

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

**Seventy-Eighth Session
February 11, 2015**

The Committee on Government Affairs was called to order by Chairman John Ellison at 8:01 a.m. on Wednesday, February 11, 2015, in Room 3143 of the Legislative Building, 401 South Carson Street, 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 www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman John Ellison, Chairman
Assemblyman John Moore, Vice Chairman
Assemblyman Richard Carrillo
Assemblywoman Victoria A. Dooling
Assemblyman Edgar Flores
Assemblywoman Amber Joiner
Assemblyman Harvey J. Munford
Assemblywoman Dina Neal
Assemblywoman Shelly M. Shelton
Assemblyman Stephen H. Silberkraus
Assemblywoman Ellen B. Spiegel
Assemblyman Lynn D. Stewart
Assemblyman Glenn E. Trowbridge
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None



STAFF MEMBERS PRESENT:

Jered McDonald, Committee Policy Analyst
Eileen O'Grady, Committee Counsel
Aubrie Bates, Committee Secretary
Cheryl Williams, Committee Assistant

OTHERS PRESENT:

Wes Henderson, Executive Director, Nevada League of Cities and Municipalities
Anita G. Wood, President, Nevada League of Cities and Municipalities
Ronald P. Dreher, representing Peace Officers Research Association of Nevada and Combined Law Enforcement Associations of Nevada
Dagny Stapleton, Deputy Director, Nevada Association of Counties
Steve K. Walker, representing Douglas County, Carson City, Lyon County, and Eureka County
Edwin James, General Manager, Carson Water Subconservancy District
Adam Mayberry, representing City of Sparks
Nicole Rourke, representing Clark County School District
Mary Pierczynski, representing the Nevada Association of School Superintendents
Javier Trujillo, representing City of Henderson
Brian McAnallen, representing City of Las Vegas
Terry E. Rubald, Deputy Executive Director, Local Government Services, Department of Taxation
Gregory F. Peek, Vice President, ERGS, Inc., Reno, Nevada
Randal L. Walter, AICP, President, PLACES Consulting Services, Inc., Sparks, Nevada
Kandis N. McClure, representing Nevada Home Builders Association and Southern Nevada Home Builders Association
James R. Lawrence, Special Advisor to the Director, Office of the Director, State Department of Conservation and National Resources
Michon Eben, Tribal Historic Preservation Officer, Reno-Sparks Indian Colony
Barry Smith, Private Citizen, Carson City

Chairman Ellison:

[Roll was called and rules and protocol were explained.] Today we will hear one presentation and three bills. We will hear them out of order. Nevada League of Cities and Municipalities, please step forward.

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

I am honored to have our President here with us today, Mayor Pro Tem Anita Wood, from the City of North Las Vegas. With your indulgence, I would like to turn this over to her to make a few remarks. Then we will start the presentation. Thank you.

Anita G. Wood, President, Nevada League of Cities and Municipalities:

I am the Mayor Pro Tempore and a councilwoman from the City of North Las Vegas. I am here today as the President of the League of Cities and Municipalities.

I would like to discuss the responsibilities of our organization and the role that our organization plays in this state. Wes Henderson will follow my remarks with a brief overview of the League's bill draft requests (BDR) for this session.

Since 2009, when local governments were suffering from the effects of the "Great Recession", the League began sponsoring local government summits to allow our member cities to discuss issues impacting us, recommend solutions, and bring those ideas forward with a unified voice. In 2009, as the state grappled with plummeting revenues and a huge state budget deficit, the cities banded together to remind our state legislators that our cities' revenues had plummeted, too, and the cities would not be able to handle losing funds to the state, nor could they implement unfunded mandates. Our most recent local government summit was held jointly with the Nevada Association of Counties (NACO), on January 23, 2015, in Henderson. Once again, we speak with a united voice to remind the state that although the economy is recovering and improving, the cities and counties are in many ways still suffering.

