

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON LEGISLATIVE OPERATIONS AND ELECTIONS**

**Seventy-Seventh Session
March 7, 2013**

The Committee on Legislative Operations and Elections was called to order by Chair James Ohrenschall at 4:06 p.m. on Thursday, March 7, 2013, in Room 3142 of the Legislative Building, 401 S. Carson St., Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at 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:

Assemblyman James Ohrenschall, Chair
Assemblywoman Lucy Flores, Vice Chair
Assemblyman Elliot T. Anderson
Assemblyman Wesley Duncan
Assemblyman Pat Hickey
Assemblywoman Marilyn K. Kirkpatrick
Assemblyman Andrew Martin
Assemblyman Harvey J. Munford
Assemblyman James Oscarson

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None



STAFF MEMBERS PRESENT:

Susan Scholley, Committee Policy Analyst
Kevin Powers, Committee Counsel
Karen Pugh, Committee Secretary
Macy Young, Committee Assistant

OTHERS PRESENT:

Paula Berkley, representing Nevada Network Against Domestic Violence
and Food Bank of Northern Nevada
Stacy Shinn, representing Progressive Leadership Alliance of Nevada
Elisa Cafferata, Executive Director, Nevada Advocates for Planned
Parenthood Affiliates
Scott F. Gilles, Esq., Deputy for Elections, Office of the Secretary
of State
Janine Hansen, representing Nevada Families Association
Lynn Chapman, representing Independent American Party
Jack Mallory, Director of Government Affairs, International Union
of Painters and Allied Trades, District Council 15
Martin Dean Dupalo, representing Nevada Center for Public Ethics

Chair Ohrenschall:

Today the Committee will have a presentation from Martin Dean Dupalo from the Nevada Center for Public Ethics. Before we move to Mr. Dupalo's presentation, we will hear Assembly Bill 190, which may look familiar to some of you, as it is very similar to a bill from last session.

Since Assemblywoman Flores is temporarily absent from the committee room, Assemblyman Anderson will be the Acting Chair for the Committee while I present Assembly Bill 190.

Assembly Bill 190: Requires legislative lobbyists to file reports concerning lobbying activities when the Legislature is not in session. (BDR 17-986)

Acting Chair Elliot Anderson:

Assemblyman Ohrenschall, you may begin.

Assemblyman James Ohrenschall, Clark County Assembly District No. 12:

Today I am here to present Assembly Bill 190. As I stated earlier, this bill should look very familiar to many of us. Last session, our former colleague Senator Sheila Leslie introduced Senate Bill No. 206 of the 76th Session, which required legislative lobbyists to file reports concerning lobbying activities when

the Legislature is not in session. This bill is identical to that previous bill. Senate Bill No. 206 of the 76th Session passed the Senate unanimously. It was heard before this Committee and unfortunately was not processed before the deadline, so it did not live to get a floor vote in the Assembly.

I have talked with many people over the past interim, and I believe that the goals of this bill still have merit. The primary goal is the public's right to know. Currently, there is a good deal of transparency for 120 days every two years, but there is much less transparency during the interim period. Is there a good reason for that lack of transparency? We know that in Nevada we have a part-time citizen legislature. Notwithstanding that fact, I think the public's right to know about lobbyists and their expenditures is paramount, and that is why I am hoping that the Committee will look favorably on this bill this session.

A second bill, Senate Bill 203, is being introduced in the Senate by Senator Justin Jones which is very similar to Assembly Bill 190. I informed Senator Jones about today's hearing, but he is not able to attend.

Section 1 of Assembly Bill 190 adds a cross-reference to the existing definition of "legislator" in *Nevada Revised Statutes* (NRS) Chapter 218A. Section 2 clarifies the definition of "legislator" in NRS Chapter 218H to spell out the period during which a person is considered a legislator in relation to filing lobbyist reports.

Section 3 provides another cross-reference. Section 4 expands the definition of "expenditure" to include the period of time during which the Legislature is not in session. The section also makes other minor changes. Section 5 adds the interim period between sessions to the definition of "lobbyist."

Section 6, which is the heart of the bill, adds a requirement for lobbyists to file quarterly reports even when the Legislature is not in session. Currently, lobbyists must file monthly reports in January through June of a session year, and then a final report is due 30 days after the end of session.

