

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

**Seventy-Seventh Session
April 30, 2013**

The Committee on Government Affairs was called to order by Chairwoman Teresa Benitez-Thompson at 8:31 a.m. on Tuesday, April 30, 2013, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at 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; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblywoman Teresa Benitez-Thompson, Chairwoman
Assemblywoman Dina Neal, Vice 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
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

Assemblywoman Peggy Pierce (excused)



GUEST LEGISLATORS PRESENT:

Senator Pete Goicoechea, Senatorial District No. 19

Senator David Parks, Clark County Senatorial District No. 7

STAFF MEMBERS PRESENT:

Jennifer Ruedy, Committee Policy Analyst

Jim Penrose, Committee Counsel

Bonnie Hoffeecker, Committee Manager

Maysha Watson, Committee Secretary

Jennifer Dalton, Committee Secretary

Cheryl Williams, Committee Assistant

OTHERS PRESENT:

Ted Olivas, representing City of Las Vegas

Flinn Fagg, Director, Department of Planning, Development Services
Center, City of Las Vegas

Judy Stokey, representing NV Energy

Paul Moradkhan, representing Las Vegas Metro Chamber of Commerce

Lisa Foster, representing Nevada League of Cities and Municipalities; and
City of Boulder City

Debra Gallo, representing Southwest Gas Corporation

Daniel O. Jacobsen, Technical Staff Manager, Bureau of Consumer
Protection, Office of the Attorney General

Carole Vilardo, representing Nevada Taxpayers Association

Cadence Matijevich, representing City of Reno

Chairwoman Benitez-Thompson:

[Roll was taken and protocol reiterated.] We have a quick order of business we need to take care of. One of the Senate bills that was referred to this Committee, Senate Bill 228 (1st Reprint), which addresses ethics of public officers and public employees, was heard by the Committee on Legislative Operations and Elections on the Senate side.

**Senate Bill 228 (1st Reprint): Revises provisions relating to public servants.
(BDR 23-445)**

Assembly leadership has asked us to report Senate Bill 228 (R1) to the full Assembly for rereference so it can be sent to the Assembly Committee on Legislative Operations and Elections.

I will take a motion to report S.B. 228 (R1) out of Committee without recommendations.

ASSEMBLYMAN HEALEY MOVED TO REPORT SENATE BILL 228 (1ST REPRINT) OUT OF COMMITTEE WITHOUT RECOMMENDATIONS.

ASSEMBLYMAN DALY SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYWOMAN PIERCE WAS ABSENT FOR THE VOTE.)

We will send that back down to the floor.

We have three bills that we are going to hear today. We will take them out of order. We are going to start with Senate Bill 55 (1st Reprint) and then Senate Bill 227, and we will end with Senate Bill 79. With that being said, I will open up the hearing on Senate Bill 55 (1st Reprint) and invite Mr. Olivas from the City of Las Vegas forward.

Senate Bill 55 (1st Reprint): Revises provisions governing master plans. (BDR 22-254)

Ted Olivas, representing City of Las Vegas:

Today I am joined by Flinn Fagg, our director of planning and development. I wanted to thank you for giving us the opportunity to review Senate Bill 55 (1st Reprint) with you this morning.

Before I turn it over to Mr. Fagg, you should have three documents. One document is a short presentation that Mr. Fagg will be going through ([Exhibit C](#)). The second is a chart, which summarizes what we are proposing in this bill ([Exhibit D](#)). The third document is what we consider a friendly amendment from Judy Stokey of NV Energy ([Exhibit E](#)), and she will talk a little bit about that shortly.

What we seek to do in this bill is to consolidate the 19 existing master plan elements into eight like groupings. It does not change any of the existing elements or their definitions. It just groups them into eight like categories. The bill has been reviewed by the Southern Nevada Regional Planning Coalition (SNRPC), a group that was established by the Legislature. They have reviewed this legislation, and they are in support of these changes.

Section 3 is really the heart of the bill, and that is where we are rearranging the 19 existing elements into eight categories. You see a lot of strikeout. Essentially, everything that we are striking out we are recreating in eight groupings. The amendment we have discussed with Ms. Stokey adds some language to our public facilities and services element. We think that is in order.

If you look at the summary page ([Exhibit D](#)), the elements that are identified on the right show what the existing elements are in statute today. All we are doing is taking those like elements and putting them into groupings that are identified on the left column. This is really just taking the current elements in the statute, regrouping them, and, hopefully, streamlining our process and the process by which developers review these documents.

With that, Madam Chairwoman, I will turn it over to Mr. Fagg.

**Flinn Fagg, Director, Department of Planning, Development Services Center,
City of Las Vegas:**

As Mr. Olivas has mentioned, I have a short PowerPoint that I would like to go through with you ([Exhibit C](#)). First of all, what is a master plan, and what does it do [([Exhibit C](#)), slide 2]? A master plan is intended to guide the long-term growth and development of a community. It is a very important document that requires citizen participation to help define what a city is going to be, what a community is going to be like in terms of its long-term growth.

The current requirements in *Nevada Revised Statutes* (NRS) Chapter 278 are for counties over 700,000 in population [([Exhibit C](#)), slide 3]. Nineteen separate elements are required as part of the master plan. For counties that are between 100,000 and 700,000 in population, only three elements are required. What we are proposing to do with S.B. 55 (R1) is to change the number of elements required for counties over 700,000. It does not impact any counties below 700,000 in population.

However, having a document with 19 separate elements and 19 separate plans in it results in a document that is too lengthy for our citizens to read and understand and for our elected officials to use in terms of making land use decisions [([Exhibit C](#)), slide 4]. What we are proposing to do is to condense that document down so it becomes more usable for our citizens.

To give you a point of comparison to master plan requirements in other states, Arizona requires nine elements, California only requires seven elements, and Florida requires nine elements [([Exhibit C](#)), slide 5]. Nevada requires much more than what you typically find in other states for master plans.

As Mr. Olivas has indicated, we are not necessarily changing the content of what is required in a master plan, but we are grouping like categories together [([Exhibit C](#)), slide 6]. For example, currently, we are required to have a streets and highway plan, a transit plan, and a transportation plan. What we have found is that there is a lot of duplication in having those three plans. What we are proposing to do is to group those three topics together as part of the transportation element. We are doing that with all 19 of the elements, putting them together in like categories so that we avoid duplication that currently exists.

