to be a policy of the state, the county, or the city to encourage renewable development, they could make an ordinance or a land use plan to stipulate the requirements. I am not seeing where it is you have to have the backing of government in order to do this or why you need to have the government involved. You make exclusions by stating you are going to use the government's full faith and credit backing, but then you say there is no liability to government. We said the same things about sales tax anticipation revenue (STAR) bonds and conduit bonds. In the end, if any of that defaults, the public body is on the hook. I know there will be public bodies testifying that is not true, but it is.

When you say you need the help of the government in order to do this, but we do not want any of the other things that government promotes, such as wage standards and competitive bidding, you lose me. I do not understand why a bunch of business people and entrepreneurs need the government to help them. I have a hard time with some of this, such as when you say the

government regulates us too much, but now we need the government to help us.

If you can explain those two sides of the coin and how this is beneficial, I would be happy to hear it.

**Tim Farkas:**

I think I understand the question. Currently, in the small and medium energy project industries, one of the major hurdles to make it grow and prosper is financing. For residential, the alternative is to take out a second mortgage. A second mortgage has fees associated with it and it has to be paid off at the time of sale. If a commercial entity were to enter into some sort of private loan, they would not benefit from the better interest rates possible through an aggregated loan the way this works. This has been working in other states and has proven successful in providing financing for an industry that the financing institutions are simply not paying much attention to. This provides an avenue for many small projects to be aggregated and done at once to achieve efficiencies in spreading out the costs of those issuances and achieving potentially lower interest rates.

The obligation of the municipality or government is simply to act as a conduit. The municipality will in no way be expected to repay any of these debts. It is explicitly forbidden in NRS Chapter 271 for an issuing municipality to provide their general fund as a lien. This bill explicitly forbids them from providing their general obligation as a form of security for the loan. This process is not new to this state; we are simply amending existing statute to include more types of projects that we now feel, as a state, are beneficial to us. The current list of improvements includes shrubbery, curbs, gutters, and those sorts of things. We are now just expanding it to include energy efficiency improvements, which will save the property owners money, improve the value of the property, and help create an industry in Nevada. That is a potentially very powerful tool for the state. Again, we are not creating a new program.

**Assemblyman Daly:**

I think I understand some of this and I am familiar with the conduit loans. I realize there is an element of a program in NRS Chapter 271. I will go back and look at that chapter to see how it works, as well. I understand the benefit of getting a loan through government because of the lower interest rate, issuance of bonds, et cetera. One of the things you said goes back to the point I made a few minutes ago. I have seen business be very innovative. Are you saying the private sector cannot do this? Maybe the reason they either cannot do it or they are not doing it is because it is not that good of a risk. That has been my experience. If there is money to be made, the banking industry will

take advantage of it. I am still not seeing why you have to have the government to aid you to benefit this type of situation. You have a tough sell, but I am willing to listen to you. Right now, it is a pretty steep hill.

**Tim Farkas:**

The government acting as a conduit does not involve their actual security or even a dollar of their budgets. It has been beneficial to the state to use NRS Chapter 271 to make common area improvements. That has been determined to be beneficial to the state and something we understand the banks are supportive of.

Having worked for a bank in the past, I can tell you that just because something makes sense, does not mean that it is bankable or that banks are paying attention to it. Bankers are not typically looking for new opportunities. They are looking for things that fit into their preexisting boxes of loans, programs, et cetera. This would potentially create an avenue for a new type of security. This form of security could be used with other loan programs. For instance, the Office of Energy has a revolving loan fund program. They received a relatively large amount of money from the federal government to create a renewable energy and energy efficiency revolving loan. This bill could help that program by providing a better form of security for those loans. In that case, the money is coming from an existing place, but this could potentially create the ability to create new financing opportunities for new money in banking and that has a multiplicative effect on the economy. I believe the benefits are established. Banks need a nudge sometimes to enter into new spaces. They are not what you would call innovative thinkers.

**Assemblyman Elliot Anderson:**

I would like to go back to what you said about conduit bonds and the faith and credit of the municipality not being on the line. That is technically true. However, if these conduit bonds do not work out, the reputations of the agencies issuing the conduit bonds are on the line. I do not think you can dispute that. You cannot simply say that conduit bonds are risk-free to the municipality or whoever is acting as the conduit. Can you comment on that? I am not off base by saying if the conduit bonds do not work out, whoever is acting as the conduit has their reputation on the line, correct?

**Tim Farkas:**

That is an accurate way of saying it. There is no financial or direct impact on the issuing municipality. However, it is never good to have a business go out of business in any city or state either. I would equate it to that. There is no financial impact to the issuing municipality, but it is never good to have something fail.