Assembly Bill 190 does not change the current expenditure reporting requirements during the session. It does, however, require lobbyists to file two additional reports covering the second half of the session year plus four other reports that cover the even-numbered year, for a total of six new reports. Section 6 also includes a second reference to the quarterly reports on page 4 at line 7.

In closing, let me point out that there are three other states with biennial legislatures, Texas, Montana, and North Dakota. Two of those three states, Texas and North Dakota, require annual reporting, and Texas also requires monthly reporting if a certain expenditure threshold is met. I honestly do not believe that the requirements in Assembly Bill 190 are unreasonable. As we discussed last session, if a person is not lobbying during the interim, NRS 218H.230 allows the filing of a termination report, which would end that person's reporting obligation.

[Vice Chair Flores assumed the Chair.]

Vice Chair Flores:

Thank you for that presentation. Do we have any questions from the Committee members?

Assemblyman Hickey:

Assemblyman Ohrenschall, does the definition of lobbyist only relate to someone who is registered as a lobbyist during the session, or can someone else be characterized as such and therefore be responsible to report?

Assemblyman Ohrenschall:

Section 5 of the bill, on page 2, defines who is a lobbyist and who is not. A lobbyist is a person who "(a) Appears in person in the Legislative Building or any other building in which the Legislature or any of its standing or interim committees hold meetings; and (b) Communicates directly with a member of the Legislative Branch on behalf of someone other than himself or herself to influence legislative action whether or not any compensation is received for the communication." There is no registration requirement here. Obviously, we expect our lobbyists to comply with the regulations that have been promulgated by the Legislative Commission in terms of registration, but the way I read NRS 218H.080, which is existing statute, is that if someone comes in this building or, if Assembly Bill 190 passes, approaches a legislator during the interim, and performs these two functions, whether they have registered or not, they would be a lobbyist and they would be subject to the reporting requirements.

Assemblyman Hickey:

Yes, people who are in the building ought to register. And even if they do not register, they are clearly lobbying if they appear before a committee or visit members. However, it is more nebulous outside of the session when someone approaches a lawmaker. How do we determine if he or she is lobbying? Perhaps the person says, "Yes, I had dinner with that

Assemblyperson, but I do not believe that I was lobbying." Is it not going to be somewhat subjective how that determination is made?

Assemblyman Ohrenschall:

During the regular session, it is incumbent upon the legislators and their staff, if they see someone advocating for another party in this building, or in the Grant Sawyer State Office Building or any alternative location, to let that person know he or she needs to register as a lobbyist. If A.B. 190 passes, that same responsibility will be in place during the interim. If he or she decides not to register, then I believe the person can face certain penalties.

Assemblyman Hickey:

I am not so concerned about inappropriate activity during session, but rather outside of session. I am actually supportive of this concept, but I believe that last session the example was given that a lobbyist and an Assemblyman were old friends, and the lobbyist had invited the Assemblyman to dinner. This person had been a lobbyist in the past but was only taking a friend out to dinner. How do we require that individual to report?

Assemblyman Ohrenschall:

I would say that if you were going out to dinner with an old friend who is a retired lobbyist, and he happens to mention an issue that he cares about, that might not be lobbying. However, if he is advocating for a third party, then I believe it would be lobbying and, yes, I think there is some subjectivity there. Hopefully, everyone who is doing that will make the right choice, and if they do feel that they are advocating for a third party, whether they are being paid or not under NRS 218H.080, they will register, because I believe only that way will the public's right to know be satisfied.

Vice Chair Flores:

Are there any other questions from the Committee?

Assemblyman Elliot Anderson:

Mr. Ohrenschall, how does it work when someone registers as a lobbyist? Does their registration carry over during the interim or does it expire at the end of session? I am not clear on how the registration works and was wondering if that is a way to reach a clear definition for a lobbyist during the interim.

Assemblyman Ohrenschall:

As I understand it, the Legislative Commission has promulgated the regulations for registering as a lobbyist with the Legislative Counsel Bureau, and unless they terminate their registration, it is active until the next session when the lobbyist will need to reregister.

Assemblyman Martin:

Mr. Ohrenschall, I need some clarity on section 2, subsection 3, under the definition of "legislator." Subsections 1 and 2 are very clear, but subsection 3 states, "A former member of the Senate or Assembly who is continuing to serve on a committee or similar body to which he or she was appointed as a representative of the Senate or Assembly, until the committee completes its activities or the former member's successor is appointed, whichever occurs first." Can you give me an example of such an instance?