What we are hoping this will do is make the master plan simpler and easier for our citizens to use and significantly reduce the amount of time that staff spends in developing the elements and the money required to do that, taking the components that we have and condensing that down into a usable format [([Exhibit C](#)), slide 7]. We hope this will make a better master plan for our communities.

With that, we would be happy to answer any questions you might have about the proposed bill.

Assemblyman Healey:

On the slide where it shows the other states and how many elements they have, they have significantly fewer than Nevada. Do they also group their like categories? Is that why they have fewer, or do they just require fewer?

Flinn Fagg:

They generally address the same topics that we do, but they do group them together. For example, in California, they have a transportation plan, and it addresses basically the three things that we do. It talks about their streets network, their transit, and also other transportation facilities, such as airports. Basically, they do group them together.

Assemblywoman Swank:

I have a question about some of the wording and new language in section 3, subsection 1, paragraph (c). It states, "A housing element, which must include, without limitation," but then I see in all of the other paragraphs in subsection 1 that it says "may include." I am wondering why some of these are "may" and some are "must."

Flinn Fagg:

That is a very good question; one that we struggled with as we attempted to rewrite this bill. Again, there are some of the elements that are required for the smaller jurisdictions that are under 700,000 in population. The words "may"

and "must" essentially reflect that construction. For counties over 700,000, we are required to have all of those elements. For counties under 700,000, we are only required to have bits and pieces, if you will, such as a conservation plan, housing element, et cetera. That is why the language is constructed that way. I do realize that is a little confusing, but again, it helps to address the different requirements for the different entities.

Chairwoman Benitez-Thompson:

For clarification for the legislative record, you see it as it applies to Las Vegas as a must.

Flinn Fagg:

That is correct. It applies to the counties over 700,000.

Assemblywoman Neal:

Was the language of "must" in there before, or is it now being added? Because "must" means a requirement. If you had an existing plan before, then now there is a new element that is going to kick into play.

Flinn Fagg:

We are taking the exact same language as was in there before. We are not adding any new language. We are leaving it in the same form that it was previously.

Assemblywoman Bustamante Adams:

I am just going to back up a little bit. Right now, there are these master plans that exist. You are saying that the purpose of S.B. 55 (R1) would be to help an average Nevadan to be able to understand the elements within the master plan. That is your whole purpose of bringing this forth, correct?

Ted Olivas:

That is correct.

Assemblywoman Bustamante Adams:

When these elements come into existence, are they shared through a public hearing? How does it work? This is the first time I have heard of it. I am trying to make sure I understand the whole picture.

Flinn Fagg:

A master plan should be developed with community input. When we have gone about the process of developing our master plan element for Las Vegas, we typically conduct three public meetings where we invite the public to come and give us input on the proposed element. It is one that requires public

participation as part of the development of the element itself. Once we have finalized the element with public input, we then take it through a public hearing process before our planning commission because, per *Nevada Revised Statutes* (NRS), the planning commission is required to review the master plan and then forward recommendations on to a city council. It then goes forward to a city council that either adopts or makes amendments to the proposed element.

Yes, it is based on community input, and this bill does not change that process at all.

Chairwoman Benitez-Thompson:

Within that process, as you consolidate these groupings, I imagine that your intent would be that those hearings would be consolidated. They would be noticed and agendized that way.

Will you talk to me a little bit about what the discussion was within the city about why the master plan should be changed and how this consolidation is going to make for a better public document? Would you explain for the record that process and the thinking that the city had?

Flinn Fagg:

Certainly, I would be happy to speak to that. As the planning director for the City of Las Vegas, I have been over the process of trying to bring our master plan into compliance with state statute, going through and making sure that we had each of the 19 elements adopted. It has been a rather lengthy process. We started that process back in 2000 and finally adopted our last element in 2009. If you think of the staff and the money it takes to do that, it is a rather involved process.

One of the other things that we do is, because our community is growing and changing, we like to make sure that we update our elements every five to seven years. It is a continual process.

One of the things that we noticed was that, in developing all 19 of the elements, we have a document that, if you were to stack it end to end, would be over 1,300 pages. We also noticed that, because there are similar topics—I have talked about the transportation element—you have a lot of duplication in those documents. What we thought was there is a logical way that these things fit together. For example, as we talk about the growth of a community, about public services and facilities and how many fire stations or sewer plants we need as we grow, we need to have a discussion of how we are going to pay for that and exactly what the time frame is for developing those things. That was our discussion in terms of how things should be grouped

together. We are taking those 19 elements and condensing them down into 8 elements, which will reduce the duplication and put like things together so that they make sense to the average citizen who reads through the document.

Assemblywoman Swank:

I have another question about this reorganization and what that requires the county to do. If we look at the original wording in section 3, each of those 19 components—and tell me if I am wrong at any point—had to be part of the master plan. Is that correct?

Flinn Fagg:

That is correct.

Assemblywoman Swank:

In the reorganization of those components, each of those eight components have to be required. Is that correct?

Flinn Fagg:

Yes.

Assemblywoman Swank:

I am looking at section 3, subsection 1, paragraph (b) on the historic neighborhood preservation plan. Before, subparagraphs (1) and (2) had to be included, but now, subparagraphs (1) and (2) "may" be included. We are actually no longer requiring that each of those 19 components be included in the master plan by the way this is worded. Is that correct?

Ted Olivas:

If you look at page 2, section 2, subsection 4, that is where it defines that, in the counties of 700,000 or more, the governing body of the city or county has to adopt a master plan for each of the elements set forth in NRS 278.160. That sets the bar.

In NRS 278.160, we essentially took the 19 elements and grouped them, as identified on this matrix that we put together ([Exhibit D](#)). For example, the land use element now includes these three things with the exact same wording. When Mr. Fagg mentions that the construction of this is consistent with what was set up prior to our revisions, he means we took the same wording. The language of "must" and "may" separates the county over 700,000 in population, which is Clark County, from the rest of the state. That is the difference in the "must" and the "may," as odd as it sounds.

Flinn Fagg:

Relative to the historic preservation plan, currently we are required to have a historic neighborhood preservation plan and a historical properties preservation plan. We are proposing to just combine both of those topics together in what will be called a historic preservation element, which still has to address both of those things. Again, that is required for the counties over 700,000 in population.

Assemblywoman Swank:

I see the intent, but as I read that section, it says, "A historic neighborhood preservation plan, which may include" It "may include" that. Looking at the actual wording, it does not require both of those components of the one element. I see that in other elements of these new groupings, as well. That is my concern. I do not see that in section 3, subsection 1, paragraph (c), which says, "A housing element, which must include, without limitation." All of the other ones say "may include." All of those components seem optional to me in the wording. Tell me if I am wrong.

