

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

**Seventy-Seventh Session
February 6, 2013**

The Senate Committee on Government Affairs was called to order by Chair David R. Parks at 1:34 p.m. on Wednesday, February 6, 2013, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator David R. Parks, Chair
Senator Pat Spearman, Vice Chair
Senator Mark A. Manendo
Senator Pete Goicoechea
Senator Scott Hammond

STAFF MEMBERS PRESENT:

Patrick Guinan, Policy Analyst
Heidi Chlarson, Counsel
Martha Barnes, Committee Secretary

OTHERS PRESENT:

Debra March, City Councilwoman, Ward II, City of Henderson; President,
Nevada League of Cities and Municipalities
Wes Henderson, Executive Director, Nevada League of Cities and Municipalities
Jeff Fontaine, Executive Director, Nevada Association of Counties

Chair Parks:

I would like to review and adopt the Senate Committee on Government Affairs Standing Rules for the 2013 Session ([Exhibit C](#)).

SENATOR SPEARMAN MOVED TO ADOPT THE SENATE COMMITTEE ON GOVERNMENT AFFAIRS STANDING RULES FOR THE 2013 SESSION.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Patrick Guinan (Policy Analyst):

I will provide highlights of the Senate Committee on Government Affairs Committee Brief ([Exhibit D](#)).

The Senate Government Affairs Committee heard water-related measures last Session, but those bills will now be heard in the Senate Committee on Natural Resources. This Committee will be hearing bills relating to the Public Employees' Benefits Program (PEBP) and the Public Employees' Retirement System (PERS), which is a change from last Session. The Committee has jurisdiction over 125 chapters and 18 Titles in the *Nevada Revised Statutes*, so our responsibility is very broad.

A list of anticipated Committee activities is on page D5 of the Brief. During the 2011 Legislative Session, 122 measures were referred to the Government Affairs Committee. One measure, S.B. No. 360 of the 76th Session, was vetoed by the Governor and will return to the 2013 Legislature. Nineteen bills have already been referred to the Committee and many are already scheduled for a hearing.

Page D8 of the Committee Brief lists relevant Research Division publications prepared by the Legislative Counsel Bureau, which may be helpful to Committee members. Beginning on page D9 are tables of updated population numbers for counties and cities recalculated after the 2010 Census. I have included a list of contacts for State and local governments. A complete list is on the Legislative Counsel Bureau Website.

Chair Parks:

Nevada League of Cities and Municipalities will provide a presentation.

Debra March (City Councilwoman, Ward II, City of Henderson; President, Nevada League of Cities and Municipalities):

Written testimony from Nevada League of Cities and Municipalities (NLCM) was submitted ([Exhibit E](#)).

Wes Henderson (Executive Director, Nevada League of Cities and Municipalities):

Our written testimony describes the NLCM mission and activities this Session, [Exhibit E](#), beginning on page E5. The Bill Summary is in another document ([Exhibit F](#)), and a handout ([Exhibit G](#)) provides information about the organization.

Senator Spearman:

Does one of your bills propose to remove the requirement to publish legal notices in newspapers and provide information electronically?

Mr. Henderson:

Yes. Legal notices could be published on the Websites of all governmental entities. The entity would publish in the newspaper that these notices are available by visiting the Website and would provide the Web address for electronic notifications. The printed notice also would give a physical address where anyone could obtain a hard copy of the notice.

Senator Spearman:

My concern lies with some senior citizens who do not have electronic access. I want to ensure we address these citizens.

Mr. Henderson:

There is a provision to ensure all citizens will have access to a physical copy of the document.

Chair Parks:

That concludes the presentation from the Nevada League of Cities and Municipalities. We are ready for a presentation from the Nevada Association of Counties (NACO).

Jeff Fontaine (Executive Director, Nevada Association of Counties):

The NACO was formed in 1924 under the name of the Nevada County Commissioners' Association. We are a nonpartisan state association that represents county officials and staff. We are the State affiliate of the National Association of Counties (NACo) that represents the Nation's 3,000-plus counties. Our mission statement encourages county government to provide services that maximize efficiency and foster public trust in county government.