Assemblyman Ohrenschall:

Pursuant to the *Nevada Constitution*, a member of the Legislature's term begins on the day of the general election and runs until the day before the next general election. There are some interim committees that have carryover. So while it is rare, there are some interim committees where a former legislator whose term has expired, because he or she either did not run again or lost his or her bid for reelection, continues to serve. One example might be the Governor's Workforce Investment Board. There was a situation several sessions ago with Assemblyman John Marvel, who, notwithstanding the expiration of his term due to term limits, continued to serve on some interim committees even though he was no longer a seated Assemblyman. In that instance the need for disclosure is just as paramount as it is in the other scenarios, because if someone is trying to advocate, to this person who is no longer a sitting legislator but still sits on this interim committee or statutory committee, I believe the public has a right to know that. It is a rare instance, but it has happened.

Vice Chair Flores:

Do you anticipate this functioning essentially the same way that it does now, where if we have a meeting, perhaps at Starbucks, and a coffee is purchased for us, that it is going to be the type of reporting where every single expenditure is reported whether they were lobbying for something or not?

Assemblyman Ohrenschall:

Looking at NRS 218H.080, subsection 1(b), the requirement for somebody to be a lobbyist, even if registered, is that he or she "Communicates directly with a member of the Legislative Branch on behalf of someone other than himself or herself to influence legislative action whether or not any compensation is received for the communication." The way I read the law, if one goes out for a social cup of coffee and the lobbyist is a personal friend, or even if they are just an acquaintance, but you do not discuss anything that would constitute advocacy for that lobbyist's client, that would not be reportable. However, if during the interim you have a cup of coffee with a lobbyist and she advocates on behalf of her client, then I think the same

standard that is applicable now during session should apply during the interim. The main difference between the requirement in Assembly Bill 190 during the interim versus during the session is that the interim reports will be filed quarterly instead of monthly and there is a threshold of \$50 at which the expenditure needs to be categorized. Any expenditure of \$50 or less does not have to be categorized, which is the same requirement now. Basically, we are taking the same requirements and extrapolating them out to the interim.

Vice Chair Flores:

Do we have any other questions for Assemblyman Ohrenschall?

Assemblywoman Kirkpatrick:

What about nonprofits and charity events? Will it still be based on the value of the meal?

Assemblyman Ohrenschall:

I believe it would be an expenditure which the lobbyist or legislator would have to report. If it were under \$50, they would not have to categorize it, but if it were over \$50, they would. In terms of whether they would have to report the value of the ticket as sold to the general public or what they paid for it, that is a good question and unfortunately I do not have the answer to that. I am happy to try to find it.

Assemblywoman Kirkpatrick:

One thing that you might think of when you are searching for the answer is how this might differ from a gift, which I do not believe is well defined. For example, the Girl Scouts have Wrangler Days at the Orleans Arena in Las Vegas, and they often receive the use of box seats from a donor. The tickets may be free, because the seats have been paid for the whole year, but there is a value involved. It is very convoluted and I am just asking questions to clarify. Perhaps we can ask Mr. Gilles to address this because it is important that we all have the same understanding.

Assemblyman Ohrenschall:

I want to stress that this bill does not affect the gifts statute. It only affects expenditures. Lobbyists cannot give a legislator any gift over \$100 during a calendar year. Your question on whether you would take the cost of the ticket at the donor's price versus the general ticket price is something I suppose the Legislative Commission could promulgate regulations on, just as they promulgated regulations on reporting during the session. I do not think anyone would believe that a legislator's integrity could be compromised because they go to a charity skating match or anything like that. However, I still think the public's right to know is paramount.

Vice Chair Flores:

Thank you. Are there any other questions for Assemblyman Ohrenschall? Mr. Ohrenschall, do you have anyone else who will be presenting in support of this bill?

Assemblyman Ohrenschall:

I believe that there are some other speakers who have signed in support.

Vice Chair Flores:

Would those who are in support of A.B. 190 please step forward?