Chairwoman Benitez-Thompson:

Are there additional questions from Committee members?

Assemblywoman Neal:

I have more of a background question. You are saying that you brought this bill to bring conformity. You had been moving along a certain path that the statute did not mimic. With the Las Vegas 2020 Master Plan that you created, which has been in play since 2000, what elements in that plan are affected by this bill? Did you make a bill assuming that there were proposed changes you knew you wanted to do and so included them in your 2020 master plan?

Flinn Fagg:

We currently have all 19 of the required elements in our master plan. Again, that took some time for us to develop between the period of 2000 and 2009. We are currently in compliance with NRS as it currently stands.

Looking at how we go forward, we foresee that in our work plan we will need to do a Las Vegas 2040 master plan. A master plan needs to be forward-thinking. However, as we go through that process in the future, what we would like to do is to follow the condensed format. That makes it simpler and easier for us to comply with NRS as we move forward with the next iteration of the city's master plan.

Assemblywoman Neal:

That leads me to another question I did not think I would ask. In regard to the West Las Vegas master plan, what is the effect of this change on that plan? Is there going to be a new plan?

Flinn Fagg:

The West Las Vegas plan is not part of the city's master plan, but it exists as a special area plan, which is a divine set of standards for a specific area of the town. We have a number of those in Las Vegas. We have one for the downtown area. We have one for West Las Vegas. We have one for the town center area. This does not impact the West Las Vegas plan, or rather, we continue to implement the West Las Vegas plan as we normally would.

Assemblywoman Neal:

I am glad you clarified that because I thought that the West Las Vegas plan fell into the historic neighborhood preservation element. Does it not?

Flinn Fagg:

No. It exists as a separate plan. There are buildings, structures, and properties within West Las Vegas that are historic and would be covered by the historic preservation element, but again, the West Las Vegas plan is a separate, special area plan for that specific area of town.

Assemblywoman Neal:

My next question is on the amendment from NV Energy ([Exhibit E](#)). It has language that says, as you go through and create this plan, "The utility providing electric service will not be required to obtain easements" What was the process before? Was there a requirement to obtain an easement?

Flinn Fagg:

No. We do not currently have a requirement to obtain an easement prior to designating it on the master plan. The master plan indicates, generally, the routes that transmission lines would take, but it is the responsibility of the utility to obtain those easements prior to the development and construction of those transmission lines. Again, it is to identify what the proposed routes are, and then there is work that needs to be done after that in order to build those routes. It is really a two-part process.

Assemblywoman Neal:

What is the effect of that language, then? I do not get it.

Flinn Fagg:

The effect of the language is to be forward-looking in terms of where our transmission routes are going to be located in a community and how we develop around those so that citizens and developers have forward knowledge of where a route is proposed and can then make plans accordingly.

Chairwoman Benitez-Thompson:

I have a question regarding section 2. You are consolidating the elements for counties that fall between 100,000 and 700,000 in population. Can you talk to me a little bit about why you wanted to adjust the master plans for counties other than your own?

Flinn Fagg:

We are not impacting the counties between 100,000 and 700,000 in population. We are making no changes to what they are required to adopt. Currently in NRS, they are required to have a conservation plan, a housing plan, and a population plan. We are not making any changes to that. They are still required to have those same three elements.

Ted Olivas:

In section 2 of the bill, you will notice in subsection 3 that it talks about the jurisdictions from 100,000 to 700,000 in population. That is the result of a friendly amendment from the City of Reno on the Senate side to clarify exactly what those requirements were now that we made the changes in section 3. That is just a clarification that was made on behalf of the City of Reno on the Senate side.

Chairwoman Benitez-Thompson:

Okay. That consistency will be there. As it is described in section 2, we refer to this language so it would have the same subsections as you are organizing them, correct?

Ted Olivas:

No. This just clarifies that those jurisdictions within that population range only have three elements. Subsection 3, paragraph (a) is the conservation plan. Paragraph (b) is the housing element. Paragraph (c) is the population plan. All three are tied to section 3. Those are the only three things that they are required to do, and this just clarifies it per the changes that we made in section 3.

Assemblyman Elliot Anderson:

My question is for Legal Counsel. With this new language, would Clark County be required to address all the instances of "may" in all the subsections of the root elements?

Jim Penrose, Committee Counsel:

No. As was previously observed, to the extent the word "may" is used, it is permissive and not mandatory. If it is the Legislature's desire to make it mandatory, "may" should become "must." Does that answer your question?

Assemblyman Elliot Anderson:

The only reason I ask is because pretty much all the roots say "may." I guess the intent from Las Vegas is to have Clark County still address all of the elements because of the existing language on page 2. However, if all the root elements are "may," how does that interplay? There is that subsection 4 of section 2 that says they must address all of the elements. I am just confused as to how that works together.

Jim Penrose:

The language, as I read it, mandates that all of the elements be included in the master plan in Clark County, but within each of those elements, certain components are permissive.

Chairwoman Benitez-Thompson:

We can work on cleaning this up. I think Assemblywoman Swank might have some interest in working with the City of Las Vegas. For the record, we are capturing the intent. We are looking at two different sizes of counties, and the language that refers to the counties of 100,000 to 700,000 in population is the "may" language. We can clarify the language a little bit, but we understand your intent.

Assemblyman Stewart:

We have huge disparities in the sizes of communities in Clark County; for example, Las Vegas versus Goodsprings. Do these communities not already have master plans? How would this affect the master plans they already have? If Mesquite adds a subdivision, would they then fall under this new simplified process in adding that subdivision?

Flinn Fagg:

The intent is that, as changes are made to a community's master plan, they would then come into compliance with NRS. They do not have to go back, as of the adoption of this bill, and completely redo it as they make changes in the future.

Clark County already has an adopted master plan, as do Henderson, Mesquite, Boulder City, et cetera. Again, it is only as they make changes to their master plans that they would then go to the new, simpler version.

Assemblywoman Neal:

On page 8, section 3, subsection 1, paragraph (e), subparagraph (5), it says, "A school facilities plan showing the general locations of current and future school facilities." You just discussed with me the interplay of that section. Is it simply finding out where the school district is going to build schools? Was this language drafted in concert with or with a viewpoint of Assembly Bill 50, where we were going to be increasing school facilities within the redevelopment area?