Again, this is an existing program for common area improvements that have been engaged numerous times throughout the state. Each municipality gets to determine for themselves whether they wish to go down this path. A municipality can in no way be forced to enter into this. It is enabling for cities and counties. There is some reputational risk, you could say, but I think it is the same reputational risk of any business endeavor in any municipality.

**Chairwoman Benitez-Thompson:**

Are there any additional questions from Committee members? [There were none.] I feel in the last few sessions there have been a lot of conversations on energy and ways for the state, through tax exemptions, revolving loan funds, Leadership in Energy and Environmental Design (LEED) certification, and other policies we have on the books, to encourage energy efficiency. Tell me why we need one more tool and how revolving loans are not stimulating the type of growth we would want in energy efficiency. Tell me how LEED is not stimulating.

**Tim Farkas:**

The small and medium commercial and residential markets are really underserved as far as there being an industry to address all their needs. Financing is the hurdle. This would complement many other programs and, as we have seen in other states, it has been a tool that has been quite successful in aggregating small- and medium-sized projects into larger financings. Those efficiencies are passed on to the property owner. They benefit from a more cost-effective project, which enables them to have more discretionary income and potentially benefit local economies. It will also help stimulate the economy through job growth. There is no question, if we can solve the financing problems in these sectors, we will create more of an industry than we already have, which will benefit the north and the south.

**Chairwoman Benitez-Thompson:**

I think that is touching on more of where Assemblyman Daly is coming from and some of the bigger policy questions we are talking about. When we talk about the bonding capacity and putting the government's name behind something, we are talking about street projects, parks, curb and gutter projects, underpass projects, and other things that are owned by the community and that everyone benefits from. As you just mentioned, with these loans, if we create this type of district, it is only that retail or commercial property owner who is going to benefit from having a lower power bill. In the long run, we all benefit, but directly and specifically, it is just those retail and commercial businesses that are going to benefit.

In other committee hearings, and Assemblyman Anderson can testify to this because they recently had a hearing in the Assembly Committee on Education, we have had many different business sectors asking for the ability to use these conduit bonds. I want to make sure you know that in all of the committees in which such requests are being made, there is a lot of conversation and a lot of questions about why this is not happening in the private market, why the private market would not be able to do this, and why there is a specific need for the government to be involved if it could not be sustained in the private market. I just want you to know we are not picking on you specifically; it has been more of a theme this session.

I would like to thank Mr. Olivas, who is testifying from Las Vegas. He has agreed to collect the sign-in sheet and send it to Carson City for us.

Are there any additional questions from Committee members? [There were none.] I will open testimony in support of the bill and we will start with the folks in Las Vegas.

**Thomas Perrigo, representing City of Las Vegas:**

We are in support of S.B. 250. Over the summer months, our chief financial officer, Mark Vincent, was meeting with bond counsel John Swendseid to go over some of the issues that have been discussed so far in this hearing. We made revisions to a bill that was introduced last session. We feel confident that S.B. 250, in its current form, provides the enabling legislation that would allow the city to implement a property assessed clean energy (PACE) program and really minimize the risk to the city.

We do hear from commercial property owners who would like to perform energy efficiency improvements, especially in the mature areas of town. One of the barriers they have run into is the financing. We also hear from finance companies that are interested in implementing a program in Las Vegas. They are watching this bill closely, and if this is passed, investors will be bringing money to Las Vegas for a program like this.

We believe S.B. 250 will unleash demand for energy efficiency improvements in commercial buildings. These projects have many benefits, including helping tenants lower operating costs, creating jobs for local workers, and reducing overall demand for energy. For these reasons, we are grateful to Senator Hardy for introducing this bill, and we ask for your support on S.B. 250. I would be happy to answer any questions.

**Chairwoman Benitez-Thompson:**

Are there any questions from Committee members? [There were none.]

**Ted Olivas, representing the City of Las Vegas:**

I was actually here for Senate Bill 404 (1st Reprint). I understand you will now hear that bill on Monday. I have the sign-in sheet, but my emails are not going through from this room to give you the list of people who are here. I will email it to you this afternoon and I will bring in the hard copy on Monday morning.

**Chairwoman Benitez-Thompson:**

You are so kind, Mr. Olivas. Thank you.

**Les Lazareck, Owner, Home Energy Connection:**

Home Energy Connection is a company that does energy assessments for both residential and small commercial properties, as well as provides a lot of training across the state in the building science information and certifications that lead toward state energy auditing licensing.

I am in support of S.B. 250 for a few reasons. Millions of dollars have been spent in this state creating job initiatives to train hundreds of people throughout the state. What has been lacking is the creation of demand. Mr. Farkas mentioned that through Green Chips and Nevada State Bank, there is some financing available. Many of the owners of both residential and commercial properties want to make a more sizeable impact on their properties, which creates a convoluted approach to finding that financing. This bill will streamline that process and put to work so many of these people who have already been trained to perform the work that this bill will drive.