Paula Berkley, representing Nevada Network Against Domestic Violence and Food Bank of Northern Nevada:

If I go to a dinner party and somebody across the table says, "So what do you do for a living?" and I say, "I am a lobbyist," that is the end of the conversation for a while at the table. Nobody likes lobbyists. They all think that we are special-interest people who have bags of money to pass out. I believe that perception will continue until we are as transparent as possible and report our expenditures to give confidence to people that lobbyists are not so bad after all. I know that I personally do my most effective lobbying in the off-session, because everyone in the Assembly is so busy during session that you cannot have a good conversation and address all questions and concerns they may have on a particular issue. If it is important that we are transparent during the session, I do not know why we would not want to be just as transparent in the off-session.

Vice Chair Flores:

Are there any questions from the Committee members for Ms. Berkley? [There were none.]

Stacy Shinn, representing Progressive Leadership Alliance of Nevada:

Our state legislature is in session only a few months every other year. When not in session, lobbyists can shower our legislators with meals and drinks without ever having to report a single dime. For example, last year, like every year, the Nevada Mining Association had its annual function at Lake Tahoe. They offered a free golf tournament, poker game, cruise on a 53-foot yacht, parasailing, and a leisurely three-course lunch on deck. The Nevada Mining Association, and other special interest groups, should not be allowed to spend money to influence our state legislators away from the watchful eye of the voting public without ever having to report a dime. All we are asking is for a little disclosure. Assembly Bill 190 would fix this abuse of public trust.

Vice Chair Flores:

Thank you, Ms. Shinn. Are there any questions? [There were none.]

Elisa Cafferata, Executive Director, Nevada Advocates for Planned Parenthood Affiliates:

I wanted to emphasize that the rules of reporting under this proposed legislation do not change at all. The things that are reportable now would be the same if Assembly Bill 190 passes. We, as lobbyists, need to figure out what we have to report and the burden is on us to do that. There is some guidance provided from the Secretary of State and the Legislative Counsel Bureau, such as the Nevada Legislature's website and the guidelines for lobbyists.

One of the questions that is addressed references how you report in terms of a charitable event. The guidelines have broken down the example to show that the cost of the dinner would be reported as an entertainment expense, but the amount going to the charity would not be reportable. I want to emphasize again that the rules would be the same; it is just that the reporting would continue after the session.

On another point, there is a de minimis amount rule, about which I have heard the Secretary of State say you can buy a legislator a cup of coffee, just not at Starbucks. Maybe what we need is a \$5 de minimis rule to say if you spend \$5 or less, that is not something that the public needs to know and track on a daily basis.

Vice Chair Flores:

Thank you, Ms. Cafferata. Mr. Gilles, are you available to come up and respond to Assemblywoman Kirkpatrick's question?

Scott F. Gilles, Esq., Deputy for Elections, Office of the Secretary of State:

In response to Assemblywoman Kirkpatrick's question, regarding the process by which a public officer would quantify the dollar value of whatever gift he receives, I really cannot answer, as the law that would dictate how he does that is outside of our title. We have proposed a bill, Senate Bill 49, which will be presented Tuesday morning. In that bill we will attempt to clarify what a gift is, provide some real-life examples of what are acceptable gifts, and clarify that gifts with a value over \$200 need to be reported on the financial disclosure statements. The question you asked made me think about how we are going to deal with that if it is not already dealt with in the statutes. If not today, then in the future I will have an answer to that specific question for you.

Vice Chair Flores:

Do we have any other questions for Mr. Gilles while he is here? [There were none.] We will move to hear from those in opposition to the bill.

Janine Hansen, representing Nevada Families Association:

Because of the Committee rules I had to sign as in opposition, but I do not oppose the entire bill, just regarding nonpaid lobbyists.

Right now, a nonpaid lobbyist must complete the monthly reports the same as a paid lobbyist. Each month I submit my report, which is nothing but zeros. If this extends into the interim, I would be reporting zeros six more times. I can understand reporting for people who are spending money, but for people who do not, it seems to be excessive to require six reports that have no transparency because there is nothing to see. Noting this, I would ask you for an amendment to exclude unpaid lobbyists. I believe it is a good thing that individual citizens volunteer and come to the Legislature as unpaid lobbyists. My concern is that AB. 190 will suppress participation by the public in the legislative process simply because people will not want to be saddled with the reporting requirement.

Vice Chair Flores:

Your comments sound reasonable to me, and I encourage you to work with Assemblyman Ohrenschall to see if we can get to a point where an amendment is acceptable.