Flinn Fagg:

The language that we have in subparagraph (5) is the current language in NRS. Much like transmission lines, it is trying to identify where we are going to need school sites based on population growth and the future expansion of a community. It is generally identifying those sites.

Chairwoman Benitez-Thompson:

Are there additional questions from Committee members? Seeing none, we will move to the amendment.

Judy Stokey, representing NV Energy:

Mr. Fagg was very eloquent in how he described our amendment. I am here to answer any questions. Basically, we wanted to make sure that the utility transmission lines were included on the plan in case something was needed. He was accurate in saying that we would not be purchasing those easements unless we were definitely going to be building something at the time of construction. That is when we actually would be doing the purchasing or acquiring those easements.

Chairwoman Benitez-Thompson:

The plans are made in what look like 20-year increments. You would put out what your proposed plans for transmission lines would be over those 20 years, but then the actual easements would be done just before construction. If you tentatively have a plan to put in lines somewhere in year 15 of the 20-year plan, you are not obtaining those easements now. You are obtaining them just before you plan to construct the transmission lines. Is that correct?

Judy Stokey:

That is correct.

Assemblywoman Neal:

I was confused about the amendment because Mr. Fagg said it was not required to obtain the easement. I could not understand why we needed the language that says you will not be required to obtain the easement as a prerequisite to placing the transmission line on the master plan. I was confused as to why we were trying to make sure something does not happen that was never required to happen in the first place.

Judy Stokey:

I can understand your confusion, but we just wanted to clarify that this was not going to be a requirement when it was put into the master plan.

Chairwoman Benitez-Thompson:

Are there additional questions from Committee members? [There were none.] I will open up for testimony in support.

Paul Moradkhan, representing Las Vegas Metro Chamber of Commerce:

The Las Vegas Metro Chamber of Commerce is here today to offer its continued support of S.B. 55 (R1). The Metro Chamber is in support of this bill because it reorganizes the current 19 master plans into eight new elements, as explained by the City of Las Vegas.

We believe that these proposed eight elements make good practical sense for the residences and the business community. The Metro Chamber believes that this new grouping of the master plan elements will be easier for those using, developing, and updating master plans. As a result, it will simplify the master plan process and make it more efficient. We also believe, based on the language, that it will make the process more user-friendly. We hope that this will encourage greater public participation.

As stated by the City of Las Vegas, this bill as proposed does not change any of the definitions that are associated with the master plan. I believe that is an important point.

We thank you for your time and consideration regarding S.B. 55 (R1), and we hope you will support the passage of this bill.

Chairwoman Benitez-Thompson:

Thank you for your comments. We appreciate them. Are there any questions from Committee members? [There were none.]

Lisa Foster, representing Nevada League of Cities and Municipalities; and City of Boulder City:

Both the Nevada League of Cities and Municipalities and City of Boulder City, which is in Clark County and affected by this bill, are in support of S.B. 55 (R1). We think it makes good sense, from a planning perspective, to consolidate this. As far as the public goes, planning issues can become very complex anyway, and this will simplify it.

Regarding the NV Energy amendment, I need to reserve support of that until we have run it by some of the members of the League of Cities, as well as the Boulder City Planning Department.

Chairwoman Benitez-Thompson:

I have a question on the fiscal note from Boulder City. It says here that you folks will probably need to consult in order to meet the recommendations. Is that correct? My understanding is we are not adding anything new. Could you talk a little bit more about this?

Lisa Foster:

From my understanding, the way the Boulder City master plan is right now, they may need to bring in some consulting assistance just to get their master plan in line with what would be required in this bill. I think that is why they put that fiscal note in there.

Assemblywoman Neal:

Rather than getting outside consulting, why do you not just consult with Mr. Fagg? He seems to know what is required. It would then cost you maybe \$20 instead of \$150 for an outside consultant.

Lisa Foster:

I do not think that is a bad idea. He knows what he is doing. He wrote the bill. I will talk to our planning director about that.

Chairwoman Benitez-Thompson:

Are there additional questions? [There were none.] Is there any other testimony in support? [There was none.] We will move to testimony in opposition. [There was none.] We will move to neutral testimony. [There was none.]

I will go ahead and invite the bill sponsors back up for closing comments.

Ted Olivas:

Thank you again for letting us present this bill. There was some discussion about a fiscal note. We anticipated that, if this bill passed and someone came into our office tomorrow asking to see our transportation element, we would be able to take the street and highway plan, the transit plan, and the transportation plan and hand them over together. I do not think that you need to reinvent the wheel and restructure things, as Mr. Fagg mentioned. Over time, this will morph into the revised plan as proposed here. We do not need to redo everything.

We want to keep this simple. We want to make this transparent. We want to make this user-friendly. Thank you.

Chairwoman Benitez-Thompson:

I will close the hearing on S.B. 55 (R1). We will open up the hearing on Senate Bill 227 and welcome Senator Goicoechea to our witness table.

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

Senator Pete Goicoechea, Senatorial District No. 19:

I am bringing a bill to you this morning that pertains to the ability of a municipality to acquire, equip, or operate certain projects. In the existing statute, municipalities can do a number of building projects, such as communications, flood control, fire, off-street parking, or overpass projects. There are a number of projects that local governments can do.

Senate Bill 227 came forward at the request of West Wendover. I think most of us are very aware that, in January, West Wendover almost ran out of propane. They have a unique underground propane delivery system that is fueled by large tanks. Part of the community is on this system. It is a private system at this point. It is in disrepair and close to bankruptcy. That also added problems.

I apologize that the mayor and city manager could not be here today. It is quite a run from West Wendover to Carson City. If there are any questions or additional information needed, they can be available, but they did not want you to think they were slighting you. We had pretty smooth sailing on the Senate side with this bill, and they were hopeful that I could get this done for them in the Assembly.

The bottom line is that the underground propane delivery system is in disrepair and facing bankruptcy. They have a natural gas line that goes across the northern part of the state called the Ruby Pipeline. It is approximately 34 miles

from West Wendover. They had an open season on that line. There is a stub there. There is the ability for West Wendover to access that natural gas line.

For those of you from southern Nevada, you might not be aware that natural gas is a premium in northern Nevada. Along the Interstate 80 (I-80) corridor, there is natural gas available to Elko, but in most of rural Nevada, we do not have natural gas. We depend on liquid propane that is hauled in trucks. It is very expensive. You might pay about \$2.50 to \$3 a decatherm for natural gas, but in the rural areas, we are paying \$4 a gallon for propane. It is very expensive to heat your house with propane.