We do this by representing Nevada counties on policy development and implementation at the federal level with our Congressional Delegation on bills and agency rule making. We work closely with NACo's Western Interstate Region on issues of common interest to the Western states, which have a strong voice in Washington, D.C. We represent counties in the Legislature and before the Executive Branch agencies when they are developing regulations and policy.

Similar to the activities of the Nevada League of Cities and Municipalities, NACO promotes leadership development. This year, NACO has 22 new county commissioners—out of 75 county commissioners statewide. Term limits have altered the makeup of the county commissions, so we also work with the Extended Studies Certified Public Official Program at the University of Nevada, Reno. County commissioners, sponsored by NACO, attend the County Leadership Institute for the National Association of Counties. We conduct our own leadership sessions and provide information, training and technical assistance on a variety of topics.

Seven rural counties do not have dedicated city managers. These counties need information or help on a number of policy and technical issues. We serve as a forum for the exchange of ideas and best practices through our board meetings, our committees and our conference. It is important to tell the public about the role of county governments and the critical services they provide.

The handout ([Exhibit H](#)) lists the Board of Directors and our officers. Each county has a county commissioner who sits on the NACO Board. Esmeralda County Commissioner Nancy Boland is our President. We also have commissioners who are on the NACo Board of Directors and the NACo Western Interstate Region Board of Directors.

We have several affiliate members, and our office staff includes Elyse Monroy, office manager, and Curtis Blackwell, an intern from Western Nevada College. Populations in Nevada counties based on 2011 State Demographer estimates show a population of 825 in Esmeralda County and 1,967,722 in Clark County. Nevada has six of the largest counties in area in the United States. Nye County is the third largest U.S. county, encompassing over 18,000 square miles. Page H5 lists the size of county commission boards. The majority of Nevada boards of county commissioners have five members, while Clark County has seven.

On page H6, unemployment rates by county shown are not seasonally adjusted. The economy is showing signs of improvement, but we still have unacceptable unemployment rates in a number of our counties. Mining provides jobs in rural Elko, Lander, Humboldt and Eureka Counties, where unemployment is under 6.5 percent. Agriculture, mining and tourism are the mainstays in most of rural Nevada. Some of the counties have had development in light manufacturing, distribution facilities, renewable energy exploration and development. Each county has its own challenges and successes and is interested in economic development.

Page H7 has a color-coded graph depicting the services provided by the State and the counties. Historically, the counties have served as an extension of the State when maintaining records, providing public services and assessing property. The counties have evolved and now are mandated to provide indigent defense and medical care. Municipal services such as water and sewer are provided in the more populated areas.

During the economic downturn, many counties made cuts to discretionary services. We worked closely with Executive Branch agencies, particularly the Department of Health and Human Services and the Nevada Department of Transportation, to identify and fill gaps in services and eliminate duplication.

We hope to see an increase in revenues going to the counties. Sales tax revenues are increasing, but property taxes are a real concern. The graph on page H8 shows the decline in property tax but does not include the Net Proceeds of Minerals Tax. Property taxes are one of the largest revenue sources for most counties and the single largest revenue source in others. Property taxes are not the stable revenue source we envisioned. We are unable to recover those lost revenues because of tax abatements.

The map on page H9 describes the public lands in Nevada. It is a priority issue for our Association and the counties because 80 percent of the State is managed by federal agencies, with the Bureau of Land Management (BLM) being the largest. In some counties, land is over 95 percent federally owned. This has a tremendous impact on the counties' economies. We meet with BLM and U. S. Forest Service leaders to work out issues. Unfortunately, the process is protracted and the outcome is not assured. You may not see bills related to public lands in this Committee, but there will be bills introduced in the Natural Resources Committee this Session.

