

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

**Seventy-Seventh Session
March 26, 2013**

The Committee on Legislative Operations and Elections was called to order by Chair James Ohrenschall at 4:06 p.m. on Tuesday, March 26, 2013, in Room 3142 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:

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

COMMITTEE MEMBERS ABSENT:

Assemblyman Andrew Martin (excused)

GUEST LEGISLATORS PRESENT:

Assemblyman David P. Bobzien, Washoe County Assembly District
No. 24
Assemblywoman Teresa Benitez-Thompson, Washoe County Assembly
District No. 27



STAFF MEMBERS PRESENT:

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

OTHERS PRESENT:

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

Chair Ohrenschall:

[Roll was taken. Committee policy and procedures were reviewed.] We will begin with Assemblyman Bobzien's presentation of Assembly Bill 394.

Assembly Bill 394: Revises provisions relating to statements of financial disclosure. (BDR 23-50)

Assemblyman David P. Bobzien, Washoe County Assembly District No. 24:

What you have before you is my modest contribution to this session's transparency debate. Assembly Bill 394 is, I believe, a necessary next step in how we provide the citizens of Nevada with a greater understanding of what it means to be a citizen legislator. I have always appreciated the statutory support that we have, whereby it is acknowledged that we all have jobs, lives, and other endeavors that we attend to outside of our legislative service. In fact, our legislative service is better because of those outside perspectives. Nonetheless, I believe that the public has the right to know what it is we do in our private lives and how those activities might or might not interact with our service when it comes to potential conflicts or influences that could be present during the legislative process. To that end, what the bill does is very simple. We all know the financial disclosure statements that we file. The point here would be that at the time of filing that financial statement, for your creditors, your employers, your family's employers, and all the other people and activities that you currently put down, it would be incumbent upon you to go back for the preceding two years and check the lobbyist list to see if any of those people or entities were registered as lobbyists. If they had registered as lobbyist representation in the building, you would check a box. That is it. The idea is to build a connection between that list, which we all know is invaluable in terms of what interests are in the building, and your financial disclosure statement.

Let me make it perfectly clear that this bill is in no way an attempt to make a comment on any potential relationships that are there. I am sure that these provisions would apply to a number of us in the building. Frankly, I would say that I have situations in my past, when I worked at the University of Nevada, Reno, where it would absolutely apply to me and I would be checking a box. It does not currently pertain to me, but perhaps in a future session, if I decide to come back and maybe have a different job, I may very well also fall under these provisions. I think establishing that link between that very important lobbyist list, which is on our legislative website for the public's benefit, and our financial disclosure statements would be a valuable step forward in the conversation when it comes to transparency.

Chair Ohrenschall:

Are there any questions for Assemblyman Bobzien?

Assemblyman Hickey:

I happen to be a painting contractor, and I have painted people's homes before, during, and hopefully after I serve in this body. If I painted a lobbyist's residence in the said period, would this bill require me to report that?

Assemblyman Bobzien:

If your company—the one from which you derive a benefit and which is listed on your financial disclosure form—had been represented by a lobbyist, yes, you would check that box. But just because there might be a customer relationship between your company and someone who had a lobbyist, I do not think that is as pertinent in terms of the transparency question and, as I see it, is not part of this bill.

Chair Ohrenschall:

Does that answer your question, Mr. Hickey?

Assemblyman Hickey:

Yes, it does. If I recall, our disclosure form, which I fill out every year with the help of my wife, basically talks about our holdings, homes, mortgages, and things like that. What is the nexus that this might cover, say, with a certain lobbyist? In other words, is the main connection, if we were employed or consulted with them in some contractual way?

Assemblyman Bobzien:

Again, it does not change any of the requirements of the financial disclosure form. There are slight exceptions, but the requirements are such that, for instance, your mortgage under primary residence is not included. Creditors are included, and employers are included. Family members, spouses, et cetera, are also included. However, if there is a direct employment relationship—say you are employed by a marketing agency that does government affairs work, or you are employed by a government agency that is represented by a lobbyist—that would trigger the need to self-report with a checkbox. And the same with creditors.

Chair Ohrenschall:

Are there any other questions for Mr. Bobzien?