The community of West Wendover asked me to bring this bill forward. They are hoping that a private sector company can work their way through a natural gas project, but in the event of that system failing, they are asking that we put "natural gas project" in the statutes. Doing so would allow West Wendover to then, through municipal bonding, be able to construct that gas line from Ruby Crest into West Wendover. I think it goes well beyond West Wendover, in this case. We have a number of rural communities. Maybe if they had the bonding capacity that would be allowed in this statute, they would be able to intercept a natural gas line and bring more gas to their communities. There are a lot of areas in central Nevada that do not have the capability of acquiring natural gas.

We know gas line constructions are very expensive, but that is the long and short of this bill. It just adds "natural gas project" to a number of projects that local municipalities can and presently do. This would allow them to incorporate a gas or propane project into it.

With that, I will not take any more of your time. I will stand for questions.

Assemblyman Ellison:

We spoke on S.B. 227 on the Senate side and had a great response. This pipeline could help northern Nevada, which would be West Wendover, and as Senator Goicoechea said in his testimony, it could also help the rural areas. There was a mine that was looking at maybe opening a pit in that area. There are some great prospects that this could happen in the future. We just want the ability to at least look at that in the future, and this will help us to do that.

Assemblyman Elliot Anderson:

If we allow natural gas pipelines, is that safe? I do not know anything about it. I just know that I have heard bad stories of pipelines.

Senator Goicoechea:

All this bill pertains to is the bonding mechanism that would finance the project. Pipelines would be put in by a contractor, and they would have to be done to specifications and, in this case, prevailing wage. There is nothing in this bill that would preclude an operator such as Southwest Gas Corporation from actually running that system. What we are looking for is the ability to pay for it, and that could be through the 40- to 50-year bonding that would be allowed.

Assemblywoman Bustamante Adams:

You answered part of my question. I was talking about ownership of the pipeline. The financing would come through a bond, and it would allow someone like Southwest Gas to be able to be the operator. Is that correct?

Senator Goicoechea:

That is correct. Again, this is open-ended as far as how you would do the operation. We do not want to encroach on the private sector. All we are trying to do is make sure that we have the ability. The private sector, clearly, could not afford to build that gas line for the limited number of consumers who would be available in West Wendover at this time. They do not have the bonding capability and the capacity at that low interest rate. It probably would not be feasible for a private sector company to build that gas line and assume the system. Ultimately, with the bonding, you could then enter into an agreement between private sector and the community. I do not think West Wendover is looking to run a gas company. They just recognize that they need to have the ability and the capacity there for the public's safety. They got very close to running out. They were within 8 percent of their reserves on propane. It was subzero, and they were out of gas.

Assemblywoman Bustamante Adams:

This would be a long-term solution. This is definitely not short term.

Senator Goicoechea:

I know the Public Utilities Commission (PUC) and the Nevada Consumer Affairs Division are going to be here to testify on the bill. We are looking at 40- to 50-year financing plan that would allow West Wendover to put the bonding in place to pay for the infrastructure that would bring the gas to the community.

Assemblywoman Bustamante Adams:

How expensive would the infrastructure be? What kind of price tag are we talking about?

Senator Goicoechea:

We did not crunch those numbers. There are a couple of variables. As Assemblyman Ellison mentioned, there is a mining company that is looking at bringing that gas line down toward the Pequop Mountains. They have a mining project there. That would take it from a 34-mile project to an 11-mile project if they brought the gas line that far in. West Wendover could then stub into it.

There are a lot of variables. I am not familiar. I am sure there is probably more expertise on this Committee as far as what a gas line would cost or what the sizing would be. The other side of it that is critical is the permitting and routing of where that gas line would go. That could double or triple the cost. This is only in the planning stages.

Again, what we are looking at here is giving them the ability to finance that. Bond counsel will tell you whether it is feasible or not.

Assemblywoman Bustamante Adams:

For the short term, what does West Wendover plan to do if the company does go into bankruptcy? Do they have a short-term plan?

Senator Goicoechea:

I think what they would do in the interim is what they do presently. First and foremost, they have 19 miles of gas line buried in West Wendover that is supplying propane rather than natural gas. Some of it is good, and some of it is bad. Ultimately, if that system went away, they would end up being like most of the rest of rural Nevada. They would have 500-gallon propane tanks in their backyards that a gas company would deliver to them. The underground delivery system would go away or continue to deteriorate. That is why we are bringing this bill forward. If the pieces fall into place, West Wendover would have the ability to at least look at that avenue and the possibility of bonding and financing it. We are just giving them one more tool to work with.

Assemblyman Daly:

I think some of my questions have been alluded to by Assemblywoman Bustamante Adams. You are not planning on owning the pipeline. You just want to be able to finance it. Also, it is El Paso Natural Gas that owns the Ruby Pipeline, not Southwest Gas. If I understood what you were saying, there is not enough customer base in order to have a private company build the pipeline to service that area. The cost would not be efficient. You may pay someone to build it, but you still want them to operate it. It would then be a public works project.

Is there any chance you are going to buy the propane outfit? You would not want to run that, but would you try to buy that and operate the propane outfit that is there now? Under this bill, you could. However, I do not know that you would want to.

Senator Goicoechea:

I do not think there would be anything that would preclude West Wendover from owning the gas line itself. Who owns the Ruby Pipeline would probably be immaterial. I think we were more concerned about who is going to distribute and maintain that system in town. Not everybody is going to be able to run a gas company. Again, that was raised by Southwest Gas. There is nothing in the amended bill that would preclude them from entering into an agreement with West Wendover to run that facility in town. It is open-ended. The bill just gives West Wendover the ability to finance it.

Assemblyman Daly:

I do not disagree with you. I do not think anybody wants to be an operator of a gas line. There are a whole bunch of regulations and liabilities that come with that, which might be beyond your control.

You were correct about the cost of the pipeline being expensive. It would depend on the diameter of the pipe and various things. The Ruby Pipeline is a 48-inch gas line. It was \$200 a foot for an 80-foot piece of pipe. Each mile, just for the cost of the pipe, cost about \$1 million, and it spans 480 miles across the state.

Senator Goicoechea:

It was a tremendous project and was good for all of Nevada. There is no doubt about it. What this bill does is permit any entity in the state of Nevada to enter into a contract that would allow them to finance a gas line project.

Assemblywoman Neal:

I had some conversations before this bill hearing. I thought West Wendover wanted to buy the current system that is in receivership. Is that not true?