**Chairwoman Benitez-Thompson:**

Are there any questions from Committee members? [There were none.]

**Kelly Thomas, Director, U.S. Green Building Council – Nevada Chapter:**

I am here in a few capacities today: as a citizen of the great state of Nevada, a former policymaker, an employee of a building performance contractor who has felt the impact of the economic downturn in construction, and, perhaps most important, the executive director of the U.S. Green Building Council, Nevada Chapter (USGBC).

The U.S. Green Building Council fully supports S.B. 250. It is a true, triple bottom line piece of legislation, as it addresses the three aspects of sustainability: people, planet, and profits. One major impact for people is job creation. I will go back to myself being involved with a general contractor. We have a foundation in energy efficiency and renewable energy construction.



Four years ago, we had 10 to 15 employees. Today, we have two full-time employees, including myself. We have a few contractors we go to and we try to find labor from time to time. Speaking to what Mr. Lazareck said about all the money that has been spent to train a workforce, they have almost disappeared. We recently placed an ad and I received all kinds of resumes, but none of them were trained employees. We would hope that something like this would actually put those dollars to work. Obviously, this bill will spur growth in the industry so we can grow in a sustainable fashion.

Environmentally, I do not think we need to say much there. It comes with the territory of energy efficiency and renewable energy.

Some of the economic benefits, not only from the job creation, but the savings that families and businesses gain, would add to their bottom line. The savings could be used to hire more staff or patronize a new energy efficient restaurant or other business. It would also add value to the buildings in Nevada, which have suffered greatly from the economic downturn.

In closing, I have been passionate about sustainability since the mid '90s, after graduating from the University of Nevada, Las Vegas, School of Architecture. I did have an assortment of policies in the late '90s built around sustainability. I am thrilled to see legislation such as S.B. 250 moving forward in Nevada. I fully support it and hope to see more like it as Nevada moves forward in sustainability. Thank you for your time and I hope you will support S.B. 250.

**Chairwoman Benitez-Thompson:**

Are there any questions from Committee members? [There were none.] For those of you in Las Vegas who want to testify, please state and spell your name for the record. If something has already been said by a previous testifier, you can just say you support S.B. 250, or if there is a particular section of the bill you like, please highlight it.

**Tim Fromhart, Jr., Private Citizen, Las Vegas, Nevada:**

I am a local business owner here in southern Nevada, and I do support S.B. 250.

**Scott Shaw, Private Citizen, Las Vegas, Nevada:**

I am in research and development for Service 1st Energy Solutions, a local energy efficiency business. I support S.B. 250. I would also like to reiterate what some of the other folks here had to say. There is not a lack of want or need, but in almost every case I can think of, the barrier is in the financing. With a tool such as this, that would give more opportunity in the entire state of Nevada.

**Shari Farkas, Community Engagement Director, HomeFree Nevada:**

I am with HomeFree Nevada, which is the state sponsor for Home Performance with Energy Star, and I am the administrator for the Energy Fit Nevada Program.

**Chairwoman Benitez-Thompson:**

Thank you for lending your name to the record.

**Annette Bubak, President, Nevada Energy Star Partners Green Alliance:**

I would like to concur with the previous comments. I do support this bill and hope this Committee will see it forward.

**Chairwoman Benitez-Thompson:**

Is there any further testimony from those of you in Las Vegas? [There was none.] Is there any testimony in support of the bill here in Carson City?

**John Slaughter, representing Washoe County:**

Washoe County is in support of S.B. 250. I would like to introduce Commissioner Jung, who has been involved in various economic development sustainability efforts in Washoe County and is here to offer her support, as well.

**Kitty Jung, Commissioner, District 3, Board of Commissioners, Washoe County:**

I am here to urge your support of S.B. 250. Washoe County has been working with our regional partners and statewide partners for several years on this issue. This has the potential for job creation opportunities in our region and throughout the state. The concepts represented in this bill are in line with the ideas that Washoe County and our partners have been pursuing through our regional jobs network and is consistent with Washoe County's energy strategy and economic development action plan.

I have provided letters in support of the bill. Two are from the City of Reno [([Exhibit I](#)) and ([Exhibit J](#))] from Dr. Jason Geddes, Environmental Services Administrator, as well as a letter from Mike Dillon, Jr. from the Builders Association of Northern Nevada ([Exhibit K](#)).

**Chairwoman Benitez-Thompson:**

For the record, we have the letters from the City of Reno and from the Builders Association of Northern Nevada available on the Nevada Electronic Legislative Information System (NELIS). Are there any questions from Committee members for Commissioner Jung? [There were none.]