The property tax cap, which helped residents when housing prices soared, is now stifling our economic recovery. Housing prices and corresponding property taxes fell more than 50 percent. With recovery limited to only 3 percent per year, it may take the cities and counties decades to earn property tax revenues that correspond to current housing prices. This inequity ensures that cities and counties are still facing major deficits this fiscal year. The property tax cap, and tax revenue in general, must be discussed by our state legislators.

The cities and counties are seeing additional revenue from the new medical marijuana industry. However, as with everything new, this industry also poses great challenges. I was privileged to be able to visit a grow facility and a dispensary in Denver, Colorado. I must say that I learned a great deal about the medical marijuana industry during this visit, and I was very impressed with the strict regulations governing this industry. However, I also saw firsthand how critical the packaging and advertising of medical marijuana is. When types of

marijuana are named "Dairy Queen" and others are named after types of Girl Scout cookies, it is clear marketing is for children. I saw the packaging of adult medical marijuana products clearly showing the five-leaf symbol for cannabis, but the symbol was much smaller and harder to find on the packaging of these tasty-sounding cookies and brownies. The state must take a stand to protect our children and ensure that all medical marijuana is clearly labeled. The League has reached out to the states of Colorado and Washington to understand how they handle the packaging and advertising of medical marijuana. We have passed this information on to Senator Hardy and Assemblywoman Kirkpatrick, and I urge each of you to reach out to them to help us put regulations in place so we can learn from the mistakes of other states, like Washington and Colorado.

Southern Nevada is celebrating the passage of federal legislation marking our Tule Springs Ice Age Park as a national monument under the National Park Service. This legislation proves what can be accomplished when our residents band together for a cause they firmly believe in. As southern Nevada works through the process with the National Park Service to firmly establish Tule Springs as both a tourist and scientific research destination, we ask our state legislators to support these endeavors. Nevada should not have to outsource our historic past to California because we do not have the scientific resources to house and analyze our own historic fossils.

On behalf of the League, I want to assure you that we are ready to work with our state legislators. We recognize that we all represent the same constituents, and we all must work together to do what is in their best interest. To do your job well, you must understand the impact your decisions have on our member cities. For example, as state legislators, you follow the will of the people in established term limits. I applaud you for your actions.

However, while the legislation differentiates between the Nevada State Assembly and the Nevada State Senate, it looks at local government as a single unit and does not differentiate between city councilmembers and mayors. This means cities will be facing a difficult future that does not allow councilmembers to use their three terms to learn the job to become mayor. Now we face inexperienced newcomers serving as mayor or two-term councilmembers running with only one term to serve as mayor. This may not allow them the time to implement their vision as mayor and may result in a constant turnover of one-term mayors. These are not good situations for our cities. Consequently, we encourage you to consider partial home rule and allow local governments to play a greater role in determining our own futures.

This concludes my remarks, Mr. Chairman. I would be happy to answer any questions now or at the end of our time. With your permission, I would like to turn to our Executive Director, Wes Henderson. Thank you.

Chairman Ellison:

I have one question before you start. You were talking about the marijuana bill, which will be a ballot initiative. Is the City of North Las Vegas going to express opposition to the initiative?

Anita Wood:

No, we would certainly not be speaking out in opposition to the initiative. However, we are concerned that any legislation moving forward does look at packaging and advertising, so that the marketing and packaging does not in any way encourage children to, or make it so that children might by accident, consume something they think is a normal cookie or brownie because it is not clearly identifiable as a medical marijuana product. The fear is that when you look at it as brownie, it is a single serving; whereas when you look at it as a medical product, it is about ten servings. You are not meant to eat the whole thing; you are meant to break off pieces of it. We want to make sure that our children are not overdosing and that they are made aware that it is a medical product. We are asking for your help with that.

The cities can move forward with some progress in this area. The difficulty occurs if a dispensary in North Las Vegas dispenses a product from a grow facility in Henderson, then North Las Vegas cannot control the rules of Henderson. The only way to make sure that all of us are working in concert is to do it through the state.