Senator Goicoechea:

They are looking at that option, but that is not the key piece of it. There is no reason for them to have that gas system if they cannot deliver the product. That is an option. There are 19 miles of service line in that project that are associated with the propane system that they could use if they brought natural gas to it. I am not saying they would not be interested in buying it, but this bill is not focused on going in and taking that private sector line out. They are only looking at providing services to their constituents.

Assemblywoman Neal:

That is why I was confused. Mayor Emily Carter sent me phase one of their gas feasibility study because I had specifically asked if they planned on buying this particular system. I was speaking with Wes Henderson, and he had Mayor Carter email me a response to that question.

Senator Goicoechea:

I know they have done the feasibility, but again, I think the system they would be interested in is the existing 19 miles of line, which could be used for the natural gas.

Chairwoman Benitez-Thompson:

I will note something that I thought added parity. Section 5 allows for a bonding capacity for both a natural gas project and a propane project. We do not have language that has a preference for one type of energy source over the other. With the language in here, we are allowing for the communities to bond in whichever way works best for them.

Assemblyman Oscarson:

I know there are several references to Southwest Gas. I see Debra Gallo in the audience. Is there anything she wants to say or make statements about?

Senator Goicoechea:

I would assume there are several other people who are willing to testify.

Chairwoman Benitez-Thompson:

Are there any other questions for the bill sponsor? [There were none.] We will go ahead and open up for testimony in support.

Debra Gallo, representing Southwest Gas Corporation:

I did not sign in. I apologize. We are neutral on the bill in particular, but I will come up here in support and try to answer any questions that you may have. We looked at the bill, as Senator Goicoechea mentioned, to ensure that it would allow a company to still run and operate a system. As Assemblyman Daly referenced, in operating a natural gas pipeline, there are many federal safety regulations. We are very heavily regulated for safety concerns, and the operator of this pipeline would be, as well.

We support the bill, and I am here if anybody has any questions they would like answered.

Assemblyman Livermore:

The gas in the Paiute Pipeline is not owned by West Wendover. Do you own the gas in that pipeline? Could you tap into it to deliver to West Wendover?

Debra Gallo:

Paiute Pipeline is a wholly owned subsidiary of Southwest Gas.

Assemblyman Livermore:

You own the pipeline.

Debra Gallo:

We own the pipeline, not the gas in the pipeline. The gas in the pipeline is owned by the different parties who transport gas. Southwest Gas and Paiute Pipeline are like FedEx. We deliver the gas, but we do not own the gas. The Paiute Pipeline goes out to Elko. It does not go any farther. We actually do not go all the way out to West Wendover. That is the Ruby Pipeline, which is owned by El Paso Natural Gas and goes across I-80. It would be Ruby Crest that they are looking to tap into.

Assemblyman Livermore:

The reason I pose this question is you can own all the pipelines you want, but if you do not have the gas to sell, then the pipeline does not benefit you. I have seen that happen with a water line. You can put in all the water lines you want, but unless you own the water, there is no way you can get water to the source you want it delivered to.

Debra Gallo:

That is correct. The gas is purchased. It is unregulated, and then the pipelines transport that gas from the producers to the customers. They would still need to go out and purchase gas on the open market, but it is available. That should not be a problem.

Assemblywoman Bustamante Adams:

At the length that they are asking for, how long would a project to build a pipeline take?

Debra Gallo:

It really depends. In all honesty, we have not looked at a pipeline like this. It is a long project. You have to get easements and permits. It depends on the route, such as if you are going through Bureau of Land Management (BLM) land. To tap in, that is federally regulated. There would be a lot more hoops to go through. If I gave you a number, it would just be a guess on my part. I am not into that part of our company. It really depends on what you might find when

you get out there and get the route designed. There are a lot of factors that would play into that.

Assemblywoman Bustamante Adams:

This bill, then, is enabling language. Do you see that it could be expanded to other rural areas in northern Nevada?

Debra Gallo:

Yes, I do. The language is, as you said, just enabling language. It will enable communities to have access to these types of projects. The way the current statute reads, there are lot of different projects. This would just add natural gas and propane projects to the list of things that local communities can bond for.

Chairwoman Benitez-Thompson:

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

Lisa Foster, representing Nevada League of Cities and Municipalities:

We support this bill. We see the need to help those communities stabilize their gas supplies. I apologize that Mr. Henderson could not be here today. The League of Cities has a bill in the Assembly Committee on Judiciary today, as well. However, we appreciate your consideration of this, and we hope that you will pass the bill.

Daniel O. Jacobsen, Technical Staff Manager, Bureau of Consumer Protection, Office of the Attorney General:

We also are in support of this bill. We watch the natural gas wholesale markets pretty closely. What we see happening is the world keeps finding more and more available natural gas, which is bringing prices down to very reasonable levels. The research we see from the Energy Information Administration in Washington, D.C., is there is probably a 100-year supply of natural gas, and experts project pretty reasonable prices. We think, as has been said, this is a long-term solution. We think it is a good one if it can be done reasonably.

West Wendover shared with us the feasibility analysis they had Bonneville Research conduct. We are not experts on this, but based on the information from experts that they hired, the estimated cost of the pipeline would be \$10 to \$12 million. This is not nearly as big of a pipeline as the one that was built for going across the entire state. This would be a much smaller pipeline. In all candor, Ms. Gallo shared with me that she is pretty sure it would be more costly than that to go 30 miles, and if the route needs to be longer, the cost would be more, as well. However, we would like to see municipalities at least have the option to pursue this.

Chairwoman Benitez-Thompson:

Are there any questions from Committee members? [There were none.] Is there additional testimony in support? [There was none.] We will move to testimony in opposition. [There was none.] We will move to neutral. [There was none.] Do you have any closing remarks, Senator Goicoechea?

Senator Goicoechea:

As Assemblywoman Bustamante Adams brought forward, this is only enabling, and I ask you to consider it. Give another tool for the toolbox. We are talking about some of the rural communities. Some of them do not have access to gas but do have the demand for it. West Wendover would be able to service the bond, as their feasibility shows. I ask you to please consider this bill as another good tool for developing Nevada.

Chairwoman Benitez-Thompson:

I will close this hearing on S.B. 227. We will open up the hearing on Senate Bill 79 and welcome Senator Parks to the witness table.

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

Senator David Parks, Clark County Senatorial District No. 7:

Today, I come before you with Senate Bill 79. As legislators, we are often criticized for passing new laws when some would argue that we should repeal laws. [Continued to read from prepared text ([Exhibit F](#)).]