**Kyle Davis, representing Nevada Conservation League:**

We are here today in support of S.B. 250. This is a topic we have certainly talked about before. It is absolutely a great way to create some financing to do these projects we feel are very important, certainly for environmental reasons.

I would like to touch on a couple of things that came up during the discussion to hopefully add to or help answer questions. Madam Chairwoman, you had talked about looking at the difference between some of the other projects that are generally done under this section of law as opposed to this bill, where the benefits would go to the individual business owner rather than a community benefit. I think that is a very good point and I think that is the importance of why this bill is crafted to where it would only affect those people, as well. The other citizens would not be affected by it.

Regarding the questions from Assemblyman Daly, I understand the point in terms of looking at this and asking why this is not something that is already being done. Why is there the need to create this system where the municipality would be involved? Looking at it from two different perspectives, a financial institution may not want to make the loan to an individual. It may be a case where they will not do it because the risk assessment is too high or it is just not something they want to get involved in. One of the main reasons they may not finance an individual is because they do not know if the individual is going to own that property for the long term to really realize the benefits. However, it makes sense from a financial perspective.

This bill tries to solve both of those problems by the aggregation, making it a more attractive risk for a bank. The risk is still on the bank and is not on the municipality. It also makes it more attractive to the property owner because the lien stays with the property. The successor in interest to that property would be paying for the benefit they are receiving and the lower interest rate that may come from the aggregation. I hope that is helpful in terms of trying to explain why this is a necessary step to add, while still making sure we do not put anyone who is not involved in this and does not benefit from this at risk.

**Chairwoman Benitez-Thompson:**

Are there any questions from Committee members? [There were none.]

**Cadence Matijevich, representing City of Reno:**

As mentioned previously, you do have a letter from Jason Geddes, Ph.D., Environmental Services Administrator for the City of Reno ([Exhibit I](#)) expressing our support. I also want to respond to some of the questions that were asked. I believe Mr. Davis did an excellent job in addressing some of the issues.

I would like to back up a minute and go to a question Assemblyman Daly asked. Why do we need this legislation? Why do we need this bill so that local governments can get involved and assist our residents in developing the communities and investing in the types of renewable energy that speaks to the values of our community? Two words—Dillon's Rule. I hate to bring it up because, quite frankly, the bruises we received from that hearing a few weeks ago are just starting to heal. That is why we need this legislation.

Madam Chairwoman, you asked why local government would get involved in doing something that would benefit an individual business owner or residential property owner. I think it is bigger than that. It goes back to what I said. This is about our communities. This is about who we are as communities and what we support. Do we support clean air? Do we support renewable energy? Do we support the industries that create new jobs and new opportunities? The answer from the City of Reno is yes. It is important to realize that sometimes local government does have to step in when the private market will not. Whether that is because the risk is maybe too high or the return on the investment is not there. For us, in local government, return on investment is not just about dollars, it is about quality of life. For that reason, we urge your support for this bill.

**Chairwoman Benitez-Thompson:**

Are there any questions from Committee members? [There were none.] Is there any additional testimony in support of the bill? [There was none.] I will open testimony in opposition of the bill, either in Carson City or Las Vegas. [There was none.] I will open testimony neutral to the bill. [There was none.]

Senator Hardy had to leave because he had a work session in the Senate.

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I will close the hearing on S.B. 205. Is there any public comment? [There was none.]

This hearing of the Assembly Committee on Government Affairs is adjourned [at 10:13 a.m.].

RESPECTFULLY SUBMITTED:

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Lori McCleary  
Committee Secretary

APPROVED BY:

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Assemblywoman Teresa Benitez-Thompson, Chairwoman

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

**EXHIBITS**

**Committee Name:** Committee on Government Affairs

**Date:** May 10, 2013

**Time of Meeting:** 9:06 a.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Attendance Roster
S.B. 23	C	Jennifer Ruedy, Committee Policy Analyst	Work session document
S.B. 24	D	Jennifer Ruedy, Committee Policy Analyst	Work session document
S.B. 79	E	Jennifer Ruedy, Committee Policy Analyst	Work session document
S.B. 227	F	Jennifer Ruedy, Committee Policy Analyst	Work session document
S.B. 304	G	Jennifer Ruedy, Committee Policy Analyst	Work session document
S.B. 250	H	Tim Farkas, Ameresco, Inc.	Bill summary
S.B. 250	I	Kitty Jung, Washoe County Commissioner	Letter from City of Reno to Senator Joe Hardy in support of S.B. 250
S.B. 250	J	Kitty Jung, Washoe County Commissioner	Letter from City of Reno to Assemblywoman Benitez-Thompson in support of S.B. 250
S.B. 250	K	Kitty Jung, Washoe County Commissioner	Letter from Builders Association of Northern Nevada to Senator Joe Hardy in support of S.B. 250