Assemblyman Elliot Anderson:

I am certainly in favor of transparency. I rent out a room to a friend from law school. I am looking at the definition of "household" that is on page 6, section 3, new subsection 4, paragraph (c), and it states, "A person who lived in the home or dwelling of the candidate for public office or public officer for 6 months or more in the year immediately preceding the year in which the candidate for public office or public officer files the statement of financial disclosure." Is there any way we can amend this to note that if someone were a tenant, it would be an exclusion?

Assemblyman Bobzien:

That is a requirement in the existing statute governing the financial disclosure form. I would be open to hearing from members of the Committee if that is something that needs to be changed, but again, it was not my intention to alter the existing requirements for financial disclosure forms. I would have some reluctance to go down that road, but ultimately if that is the conversation the Committee members want to have, I am always willing to have it.

Chair Ohrenschall:

That is an interesting point you bring up, Assemblyman Anderson.

Assemblyman Elliot Anderson:

The new language in section 3, subsection 2 talks about every person 18 years of age and older. Is that also from existing statute?

Assemblyman Bobzien:

Yes.

Chair Ohrenschall:

Are there any other questions for Assemblyman Bobzien?

Assemblywoman Flores:

As Mr. Hickey just mentioned, he owns a business, and you said that because his income is derived from that business, it still applies as currently enforced. But the bill states under section 3, subsection 2, paragraph (c), "Business entity identified pursuant to paragraph (f) of subsection 1." I am not questioning your intent; I am just trying to understand. We currently report creditors if we have any outstanding debts over \$5,000, not including property and educational debt. If you derive income over \$6,000 per year for legislators, then you report those employers. I do not recall the business entity. Is this saying that, for those three categories, you have to check the lobbyist list and see if anyone has ever lobbied?

Assemblyman Bobzien:

For a two-year period.

Assemblywoman Flores:

Let us say I have a credit card with Chase Bank. Do I then check to see if anyone has ever lobbied for Chase, and if so, then I would have to list Chase on my disclosure form?

Assemblyman Bobzien:

Operationally, here is how this would go. You have your list of four or five creditors or employers, and Chase is one of them. The two-years-preceding period basically means you go to the lobbyist list from the preceding legislative session and look for the name of Chase, and if it shows up, then yes, you would put that down. It is just doing a quick check of those names and marking the box when a name is present. Again, the intent of this is simply to create that bridge between our financial disclosure forms and the lobbyist list.

Assemblywoman Flores:

I understand that. I would just be concerned that maybe you have a creditor that does lobby across the country but you accidentally miss it, because it was spelled incorrectly or you simply did not see it, and then you find yourself in a position where you did not disclose and are in trouble with the Office of the Secretary of State.

Assemblyman Bobzien:

I would offer that your scenario would be an incredibly extreme situation. By the time those registrations make it into our lobbyist list, the individual or company name has been thoroughly checked. It is not as subject to the misspellings as it might be when each one of us is trying to report our contributions and the names are coming from checks or notes and everything else. Therefore, I would say that the misspellings are going to be very infrequent when it comes to how they are going to list the entity in the lobbyist registration list.

Now, where there might be an issue would be if you have a line of credit for over \$5,000 with ABC Capital Equity Company, LLC. That is what is on your loan documents, but maybe they have registered as another entity name when it comes to the lobbyist list. You have your document, you have the lobbyist list, and if they do not match, you did your best as far as I am concerned, and I would put that intent on the record. That would be a completely honest mistake in the failure to check the box, but I would say that might happen only 1 to 5 percent of the time. I think that the vast majority of the time it would be a simple exercise of, was employer XYZ represented last session? This should not take more than five minutes when you are doing this form.

Chair Ohrenschall:

Are there any other questions?

Assemblywoman Kirkpatrick:

I signed on to this bill because I like the intent and the transparency, but we have to work out the details. On section 3, subsection 2, paragraph (c), is that if we own a business, or is it any business dealings we have? I am going to use myself as an example. I am a salaried employee in sales and I do business with several hotels that happen to lobby in this building. I have always been open about that. When you talk about a business entity, is it your own personal business entity? Could you please clarify? I would like to be very clear on what the legislative intent is so the Secretary of State's Office has the ability to provide some direction for us. In my mind, we have to be very specific on the legislative intent for each and every one of these additional things you are asking for.