Assemblyman Livermore:

I am not very familiar with *Nevada Revised Statutes*, Chapter 710.600. I think that is what you said this bill would repeal. That currently restricts commissioners from using the net profits for an enterprise fund. Is that correct?

Senator Parks:

Yes, that is correct.

Assemblyman Livermore:

If this bill were to pass, would it give an opportunity for commissioners in county governments to operate their utilities at a profit in order to generate money to operate general government?

Senator Parks:

It would not change how a governmental utility were to operate. This bill simply removes specific statute that has never been used by any local government. To the best of my knowledge and through a lot of research, I was not able to find where it had ever been used by an incorporated city with a commission form of government. There is, currently, sufficient provision in NRS Chapter 354, which is the chapter that local governments operate under, for the transfer of funds from an enterprise fund to another use.

What makes this section of law so very different is that it has no conditions placed on how an incorporated city would remove or transfer those funds out of an enterprise fund. The government decides that they will increase the rates for a sewer or water service by 50 percent, knowing that is more money than would be necessary to operate the water or sewer system. Come the end of the year, they could redirect any of those funds to another use by the local government. What I am trying to do is to remove the possibility that a government would do that without proper accounting and transparency of its operation.

Assemblyman Livermore:

The reason I ask this is Carson City has a landfill that it uses, and part of that landfill had been an enterprise fund. They eliminated the enterprise fund, and it is a profitable position for them. In fact, over the last several years, they have increased fees and charges to that, especially for nonresidents. The money that they generate from that is part of the operating budget of the local community. It is just a means or method to create a taxation that the ratepayers, whether residential or nonresidential, understand what they are paying for.

Senator Parks:

Since I do not know the details of this, it would be hard for me to make much comment on it. However, there is sufficient legislation in place in NRS Chapter 354 that would allow for the government to redirect funds, but they would have to do it through a public hearing process. They would have to do it through a process where the residents get an opportunity to see that they are perhaps paying more for a utility than they should, which is benefiting some other activity within the government. *Nevada Revised Statutes* 710.600 leaves it clearly open and has no restrictions or requirements placed on the local government to do with the money what it wishes.

Chairwoman Benitez-Thompson:

For the record, it was this Committee that heard and passed Assembly Bill No. 471 of the 76th Session. Those of us who served on the Committee in 2011 will remember lots of those conversations.

Assemblywoman Kirkpatrick had been especially passionate last session about those enterprise funds, where that money was going, and how it was being moved around.

Assemblyman Daly:

Most of what I was wondering has been answered. I am not even sure what a commission form of government is. Most everybody else has a charter or city council.

The way Truckee Meadows Water Authority is run, for instance, there is a safeguard so that no one jacks up the prices to use the money to pay for parks or something else within the city. If they have extra money in a fund like that, it should be used to improve the system or protect the rates of the ratepayers. Their rates cannot be raised without justification. This would eliminate a potential for that, although the potential seems very narrow. It erases that potential. That is what you are trying to accomplish with the bill. You want to make sure that the rates that are charged to the consumers comport with rates that they should be charged for the services they are getting.

Senator Parks:

Yes. You have said it perfectly.

Assemblywoman Neal:

I was reading the fiscal note from the City of North Las Vegas. They did not reference the NRS, but they said it was unclear that this bill draft request (BDR) was in conflict with prior NRS that allows transfers to continue from the enterprise funds to governmental funds through June 30, 2021. Do you know what statutes they are referring to and what relationship they are talking about? Have you seen this fiscal note?

Senator Parks:

I did see it some time ago, unless it has been revised.

Assemblywoman Neal:

I do not think it has been revised.

Senator Parks:

What is being referenced goes back to A.B. No. 471. Senate Bill 79 does nothing to interfere with what was agreed upon and put in place two years ago with A.B. No. 471, which refers to NRS Chapter 354. Senate Bill 79 is NRS 710.600.

Assemblywoman Neal:

I like the bill. I cannot say that I do not. In Boulder City's fiscal note, they are saying that their general funds will be reduced by more than 10 percent annually, and they will require a significant cut in services, particularly public safety, under the current recessionary period. They have this roughly \$2 million impact. Can you flesh that out a little bit more? Is that real, or is that imagined?

Chairwoman Benitez-Thompson:

Let us invite Lisa Foster up, who represents Boulder City, to help answer that. Since it is their fiscal note, maybe she can shed light on what is being referenced and why this note is being brought forward when we already have the parameters of NRS Chapter 354 in place.

Lisa Foster, representing City of Boulder City:

As I understand it, when that fiscal note was written, in their first interpretation of the bill, they felt that this would hamper their ability to do their cost accounting and that it would end up costing them a lot of money. It is still very confusing to them. They are not exactly sure how this will impact them. However, I do not think it is going to be as bad as their earliest fiscal note said. At this point, we are not even going to speak in opposition to this bill. Upon further analysis, they think that they can probably live with this, and the cost will not be as written in that fiscal note. I apologize for the confusion.

Assemblywoman Neal:

I just wanted clarification. I know when bills come out we put a fiscal note on them, and then after there is further discussion and municipalities or other entities understand the bill better, the fiscal note becomes imagined versus real.

Jim Penrose, Committee Counsel:

Does Boulder City operate under a commission form of government? Are you aware of any other cities in Nevada that do?

Lisa Foster:

That is a really good question. When this bill came out, I think there was a varied interpretation of what a commission form of government was. We did research. North Las Vegas did research. Other cities did research. Everyone's first interpretation was that they were not a commission form of government, looking at city councils and strong manager forms of government across the country. The cities did not think it applied to any of them. As they further read what a commission form of government was in the statute, it said it meant a city council. We are not actually sure if the city council form of government,

which is what all Nevada cities have except for Carson City, may be a commission form of government.

Jim Penrose:

I had occasion to look at this yesterday afternoon in preparing for the meeting today, and my understanding is that the adoption of a commission form of government requires a petition process. Something like 25 percent of the voters in the city need to present a petition in order for this to even happen. I, frankly, have never been able to determine if any cities in Nevada actually operate under a commission form of government. There are some folks here today who may know the answer to that question, but I do not.

Assemblyman Stewart:

Under this bill, if there is a surplus from, say, the electrical company, the city can still use the surplus for other expenses, but they must clearly identify that they are using it. The records must be clear. Is that true, or can they not use those funds for anything but the electrical issue?

Lisa Foster:

I was not sure if that question was for me or for Senator Parks. I can answer from what I know if you would like me to, or maybe you just want Senator Parks to answer that.