Chairman Ellison:

Go ahead with your presentation, Mr. Henderson.

Wes Henderson:

[Mr. Henderson referred to a PowerPoint presentation ([Exhibit C](#)).] The League of Cities was formed in 1959, and we have been advocating for local governments since then. Membership is available to all cities, towns, and general improvement districts in Nevada. We currently have 24 members.

There are two types of cities in Nevada. There are General Law cities, in which the mayors do not vote, except in the case of a tie, though they do have veto power. There are Charter cities, for which it is determined in the city's charter whether or not the mayor votes. However, changes to the charter must be approved by the Legislature or by a vote of the people.

This is a list of all our current members [([Exhibit C](#)) page 4]. All the cities in the state of Nevada are members of the League. We currently have two towns and four general improvement districts, as well. Combined, our members are the frontline providers of government services for over 1.6 million Nevadans.

This is a chart showing the general funds for cities over the past five fiscal years [([Exhibit C](#)) pages 6 and 7]. You can see the effects of the "Great Recession" on both revenues and expenditures, as well as revenues per capita and expenditures per capita.

Here are some of the services we provide to our members [([Exhibit C](#)) page 8]. We provide advocacy for cities to the Nevada Legislature, Congress, and state and federal agencies. We also host educational workshops. We hold Board of Directors meetings at least quarterly. We have an annual conference every year to offer additional training opportunities for our members. We are a member of the National League of Cities as well. We offer group insurance and deferred compensation plans. In conjunction with the University of Nevada, Reno, we offer a certified public official program. We are a sponsor of U.S. Communities, a national government purchasing program.

I will now briefly touch on the five bills we submitted this session, two of which will be heard later today. Assembly Bill 19 revises provisions governing when local governments must hold their annual public hearings on their tentative budgets.

Assembly Bill 25 clarifies that improvements to existing parks or park facilities are authorized uses of revenues derived from the residential construction tax.

Senate Bill 22 seeks to end some duplication. Currently, a business—primarily wholesalers of beer, wine, and liquors, brewery pubs, et cetera—must have the approval of the county commission before they may obtain their licensure, even if they are wholly located within a city. We would like to end that duplication so that the city will grant the license and the Department of Taxation will issue their permit.

Senate Bill 28 clarifies provisions governing fees that may be charged when complying with public records requests.

Senate Bill 51 seeks to establish and fund a state coordinating agency for the Main Street Program of the National Main Street Center, which is a subsidiary of the National Trust for Historic Preservation.

Some other legislation we are currently interested in is Assembly Bill 64, which authorizes the governing bodies of certain cities to take action otherwise reserved for the board of county commissioners. This was requested by the City of North Las Vegas.

The City of Reno has a bill that will amend their charter.

Senate Bill 11 was submitted by Senator Goicoechea on behalf of the League and NACO. This is the home rule bill that comes up every session. Hopefully that bill will come to the Committee on Government Affairs after it passes the Senate.

We are also interested in Senate Bill 47, Senate Bill 56, and Senate Bill 66. They were requested by two of our members, the City of Henderson and the City of Reno. North Las Vegas requested Senate Bill 71, which deals with charters. Senator Smith, on behalf of the City of Sparks, introduced Senate Bill 118, which makes changes to their charter.

Some of the federal issues on which we are working with our congressional delegation are the Main Street Fairness Act, which is a vehicle to collect sales and use taxes on internet purchases. We are also interested in maintaining the tax exempt status for public works projects. Without that tax-exempt status, public works projects will cost more. Additionally, we are concerned with sensible immigration reform and long-term transportation funding.

Mr. Chairman, that completes my presentation. I would be happy to answer any questions.

Chairman Ellison:

I am proud of you; your presentation took only 20 minutes.

Wes Henderson:

I appreciate that your time is valuable, sir.

Chairman Ellison:

Are there any questions from the Committee for the League of Cities and Municipalities?