Janine Hansen:

Thank you, Madam Vice Chair.

Lynn Chapman, representing Independent American Party:

Since 1987, I have been coming to the Legislature on my time, my dime. Nobody pays me. I want to know what happens if I forget to do one or two of the required reports. Am I going to be carted off to jail or, alternatively, fined? If I go to a luncheon and there are Assembly members there and someone says something to one of them, what happens then? Would I have to make a report even though I did not pay for anyone else's lunch but my own? Those are just some of some of the questions this bill raises in my mind.

Vice Chair Flores:

Are there any questions? [There were none.] Ms. Chapman, I encourage you to pose those questions directly to Assemblyman Ohrenschall and have a discussion with him.

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

I am not opposed to increased transparency requirements and increased filings. I will be the first person to make that filing when it is required. I have already made my filing for the month of February. I do not have any problem with that and I have advocated for transparency in every hearing where it was relevant so far during this session.

There are some concerns, however, with the way the bill was drafted and some ambiguities that are contained within it. I have sat with many former and current legislators and had a cup of coffee and talked with them about their campaigns, their goals, what it is they wanted to try and achieve, and generally how things were going. Under these terms, that would become a reportable event. In addition, I have the ability to write checks out of a political action committee fund. If by doing so and contributing to a legislator's campaign committee, or to a caucus committee, would that then become a reportable event? At this point, it is not entirely clear. Those are distinctly different activities. They are not lobbying-related, but campaign-related and disclosed on a different form. Without that clarification we are, unfortunately, in opposition to this bill.

As a point of reference, section 7 of the bill addresses Mrs. Hansen's concerns. If you file the termination report at the end of the legislative session, you are not bound to continue making any additional filings.

Vice Chair Flores:

Thank you, Mr. Mallory. You are referring to section 7, which currently does not have any amendments or proposed changes to it. You are simply stating that according to the law, as it is currently written, you have to file the statement while you are registered but it is only during the session, and then that lobbying activity is terminated once the session is done, correct?

Jack Mallory:

Reading it in plain English, "This act applies to a lobbyist who: 1. Files a registration statement pursuant to NRS 218H.200 during the 77th Session of the Nevada Legislature and does not terminate lobbying activity and file the notice required pursuant to NRS 218H.230; or 2. Engages in activity after the effective date . . ." If you file the termination notice and you do not engage in the activity, you do not have to file the reports.

Vice Chair Flores:

Thank you for pointing that out. Do we have any questions for Mr. Mallory? [There were none.] Is anyone in opposition to the bill who has not signed in and

would like to speak? [There was no response.] Assemblyman Ohrenschall, would you like to come up and give some final comments?

Assemblyman Ohrenschall:

Thank you for taking the time to hear Assembly Bill 190. The right to petition one's government is essential; it is in the First Amendment. Obviously, our legislative advocates provide a vital role whether they are paid or unpaid. They educate legislators and highlight important issues. This bill is not an antilobbyist or legislative advocate bill; it is just trying to make sure that the public knows what is going on.

I am happy to work with anyone who spoke earlier on any point in the bill. I am not sure that I see the same problems in section 7 that Mr. Mallory does. However, I do think there is a need for a clarification on the definition of expenditure in section 4 to make sure that it does not include a campaign contribution. In terms of the applicability to unpaid lobbyists during the interim, I am certainly happy to meet with Ms. Chapman and Ms. Hansen to answer any of their questions.

Vice Chair Flores:

Thank you, Mr. Ohrenschall. I will now close the hearing on A.B. 190 and welcome the Chairman back to the dais. We will move on to Mr. Dupalo's presentation.

Chair Ohrenschall:

We are fortunate to have with us today a distinguished Las Vegas, Martin Dean Dupalo, of the Nevada Center for Public Ethics. Mr. Dupalo is a former student of Professor Craig Walton, the organization's creator, who advocated for positive change in the ethics laws, at both the state and local levels. He is also an Air Force veteran and recipient of the prestigious Truman Scholarship.

Martin Dean Dupalo, representing Nevada Center for Public Ethics:

I was asked to briefly speak this afternoon about ethics in Nevada, where we are, and where we could be. First, I intend on providing you a little background about myself and the modest nonprofit that I lead, the Nevada Center for Public Ethics. [Read from prepared text ([Exhibit C](#)).]