Assemblyman Stewart:

Either or both of you may answer.

Lisa Foster:

My understanding is that we would be able to continue to do our allocation the way we are doing it now. For instance, we have a public works director, and we have various public works staff who may be called to the electric utility to do various public works jobs out there. However, that is not their full-time duty. Rather than having an engineer at the utility who is the same type of engineer we have at the city, we may only have one that works in both areas, and we may try to account for that as we allocate the funds. I think this would allow us to continue to do that. The way we understand the bill at this point is that any extra benefit that the city might encounter from this could not be used to operate other services of the city.

Assemblyman Stewart:

Senator, is it your intent, then, that if the electrical entity has a surplus, that surplus can only be used for various activities attached to the electrical entity? The surplus could not be used for parks or other things. Maybe Boulder City

had a flood, and a park was damaged. They could not use that surplus to take care of the damage.

Senator Parks:

I think you are correct. What you want to do is look at an enterprise fund as being like a private business. The funds that enterprise fund generates are like a business, and you do not just take your money from that business and spend it in another business.

To follow up on Ms. Foster's comment, she is very accurate. Normally, an enterprise fund in a local government will use other general fund agencies to provide support. Typically, water billing, sewer billing, and accounts payable are all functions that are provided by the general government, and they bill those services back to the enterprise. The enterprise is just like a business.

Assemblyman Stewart:

In my example with the flood in the park, would you allow an emergency situation where the surplus from the electrical entity could be used to repair the park, and in the next budget year they could allocate the money paid back from the general fund to the utility?

Senator Parks:

I think that this is a situation where you would get into your accounting. There is the possibility of using an interfund loan. Funds that are available in a utility could be considered as an interfund loan. That is what was considered and passed last session in A.B. No. 471, which gave restrictions on how those interfund loans would operate. You could not just take money out of an enterprise fund that generated those funds based on service fees, or some other form of usage, and put those funds to another use.

Chairwoman Benitez-Thompson:

If we can refer back to NRS Chapter 354 and A.B. No. 471, what Senator Parks is referencing with some of that criteria is that you used to be able to transfer the money into different accounts. With A.B. No. 471, money has to be agendized. It cannot be a consent item. The public has to know about it. There has to be a plan to repay it within five years, and that plan has to be spelled out. I think there might be other folks in the audience who can add more to that, but that bill added a lot of transparency to where these funds were going and how they were being moved.

Assemblyman Livermore:

It is called cost allocation. When Carson City develops its general budget, it has consultants. It goes out and looks at departments, such as the human resource department or personnel department, and they are cost allocated to the utilities.

I was worried about expansion of that, where utilities would suddenly be paying the lion's share of general government costs. I think Ms. Foster brings a valid point. Why do you need to hire two personnel departments or two district attorneys? If you can carpool, it makes business sense to do that. That is the process of local government, at least in Carson City. In a public hearing, we could debate how Carson City presents its budget, but that is a different bill. I will just say that it is part of the budget process, and that is how they do it.

Chairwoman Benitez-Thompson:

In the interest of time, I want to make sure that we keep moving and do not rehear the intent of last session's bill. We are sticking to what this bill is doing, which is striking a section of NRS that really has not been used. We direct government to the policy that we passed last session, which has lots of checks and balances in it.

Are there any additional questions?

Senator Parks:

I do not mean to belabor this, but I want to follow up on Mr. Penrose's comment as to the commission form of government. That seems to be the question that stumped everybody. I asked for research on that some time ago, and the first response I got was that it would cover all cities, whether they were a charter or a general law city. It was based on that information that I requested this bill draft. I followed up with my legal staff to the Senate Committee on Government Affairs, and they researched it, as well. They were a little hesitant but thought that it probably did apply to all cities, both charter and general law.

Chairwoman Benitez-Thompson:

Seeing no more questions for the bill sponsor, we will open up for testimony in support.

Carole Vilardo, representing Nevada Taxpayers Association:

Assemblyman Daly was absolutely correct in characterizing the bill. Your general fund is what covers the entire government, whether it is Carson City or all of Clark County, and services that are provided. An enterprise fund may have a very limited purpose in serving a very limited group of residents within that city or county.

Last session, we had a rural city that was raising rates in their enterprise fund, but their enterprise fund included part of their county. They raised the rates for the sole purpose of transferring the additional money to the city's general operating fund. They had county residents paying for city services they were not receiving. That was the genesis of A.B. No. 471. If you are paying the fees for something, then you should be receiving that service instead of having your money used to pay for other things.

Assembly Bill No. 471 acknowledged that cost allocation was required, but it also required the Committee on Local Government Finance to establish the regulations for how cost allocation would be done so that you would avoid what Assemblyman Livermore was talking about. This bill takes this odd piece of statute someplace else, removes it, and says we are now bound for enterprise funds by NRS Chapter 354, which this body passed last session.

We are very much in support of S.B. 79. It is a taxpayer protection bill.

Chairwoman Benitez-Thompson:

Are there questions from Committee members? [There were none.] Is there additional testimony in support? [There was none.] Is there testimony in opposition? [There was none.] We will move to neutral.

Cadence Matijevich, representing City of Reno:

I thought I would provide citation information for the Committee. I think the parts of NRS Chapter 354 that would be of interest are NRS 354.6118 and NRS 354.613. Those are the sections that were impacted by the legislation from last session, which the City of Reno was very much involved with.

I would also like to address Assemblyman Stewart. The circumstances you were discussing where, if there was a need in the general fund, a loan could be obtained. You would be paying that interest back to the utility rather than paying it to a bank. That may be in the best interest of a local government.

Chairwoman Benitez-Thompson:

Are there questions from the Committee? [There were none.] Are there additional comments in neutral? [There were none.] Are there any closing comments? [There were none.]

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We will close this hearing on S.B. 79. I will open up the microphones for any public comment. [There was none.]

Meeting adjourned [at 10:24 a.m.].

RESPECTFULLY SUBMITTED:

Maysha Watson
Committee Secretary

APPROVED BY:

Assemblywoman Teresa Benitez-Thompson, Chairwoman

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: April 30, 2013

Time of Meeting: 8:31 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 55	C	Flinn Fagg / City of Las Vegas	Presentation
S.B. 55	D	Flinn Fagg / City of Las Vegas	Summary table
S.B. 55	E	Judy Stokey / NV Energy	Amendment
S.B. 79	F	Senator Parks	Testimony