Assemblyman Carrillo:

Thank you for your presentation. What differentiates a city from a town?

Wes Henderson:

They are differentiated by incorporation.

Assemblyman Carrillo:

Is that it? Okay.

Chairman Ellison:

Are there any other questions? [There were none.] We will now open the hearing for Assembly Bill 19.

Assembly Bill 19: Revises provisions governing the timing of the adoption of tentative budgets by certain local governments. (BDR 31-456)

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

Assembly Bill 19 was submitted to allow local governments the flexibility to hold the required public hearing on their tentative budgets during a regularly scheduled meeting of the governing body. [Mr. Henderson continued to read from prepared text ([Exhibit D](#)).]

Chairman Ellison:

Are there any questions from the Committee?

Assemblywoman Spiegel:

Mr. Henderson, thank you for this bill. I can appreciate what you are saying about the needs of the local governments. However, just adding "or before" in section 1, subsection 4 is a little ambiguous because it can be any time before. It could be January. Could it be more specific to say something like "in May or before" to shorten and confine the time frame? I think that your intent is to give the cities some flexibility, but this way it will still occur in May.

Wes Henderson:

Thank you, Assemblywoman Spiegel. It would have to be after the budget is submitted. If the budget is submitted on April 15, the meeting would have to be sometime between April 15 and the day that is currently determined by statute.

Assemblywoman Spiegel:

Could we confine it to that in statute, if you are adding "on or before"?

Wes Henderson:

We could certainly come up with language like "after submittal on or before." We would be happy to do that.

Assemblywoman Neal:

I understand the change. What were the challenges you were facing with the timing, and what is the efficiency you will gain from this measure?

Wes Henderson:

The primary challenge is the need to hold a special meeting just to have a public hearing and the associated costs. This bill will allow the flexibility for local governments to have the budget hearing during a regularly scheduled meeting. That would be the efficiency; you would not have to hold a separate meeting.

Assemblyman Carrillo:

Mr. Henderson, even with a submittal on April 15 and the deadline in May, there is still a widely varying date. Someone is, potentially, going to have to buy a paper every day for a month to see when the meeting will be held. Adding "on or before" to the statute is still kind of ambiguous. I want to tighten it up even more than that.

Wes Henderson:

Subsection 3 of *Nevada Revised Statutes* (NRS) 354.596 states, "at the time of filing the tentative budget, the governing body shall give notice of the time and place of a public hearing on the tentative budget. . . ." They are required to publicize the date of the hearing when they file their budget. There will be that much advanced notice, from the time of submittal to the date of the hearing. The date of the hearing would be known when that budget is filed.

Assemblyman Carrillo:

Subsection 3 of NRS 354.596 states, ". . . not more than 14 nor less than 7 days before the date set for the hearing." How would that look if the budget is submitted, as you said, on April 15?

Wes Henderson:

They would have to announce upon submittal the time and place of the hearing, then publish it no more than 14 days and no less than 7 days before the hearing. That would not change. They would still have that noticing requirement.

Assemblyman Carrillo:

It still looks spread out to me. Compared to what is in statute now, it says the third Monday in May. It is set in concrete. Now it is sometime between April 15, after the budget has been released, and the third Monday in May.

Anita G. Wood, President, Nevada League of Cities and Municipalities:

Assemblyman, the idea is to allow the cities to hold the hearings during the regularly scheduled meetings. For example, the City of North Las Vegas holds standard meetings on the first and third Wednesdays of every month. We want to make sure that we will schedule the hearing during one of our regularly scheduled meetings. People will not have to be buying and checking a

newspaper every day. It will be one of those three days, either the third Wednesday in April, or the first or second meeting in May. The idea is simply to save the cost to the cities of holding a special hearing for one item. All they are hearing, in that case, is the budget; they are not going to hold a special hearing and put other items on the agenda. It is very expensive for the cities to hold a special hearing for one item, which could be very easily handled during a regular city council meeting.