Assemblyman Bobzien:

If you look on page 5, section 3, subsection 1, paragraph (f) states, "A list of each business entity with which the candidate for public office or public officer or a member of the candidate's or public officer's household is involved as a trustee, beneficiary of a trust, director, officer, owner in whole or in part, limited or general partner, or holder of a class of stock or security representing

1 percent or more of the total outstanding stock or securities issued by the business entity." That is not when your employer has a customer, or if your company had a consulting relationship with somebody. It is very specific language about being on the board or having a corporate interest or a direct business interest in that entity. That is when you have to report. We are not talking about Mr. Hickey's painting company having painted someone's house. We are not talking about the food business that sold to a property. This is about the specifics that are in the current financial disclosure statute.

The Secretary of State's Office pointed out that on page 4, section 3, subsection 1, paragraph (b), it states, "Each source of the candidate's or public officer's income, or that of any member of the candidate's or public officers' household who is 18 years of age or older. No listing of individual clients, customers or patients is required, but if that is the case, a general source such as 'professional services' must be disclosed." This should further clarify the issue for Mrs. Kirkpatrick and Mr. Hickey.

Chair Ohrenschall:

Mr. Bobzien, I would like to ask our legal counsel for some elucidation. Most of this is in existing statute. In the bill you are taking the existing law and cross-checking to see if that business entity, employer, or creditor has a registered lobbyist during the preceding two years. Is that correct, Mr. Powers?

Kevin Powers, Committee Counsel:

That is correct. The starting point of the bill is the existing statement of financial disclosure. All of the existing categories would remain the same. What the bill provides is that with three of those categories—the employer, the creditor, and the business entity—the candidate or legislator has a duty to cross-check those against the list of registered lobbyists maintained on the Legislature's website to determine whether those specific entities had ever registered as a lobbyist or retained or employed such a lobbyist. So the existing categories remain the same, as far as what goes into the statement of financial disclosure.

Chair Ohrenschall:

Let us say your employer, creditor, or business entity had someone registered as a lobbyist, and then they deactivated their registration. Would you then still report them? How would that work?

Assemblyman Bobzien:

That is a great question. We might want to hear from the Legislative Counsel Bureau (LCB) about the specific mechanics of that process. My intention would be the list as it is and exists on the website would be checked. Of course, we are talking about the period of time after the conclusion of the session. I am trying to remember how that works, because I have seen that if someone's registration has been revoked, it still stays there as revoked. Now, removed? I am not sure how that works. That would be a question for LCB as to the mechanics of how they manage that list. I can see your scenario, that someone is registered for three days and then gets fired, or he fires the client. That leaves the question, does that registration stay on there? Would that be captured?

Chair Ohrenschall:

That might be a question for the Director of the Legislative Counsel Bureau. Are there any other questions for Assemblyman Bobzien?

Assemblywoman Flores:

I would like some clarification on the annual compensation of \$6,000 that is noted in section 1 of the bill. We as legislators receive only \$4,000 annually, and we have never really known if this applies to us.

Assemblyman Bobzien:

I will ask the Secretary of State's Office to respond.

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

You do not see it in the language that is covered in this bill, but there was a provision that was clarified last session within *Nevada Revised Statutes* (NRS) Chapter 281 which clearly states that those who have annual income over \$6,000 and legislators are required to file the financial disclosure statements. There is a separate section stating who is required to file the annual financial disclosure statement, and it explicitly includes legislators along with other elected officials who make over \$6,000.

Assemblywoman Flores:

So that is clarified somewhere else, just not here?

Scott Gilles:

Correct. In current law.

Kevin Powers:

Mr. Gilles is correct that the issue is clarified in existing statute, but it actually appears in this bill in two sections. If you look in section 1, subsection 1 and section 2, subsection 1, in both instances following the \$6,000 compensation threshold it also says each person who is elected or appointed to office as a legislator or each candidate for office as a legislator.

Chair Ohrenschall:

Thank you, Mr. Powers. Is there anyone else in Carson City who wishes to speak in support of Assembly Bill 394? [There was no response.] Is there anyone in opposition to Assembly Bill 394 here in Carson City or in Las Vegas who would like to speak? [There was no response.] Is there anyone neutral on Assembly Bill 394 who wishes to speak? [There was no response.] Mr. Bobzien, are there any closing remarks you would like to make?

Assemblyman Bobzien:

I would like it noted on the record that I did speak with Mr. Gilles to see if there were any implementation problems in the Secretary of State's Office, and he confirmed there were none.

Chair Ohrenschall:

I will close the hearing on A.B. 394. Our next measure is Assembly Bill 350, which will be presented by Assemblywoman Benitez-Thompson.