What, then, is ethics or public ethics? Ethics can be examined from many different perspectives. Ancient Greek philosophers, such as Plato and Aristotle, saw ethics as a virtue and a consequence. John Stuart Mill viewed ethics as involving a more utilitarian approach. Immanuel Kant expressed it as a principle. Finally, in a more modern sense, we can view ethics

as a responsibility, as exemplified by President Woodrow Wilson. Certainly, there are ambiguities in the boundaries between law, ethics, and corruption. [Read from prepared text ([Exhibit C](#)).]

Ethics commissions, as was pointed out, drew greater attention with the Watergate scandal. The years of 1972 through 1974 were a prime time for the development of ethics commissions, as the public was far more interested because of what was happening at the national level. At that time, I believe 39 states had adopted ethics commissions. [Read from prepared text ([Exhibit C](#)).]

A less-than-scientific poll conducted by an Internet outfit, found the City of Las Vegas ranked 10th in public ethics behind cities such as Chicago, Detroit, and Washington D.C., but highest when evaluating corruption in terms of per capita numbers. [Read from prepared text ([Exhibit C](#)).]

A recent 2012 academic study from the University of Illinois, in Chicago, pegged the cost of political corruption in that state, in annual terms, at an estimated \$500 million. Now, Illinois is a large state and there are areas where people disagreed. [Read from prepared text ([Exhibit C](#)).]

I will review 15 ethical issues that should be addressed in Nevada. They include considering a statewide uniform ban limiting gifts to all public servants, which I believe is under consideration already. When you look at prior years and you note that various individuals had received thousands of dollars in gifts, I believe that many people in the public consider that inappropriate. The public often views it as an advantage gained by their position and not because of a friendship. Those amounts were significant. Several public officials have received approximately \$10,000 apiece.

Also, address the practice of comps. Define what comps are and require that all comps involving public officials be reported, and if they are not, provide for appropriate sanctions. Comps is one of those areas that slips under the radar and is not considered a gift by many.

Address the nonprofits of Nevada and set standards as to how nonprofits are defined within the state. Perhaps following the federal guidelines and the IRS designations would provide a good start. [Read from prepared text ([Exhibit C](#)).]

Chair Ohrenschall:

Mr. Dupalo, thank you for traveling to Carson City and informing us about what the Nevada Center for Public Ethics is working on. Are there any questions from the Committee?

Assemblywoman Kirkpatrick:

I took Mr. Walton's ethics class in 1996, and many things that he told me have stayed with me all this time. I do want to point out that there are many good politicians within the state of Nevada. We here at the Legislative Building have made many changes, some of which are not listed in your 15 points, but I want to make sure that we do not forget to celebrate our accomplishments. The Legislature has worked hard to develop its website, and now people may follow the various committee and floor meetings from the comfort of their own home. We adhere to the open meeting law the majority of the time, except toward the end of our session, when it becomes difficult and occasionally impossible to follow the law to the letter, but we still are transparent. What would be helpful to us, particularly the new legislators, is to have the Nevada Center for Public Ethics or the Commission on Ethics put together some real-life examples we can follow.

I remember Mr. Walton telling me, in 1996, that perception is everything. I work in the food industry and no longer will go out to lunch or dinner meetings with vendors for fear that my neighbors will think that I am doing something unethical as a politician, even though the meeting would have absolutely nothing to do with my legislative duties.

Another positive move is that we now require lobbyists to take the training we provide them in ethics and antiharassment. No other state is doing that.

Something I did not hear you say is why local officials are not required to do the same reporting that we in the Legislature do. If we could make that happen, it would have a tremendous effect across the state.

Martin Dean Dupalo:

I agree with everything you said. My list of recommendations, as I mentioned, actually goes to 42.

Chair Ohrenschall:

Mr. Dupalo, you mentioned nonprofits. What do you see as the problem right now with nonprofits? Can you elaborate?

Martin Dean Dupalo:

I sat on the City of Las Vegas Community Development Review Board for seven years. During that time, I was able to address nonprofits from the perspective of a chair, vice chair, cochair, and committee member. We saw approximately 90 nonprofits each year and found problems with many of them in the community. Nevada does not regulate nonprofits the way many other states do. One example is an organization that the public sees as a nonprofit, and

is listed as a nonprofit within the state of Nevada, but is not certified as a nonprofit by the federal government. There are a lot of 501(c)(3) organizations that are very good, but there are some that are considered a nonprofit within the state but cannot be at the federal level because they are actively engaged in political campaigns and endorsements.