Assemblyman Carrillo:

Could I suggest adding "the first regularly scheduled meeting after April 15, but not later than the third Monday in May?"

Wes Henderson:

Something like that or "at the regularly scheduled meeting immediately preceding the third Monday in May" would work. We will certainly work with you to come up with acceptable language.

Chairman Ellison:

I understand what you are doing. It is a problem when you schedule meetings and have a full agenda, and are trying to schedule another meeting in between, and you are not certain you will have a quorum. I think it is a good idea. I would appreciate it if you would add the friendly amendment to make the date more certain.

Are there any other questions from the Committee? [There were none.]
Is anyone wishing to testify in favor of Assembly Bill 19?

Ronald P. Dreher, representing Peace Officers Research Association of Nevada and Combined Law Enforcement Associations of Nevada:

We are here to ask support for Assembly Bill 19. I have done collective bargaining in this state for 31 years. The process of the budgets becomes very relevant when we prepare for negotiations and the like. I looked at the bill and decided it was good. I did not see any problem with it at all. I understand some of the comments that have been made about the language. It works for us as written or as suggested by the Committee members.

Chairman Ellison:

Are there any questions from the Committee? [There were none.] Will the next testifier please come up?

Dagny Stapleton, Deputy Director, Nevada Association of Counties:

We are in support of Assembly Bill 19. I would like to echo the comments of our colleague from the Nevada League of Counties and Municipalities. Currently

the statute requires that budget hearings occur on the third Monday in May. There are only two counties which hold their regular meetings on Monday. The increased flexibility provided would be welcomed by counties across the state. We would also be supportive of the suggested language specification.

Steve K. Walker, representing Douglas County, Carson City, Lyon County, and Eureka County:

Douglas County, Carson City, Lyon County, and Eureka County are all in favor of this bill. They would appreciate the flexibility and efficiency that it adds to the budget approval process.

Edwin James, General Manager, Carson Water Subconservancy District:

The Carson Water Subconservancy District supports this bill. We meet once a month, on the third Wednesday. Because of statutes we are usually talking about our budgets on the third Wednesday of May. Then we have to have a hearing on the tentative budget on the following Thursday, which no one attends. It would be better to be able to have the discussion on the tentative budget for the public and then be able to talk about our final budget. We support this bill.

Adam Mayberry, representing City of Sparks:

The City of Sparks supports the bill. We spend a lot of time and resources on scheduling one meeting for one item. This is a common sense bill. We can also support the discussion on proposed amendments as well.

Nicole Rourke, representing Clark County School District:

Clark County School District also supports this bill. We thank the League of Cities and Municipalities for bringing it forward for our own efficiency and transparency.

Mary Pierczynski, representing Nevada Association of School Superintendents:

The Nevada Association of School Superintendents supports this bill.

Javier Trujillo, representing City of Henderson:

I would like to echo everyone's comments.

Brian McAnallen, representing City of Las Vegas:

The City of Las Vegas supports the bill and thanks the League for introducing it.

Chairman Ellison:

Is there anyone else wishing to testify in favor of Assembly Bill 19? [There was no one.] Is there anyone wishing to testify in opposition to A. B. 19? [There was no one.] Is anyone wishing to testify as neutral to A. B. 19?

**Terry Rubald, Deputy Executive Director, Local Government Services,
Department of Taxation:**

The Department of Taxation does not support or oppose the bill. However, we do want to bring to your attention the significant challenges the bill will pose for the Department. *Nevada Revised Statutes* 354.596 requires that the Department examine tentative budgets for compliance with law and regulation and submit a written certificate of compliance or noncompliance to the governing body at least three days prior to the public hearing. This means there are 20 days to review the budgets of approximately 250 tax entities, or about 50 budgets per staff person. The work includes reviewing approximately 15 different schedules with each budget to make sure they reconcile with summary data and other information. Typically, for each budget analyst, the smaller county budgets take about a day, including all of the corrections that have been requested by the Department. School districts take about a day. If the budgets are small, an analyst can do two or three per day. When they do this, they have a checklist, they reconcile and get corrections, then they send the compliance letter. During this period, staff members routinely request overtime to get the job done. I am concerned about shortening the time. I certainly understand the needs of the governments. Perhaps there is some way to add language to say "during the regularly scheduled meeting during the third or fourth week of May."