Two important federal issues include the impact of the national debt on public lands and natural resources. The counties are concerned because even though Congress avoided a fiscal crisis late last year, there is a potential so-called fiscal cliff coming in March. The counties are concerned about the possibility of cost shifts to states and counties in areas such as Medicaid, the elimination or reduction of tax-exempt municipal bonds and across-the-board cuts in federal spending. Some of these cuts can occur to programs and funding streams important to counties: Payment in Lieu of Taxes (PILT), transit grants, capital grants, highway funds and grants issued by the U. S. Department of Justice.

Public land and natural resource issues—relative to access, multiple uses and travel management plans—are a hot topic for many counties. The counties are concerned about the possible listing of the greater sage-grouse and what impact that would have. Counties are very concerned about the numbers of wild horses on public lands. More than half of the wild horses in the Country live in Nevada, and the management issue needs to be addressed.

Revenues from PILT are approximately \$22 million or \$23 million a year and have assisted the counties during these hard economic times. The counties have to fight for the appropriations every year now that authorization for full funding has expired.

The counties with geothermal renewable energy development within their boundaries are entitled to 25 percent of the revenues from the sale and lease of those properties to geothermal companies. In the past few years, those revenues reverted to the federal treasury. Through the help of our Congressional Delegation, those funds were returned to the counties. We would also like to obtain the lease revenue or sharing of the revenue from solar and wind projects located in Nevada counties.

County issues this Session include cost shifts and unfunded mandates. We estimate through the last few sessions there has been a \$325 million impact to county governments as a result of cost shifts and unfunded mandates. These are costs most of the counties cannot absorb because they are not included in the counties' budgets. The rural counties are concerned about the impact of the new funding formula adopted by the Board of Regents and how it will affect the two rural colleges.

The University of Nevada Cooperative Extension is a partnership that has existed among the State, the counties and the federal government for nearly 100 years. Each county levies a tax that goes to the local Cooperative Extension Office to provide services in the community. Over the past 7 or 8 years, the State's contribution to the Cooperative Extension has declined. We now have a situation where the State's match to the counties' contribution is 28 cents to the dollar. The counties are putting more revenue into the Cooperative Extension, but this means there is a potential for a reduction of services.

There are five NACO-sponsored bills you will be hearing in this Committee.

ASSEMBLY BILL 6: Requires the State Treasurer to return a certain percentage of the revenue from the taxation of special fuel to the county in which the revenue was generated. (BDR 32-256)

Assembly Bill 6 would allocate 20 percent of the existing tax on special fuels—diesel, compressed natural gas and others—to the counties where the fuel is purchased. This would help those counties maintain and improve roads.

ASSEMBLY BILL 2: Revises provisions governing the Land Use Planning Advisory Council. (BDR 26-175)

Assembly Bill 2 is the State Land Use Planning Advisory Council (SLUPAC) measure which would allow counties to appoint representatives to the SLUPAC with approval by the Governor. In this way, county commissioners could be appointed by the Governor to serve on other committees and commissions, which they cannot do now.

ASSEMBLY BILL 32: Revises the provisions governing certain tax abatements for new or expanded businesses and renewable energy facilities. (BDR 32-173)

Assembly Bill 32 addresses renewable energy and tax abatements for businesses. It would expand the counties' authority over granting those tax abatements. The bill would also provide flexibility in setting the terms and conditions of the partial tax abatements for renewable energy. Right now, it is an all-or-nothing proposition. If the partial tax abatement is approved, it would not exceed 55 percent of the property tax for a period that does not exceed 20 years. Now, there is no flexibility for counties and developers to negotiate terms and conditions. A loophole needs to be fixed to ensure the Department of Taxation can recover taxes from a business or renewable energy project that is not meeting the terms and conditions of its partial tax abatement.

ASSEMBLY BILL 49: Makes various changes relating to public defenders. (BDR 32-255)

Assembly Bill 49 relates to funding for indigent defense, which is an ongoing concern for counties which have the responsibility to provide indigent defense. This is a two-part bill. The first part is a statewide 0.125-cent sales tax levy; the second is an optional 0.125-cent sales tax levy for counties that want to opt into a program to recover money from a fund for claims for extraordinary legal defense costs.