Assembly Bill 350: Revises provisions relating to the submission of reports to the Legislature. (BDR 17-794)

Assemblywoman Teresa Benitez-Thompson, Washoe County Assembly District No. 27:

I created a PowerPoint to help us walk through Assembly Bill 350, which details the two sections of this bill, what the intent is, and why I thought it would be worth our legislative time to have this topic discussion ([Exhibit C](#)).

The intent of this bill is to seek out onerous, duplicative, and obsolete reporting requirements within the *Nevada Revised Statutes* (NRS) and create a process by which the identified reports can be repealed, revised, or continued.

The initial subject matter may cause trepidation in some, because when we think about getting rid of reports in the Nevada State Legislature, we certainly want to be cautious that we do not get rid of information that is useful to legislators. We want to keep information that drives good public policy, informs us, or inspires us to look for better ways to create even better public policy.

We also want to make sure reports and information that are coming to us are accurate, timely, topical, and relevant. This bill is about creating a process by which we are not overly inundated by reports requiring agency resources and staff time unnecessarily.

There are two distinct reasons why I would hope you would consider A.B. 350 ([Exhibit C](#)). First, once created in statute, reporting requirements exist indefinitely. We do not often see sunsets on reports. When they draft statutes, most legislators do not include provisions within the law to say this is when I would like the reporting requirement to stop. Consequently, we have reports that were asked for years ago, and maybe the information is still necessary and relevant, and maybe it is not.

Second, there are more than 160 reports which are required to be submitted to LCB by non-legislative bodies, many of which are never submitted. Once again, these reports were requested long ago through amendment or adoption of new statutes to the *Nevada Revised Statutes* (NRS). In some cases, the information cannot be obtained anymore or there might be duplicative reports. To give an example, should this bill pass, the LCB staff would begin their review of 55 different reports that are required to be brought right now. There are many more reports that are required. The complete list is about 13 pages long. [Referred to handout listing reports from 2007, 2009, and 2011 Sessions ([Exhibit D](#)).] So I do not want to give you the impression that we are talking about five reports that are required to come to us. We are talking about hundreds of different reports that are required. Some of them are required quarterly, others biennially or annually. Some of the reports generate multiple reports. A good example would be a mandated report from a couple of sessions ago that actually generated 12 reports.

The process by which I am proposing to oversee those reports is laid out in section 1 ([Exhibit C](#)). First, you have a bill that has a reporting requirement to the Legislature, so somewhere in the bill is the language that describes the report to be made and the time frame in which that report is supposed to be given. What this bill proposes is a five-year limit on reports from the effective date of the bill. If the bill's sponsor wants more than five years of reporting, then he or she needs to make a statement that details what benefits or information are anticipated by having the reporting function continue past the five-year limit. In the bill drafting process a legislator would be prompted to answer a few questions such as, if the report is about a new program, why is analysis after five years beneficial? What are we going to get in year six, seven, et cetera? What beneficial outcome do they expect that is going to help us drive public policy?

Second, if a report is necessary for more than the five-year limit, what is the cost versus benefits of that report. It needs to be noted that there is a cost associated with generating these reports, and some of them are multiple pages. Section 2 brings in the Legislative Commission to review report requirements that are four years or older. To clarify, if this bill were to be put into effect, there would be about 55 bills from the 2007, 2009, and 2011 Sessions that would be reviewed by the Legislative Commission in that first pass. The Legislative Commission would analyze the costs and benefits of those reports. They would look to see if the information requested is duplicative and if there is a way to consolidate two or more reports into one. The Legislative Commission would examine the reports and the data they generate to see if something new has happened that we had not considered since the statute was written that they might want to see. With that information, the Legislative Commission could do three different things: repeal, revise, or continue the report. The Legislative Commission would place its request in a bill draft request (BDR) that would be brought to the Legislature in the next session. That bill would get a hearing, and we as contemporary legislators could look at the Legislative Commission's argument for repealing, revising, or continuing the report. I believe this is a good system because of the different layers of review; we are making sure that we are not losing important reports that we use to drive public policy.

Chair Ohrenschall:

Assemblywoman Benitez-Thompson, I believe this an excellent piece of legislation. Are there any questions for Assemblywoman Benitez-Thompson?

Assemblywoman Kirkpatrick:

There has been a great deal of interest in this bill, and comments have been made to me about how nice it would be to go in and clean out some of the unnecessary reports so that we can make room for more useful information.