Chairman Ellison:

Thank you. There is not a fiscal note on this at all. It seems to me that we could work this out to give the Department of Taxation a little more time.

Assemblywoman Neal:

I had the same thought about the fiscal note, but thought you were okay with that. That was one of my issues.

Terry Rubald:

We would be happy to work with the Committee to develop acceptable language.

Chairman Ellison:

We would like to get this done as soon as possible. If you will meet with the writers of the bill, you can resolve this. I think this is a good bill. There must be a way to fix the language.

Is there anyone else wishing to testify as neutral to Assembly Bill 19?

Assemblywoman Shelton:

Right now you are under a time constraint to review the budgets, so shortening it will put more of a burden on your department. However, there is not a fiscal note attached to this bill, because you already have overtime accounted for in your own budget. Is that what you are saying?

Terry Rubald:

Yes, that is correct. It will cause us to work as efficiently as we can.

Chairman Ellison:

Are there any other questions? [There were none.] We will close the hearing on A. B. 19. We will now open the hearing for Assembly Bill 25.

Assembly Bill 25: Revises provisions governing the residential construction tax. (BDR 22-454)

Wes Henderson, Executive Director, Nevada League of Cities and Municipalities
Assembly Bill 25 was submitted to clarify that the improvement of existing parks and park facilities are authorized uses of revenue derived from the residential construction tax. [Mr. Henderson continued to read from prepared text ([Exhibit E](#)).]

We have been having conversations with the Nevada Home Builders Association. We are working on language for a minor amendment to this bill. We hope to have that language formulated by tomorrow. That would make the Nevada Home Builders Association more comfortable with this bill.

That concludes my testimony, Mr. Chairman. I would be happy to answer any questions.

Chairman Ellison:

Are there any questions from the Committee?

Assemblyman Moore:

If the fee is being paid by the developers of the new neighborhood, should the parks not be built in those neighborhoods?

Wes Henderson:

They have to be built in those neighborhoods.

Assemblyman Moore:

Does the addition of the definition of "improvement of facilities" in section 1, subsection 8(b) mean the replacement of the entire park or the replacement of facilities and/or equipment? What does that mean exactly?

Wes Henderson:

It does not mean the replacement of the entire park. However, it does apply if a piece of playground equipment, for example, wears out and needs to be refurbished, modified, or replaced.

Assemblyman Carrillo:

Why would we not want the taxes to go toward the maintenance of these parks?

Wes Henderson:

That is more of a general fund expenditure, and we do not believe that was the legislative intent of the imposition of the tax. The tax is meant to create or improve facilities where there are new neighborhoods so that there is recreational opportunity for the residents of those neighborhoods. The routine and preventative maintenance is more of a general fund issue, and not to come out of the special fund.

Assemblywoman Spiegel:

Could you please clarify how this compares to local improvement districts (LID) and special improvement districts (SID)? Is it talking about the same improvement district? Is this what would happen when that money runs out?

Wes Henderson:

This is different because it is for a very specific area and is brought about by the need to provide recreational facilities for new neighborhoods. That is the difference.

Assemblywoman Spiegel:

Are LIDs and SIDs not for new neighborhoods?

Wes Henderson:

They can be, but are not necessarily for new neighborhoods.

Assemblyman Trowbridge:

Perhaps it has changed, but the original intent for the residential construction tax was to build new parks and recreational facilities to service a particular neighborhood—actually, a park district. The park districts were established by the governing body, the city or the county, for receiving those funds, and they

are restricted for the development of those improvements to meet the needs of the people. The reason the money is restricted for the development is budgets are tight. If the governing body was required to provide money for maintenance, but was able to decide not to put money in that account and instead use the funds reserved for construction, there would very rapidly be no more parks built. It would all be consumed for maintenance.