SENATE BILL 2: Grants power to local governments to perform certain acts or duties which are not prohibited or limited by statute. (BDR 20-174)

This bill relates to functional home rule and is identical to S.B. No. 385 of the 76th Session. This concerns the day-to-day administrative activities that counties and cities must undertake. It would flip Dillon's Rule so that instead of coming to the Legislature for permission to undertake certain activities, the counties and cities would undertake those activities unless prohibited by the Legislature. It would not alter existing statutes that prohibit or allow the counties and cities to undertake certain activities. The Legislature would still have control. We are hopeful that the economy will continue to recover.

Senator Goicoechea:

In reference to the special fuel tax you mentioned, are you proposing a county option tax or assuming part of the State rate?

Mr. Fontaine:

The allocation would be 20 percent of the existing special fuel tax.

Senator Goicoechea:

I have been talking to some of the county representatives regarding the Governor's Executive Budget as it deals with the Division of Forestry (NDF) and the proposed assessment to counties to participate in NDF fire protection. Is this a surprise to NACO, or have you discussed this issue with your members?

Mr. Fontaine:

The State Forester has been forthcoming about what he sees as a model and provided an overview at the last NACO Board meeting. He received a good reception, but I am not ready to say we support it yet. Individual counties have concerns.

Senator Goicoechea:

It may be because the presentation is fairly new, and some constituents and Senators were not aware of it.

Senator Manendo:

You mentioned public lands, natural resources and wild horses. Did all 17 counties vote on those issues? Did the counties say there were too many wild horses and they were concerned about providing solutions to manage the animals?

Mr. Fontaine:

I do not recall the vote because it was a NACO vote, and I am unsure if all 17 counties were present. The counties are very concerned about the numbers in excess of appropriate management levels. As far as solutions go, we sent a letter to the soon-to-be former Secretary of the Department of the Interior, Ken Salazar asking for a federal solution to the problem because it is a federal responsibility. We believe those wild horses ought to be managed according to the federal Wild Free-Roaming Horses and Burros Act. We did not provide specifics but did ask the Department of Interior for solutions.

Senator Spearman:

Unfunded mandates can be a liability. What are the top three unfunded mandates NACO is dealing with?

Mr. Fontaine:

There are revenue sweeps, which have been addressed through different mechanisms, and the cost shifts and assessments for the Department of Health and Human Services programs. The top concern for all counties is an increase in the counties' participation—the county match program—for long-term or nursing home care for Medicaid. Every county provides funds to the Department of Health and Human Services for the local or the nonfederal match of Medicaid dollars. There was a significant increase made in that amount during the last Legislative Session.

Developmental services and child protective services are big issues for the rural counties. Many factors come into play when viewing this on a county-by-county basis. For some counties, the programs are funded out of their general funds. Other counties may have some flexibility in their indigent medical tax rate to pay for some of those services.

Senate Committee on Government Affairs
February 6, 2013
Page 11

Chair Parks:

Having no further business, the Senate Government Affairs Committee meeting is adjourned at 2:37 p.m.

RESPECTFULLY SUBMITTED:

Martha Barnes,
Committee Secretary

APPROVED BY:

Senator David R. Parks, Chair

DATE: _____

<u>EXHIBITS</u>				
Bill	Exhibit		Witness / Agency	Description
	A		1	Agenda
	B		1	Attendance Roster
	C	2	Patrick Guinan	Committee Rules
	D	15	Patrick Guinan	Committee Brief
	E	8	Debra March/Wes Henderson	Written Testimony
	F	2	Nevada League of Cities and Municipalities	NLC&M Bill Summary
	G	7	Nevada League of Cities and Municipalities	PowerPoint Presentation
	H	13	Jeff Fontaine	Nevada Association of Counties PowerPoint Presentation