One comment I have heard is, can it be put in the provision that if a report is not filed—because there are some individuals and agencies who do not file the reports—that there is an opportunity to state why they are not filing? Another comment concerns how soon they can get rid of some of these reports. For instance, there are reports that have been required since 2007, when I first came to the Legislature, but here we are, six years later, and the same report is being compiled.

Assemblywoman Benitez-Thompson:

Yes. A good example would be that the interim Legislative Committee on Education looked at reports in the education realm and did exactly what I am proposing be done in this bill. They examined what reports were relevant

and had needed information and focused on reducing duplicative information and consolidating some of the reports. On the Senate side, Senate Bill 405 is looking to do the same thing. We are all trying to get a handle on the numerous reports that we as legislators generate to get a better idea about what is actually being read. We need to know what is being submitted and what is not being submitted and why.

I think this will also make a statement about the reports that we get. If your office is anything like mine, my attaché hands me different reports almost on a daily basis. I read the ones that are of topical interest to me and the ones that are relevant to subject matter that I am familiar with from the various committees that I serve on. Most of the reports are sent to the recycling bin. I think it is just a better way to make sure that the information that comes across our desks, the information that we use to drive public policy, is relevant and timely.

Chair Ohrenschall:

Thank you. Are there any other questions?

Assemblywoman Flores:

I have to say thank you so much for working on this and bringing it forward. I was concerned when you said that the Legislative Commission could repeal, revise, or continue a reporting function, but then you said it would result in the drafting of a BDR. Can you point out to me where in the bill it states that the Legislative Commission creates the BDR for the Legislature?

Assemblywoman Benitez-Thompson:

It does not specifically state that in the bill. It is my understanding that the Legislative Commission, in and of itself, has no ability or authority to enact statute, so it would simply make a referral that would come to us in the form of a BDR. If we wanted to change the statute, we would have to open that statute and amend out the reporting requirement.

Chair Ohrenschall:

I would like to hear from our committee counsel about that process.

Kevin Powers:

As stated in the bill in subsection 3 of section 1, it specifically provides that the Legislative Commission may make recommendations for changing state legislation for submitting reports. Under existing law, the Legislative Commission has 15 BDRs so they could use one of their existing BDRs to implement any requests for legislation to change reporting requirements.

Chair Ohrenschall:

Thank you, Mr. Powers. Are there any other questions for Assemblywoman Benitez-Thompson?

Assemblyman Oscarson:

As a new legislator, I appreciate how difficult it is to go through all of these different bills to clean things up. I want to thank you for bringing this measure to our Committee.

Chair Ohrenschall:

Are there any other questions?

Assemblyman Duncan:

Do you think we should look into having an expiration date on these reports? Also, do you think that this legislation may encourage that conversation?

Assemblywoman Benitez-Thompson:

Yes, and I believe that is what section 1 seeks to do by saying that the default for a BDR that requests a report will be five years from the effective date. Should the bill's sponsor want more than five years, then the sponsor will need to draft a statement that provides real reasons why the reporting requirement needs to last longer than five years, especially for new programs.

Chair Ohrenschall:

Are there any other questions for Assemblywoman Benitez-Thompson? [There were none.] Is there anyone else who would like to speak in favor of Assembly Bill 350? [There was no response.] Is there anyone who is opposed to Assembly Bill 350? [There was no response.] Is there anyone who is neutral on the measure? [There was no response.] Assemblywoman Benitez-Thompson, are there any final remarks that you would like to make?

Assemblywoman Benitez-Thompson:

I would like to thank you, Chair Ohrenschall, and the Committee for hearing this topic and for contemplating this bill.

Chair Ohrenschall:

I for one will miss getting to read the interim reports on stagecoach robberies; they are good reading, but hopefully if your bill is successful, we might have fewer of those piling up in our offices. I will close the hearing on A.B. 350 and open the meeting to public comment. Anyone who would like to make any public comments, please come forward. [There was no response.] As there

is no other business before the Committee today, I will close this hearing of the Assembly Committee on Legislative Operations and Elections.

The meeting is adjourned [at 4:54 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 26, 2013

Time of Meeting: 4:06 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 350	C	Assemblywoman Teresa Benitez-Thompson	PowerPoint presentation A.B. 350
A.B. 350	D	Assemblywoman Teresa Benitez-Thompson	List of active reports to Legislator, Legislative Committee or LCB Director 2007-2011