Chair Ohrenschall:

It is a timely observation, Mr. Dupalo, and there are two bills being presented this session that attempt to address what is going on with the nonprofits.

Assemblyman Martin:

I am always happy to hear of anything to do with ethics and public ethics, especially in this environment. I am a certified fraud examiner and a member of the Association of Certified Fraud Examiners. Dr. Joseph Wells founded the organization in 1988, and we are fortunate to have a number of certified fraud examiners serving in the Legislative Counsel Bureau (LCB). I personally would like to see the remaining points in your 42-point presentation. Have you had any contact with the Association of Certified Fraud Examiners? It is a 50,000 member global organization that could be a fantastic resource to help you expand some of your programs, as they do work with nonprofits.

Martin Dean Dupalo:

That is an asset I have not considered and I will follow up on it. Thank you.

Chair Ohrenschall:

Assemblyman Martin brings up a good point. If you would not mind sharing your 42 points with the Committee, I am sure we would all appreciate it. You can email the points to the committee manager or me.

Martin Dean Dupalo:

I will do so, yes.

Assemblyman Elliot Anderson:

Mr. Dupalo, I was wondering why we have not talked about some of the bigger issues out there. I am speaking of the anonymous million-dollar donations to fund campaigns. I believe these are unlimited donations, and yet we are focusing our energies on some relatively small issues when potentially millions of dollars are unaccounted for and are funding campaigns. We need to focus more on the big issues in addition to focusing on the smaller ones.

Martin Dean Dupalo:

Absolutely, but there is no favoring one over the other; it is an all-of-the-above approach. It is the minor things, it is the mid-level things, it is the upper echelon issues—it all matters.

Chair Ohrenschall:

Mr. Dupalo, I believe Assemblywoman Kirkpatrick made a good point about all the progress we have made with the transparency and our legislative website. You must admit that in comparison to the unethical practices of some government entities that were in the headlines ten years ago, the state is doing much better.

Martin Dean Dupalo:

I had an opportunity to address that and it has improved from 2005, 2007, and 2009. As you and I were briefly discussing beforehand, I referenced an incident in 2011 where it has improved, but there is still room for improvement. It is a continuous improvement process.

Assemblyman Munford:

This is something that has always been puzzling for me in my district, because there are many churches and they are considered nonprofits. What are the restrictions or limitations on churches dealing with political candidates in terms of endorsement or the candidate paying a visit to the church?

Martin Dean Dupalo:

I think there is a hesitancy to look into those things, unfortunately. We do not have many rules or regulations on nonprofits in Nevada, and everybody assumes that a nonprofit only does good work. I have seen some that do not, but they are not taken to task because it would not look good. I believe that if someone in the state of Nevada were to look into a church, there would be tremendous backlash, but that is only my opinion.

It is my belief that we have to have an enforcement agency. Does that sound good? No, it does not. Is it proper? Yes, it would be. At the federal level, if you are designated under the IRS as a 501(c)(3), you will lose your 501 status should you engage in these direct political events. It will take political will for somebody to say we need to take a closer look at this.

Chair Ohrenschall:

Are there any other questions for Mr. Dupalo? [There were none.] Mr. Dupalo, thank you very much. I know you are carrying on a proud tradition that Professor Walton started and we appreciate your input. I look forward to receiving the 42-point list and the link to the ranking of the states.

Assembly Committee on Legislative Operations and Elections

March 7, 2013

Page 17

There are no bill draft requests to introduce today, so I will open the meeting to public comment. Anyone who would like to make a comment, please come forward. [There was no response.] I will close today's meeting of the Assembly Committee on Legislative Operations and Elections. The meeting is adjourned [at 5:25 p.m.].

RESPECTFULLY SUBMITTED:

Karen Pugh
Committee Secretary

APPROVED BY:

Assemblyman James Ohrenschall, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Legislative Operations and Elections

Date: March 7, 2013

Time of Meeting: 4:06 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Martin Dean Dupalo	Presentation on Nevada Center for Public Ethics