Wes Henderson:

Thank you, Assemblyman Trowbridge. You are correct.

Chairman Ellison:

Is there any more discussion?

Assemblyman Stewart:

Could you give us a rough idea of how long these special funds last?

Wes Henderson:

Per a provision in the bill, if the funds generated by the residential construction tax are not used for improvements in the parks in the neighborhood from which they were collected within three years from the time they were collected, the funds are returned to the developer.

Assemblyman Stewart:

Traditionally, the funds are used up within the three years. Is that correct?

Wes Henderson:

Yes, that is correct.

Assemblywoman Joiner:

You said that you believe you already have this authority. It is really unclear to me the need for this bill. Do you have examples of parks or areas where they are currently not able to make improvements?

Wes Anderson:

There have been instances where developers have complained to local governments that they do not think the funds have been used properly, so we want to clarify that in statute.

Chairman Ellison:

Are there any other questions? [There were none.] Is there anyone else wishing to testify in favor of Assembly Bill 25?

Dagny Stapleton, Deputy Director, Nevada Association of Counties:

We support A.B. 25. Counties would also welcome the ability to use these funds not only to build parks and associated facilities, but also to clarify that the improvements, as they are defined in the bill, would also be an approved use of this money. Thank you.

Chairman Ellison:

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

Steve K. Walker, representing Lyon County, Carson City, and Douglas County

Lyon County, Carson City, and Douglas County are in support of this legislation and would like you to consider passing it.

Chairman Ellison:

Is anyone else wishing to testify in favor of A.B. 25?

Brian McAnallen, representing City of Las Vegas:

We are also in support of this legislation.

Chairman Ellison:

Would anyone like to testify in opposition to A.B. 25?

Gregory F. Peek, Vice President, ERGS, Inc., Reno, Nevada:

I am here representing the Builders Association of Northern Nevada and the Nevada Home Builders' Association. As Mr. Henderson mentioned, we are working with the Nevada League of Cities and Municipalities to clarify the language.

We have spent millions of dollars in this state building award-winning parks, and we continue to do that and support the concept of the bill. The issue is, as Assemblyman Trowbridge mentioned, that it is a slippery slope going from serving new capacity to maintenance and repair. We are working with Mr. Henderson to clarify that the improvements or refurbishments at existing parks serve new capacity. There is a lot of infill going on in Nevada. It brings more people and more demand on those parks, and it is completely fair to ask that the fund for new construction pays for the new equipment to service that capacity. We support that transition.

Unfortunately, the definition in the bill as written can be somewhat distorted to pay for things which we believe are not appropriate. As the bill states starting on page 3, line 26, "'Improvement of facilities' means the replacement, modification, redesign, redevelopment or enhancement of existing facilities or the installation of new or additional facilities." We are concerned that

"replacement," "modification," or "redesign" are more appropriately covered by the general fund. Our proposed amendment would tack onto the end of that sentence to state, "to serve the needs of new residential construction within the neighborhood from which it was collected." We believe that would properly clarify that the funds would be used for new capacity demands.

I have Mr. Randal Walter with me who is a technician in this.

Randal L. Walter, AICP, President, PLACES Consulting Services, Inc., Sparks, Nevada:

My firm has worked a lot with developers throughout northern Nevada creating park districts, making sure the revenue collected from the residential construction tax serves the parks within those districts, and building parks that serve the people who are buying the new houses in those neighborhoods.

The bill is trying to identify infill development, rather than new development. Infill development occurs in areas that are already developed but have parcels left over for people to build higher density or different types of housing. The developers of those facilities want to ensure that the residential construction tax collected from their new housing also goes to serve parks that serve their area. That is where this bill comes into effect. We want to make sure that the new capacity that is necessary for the parks to serve those infill developments is allocated for that purpose. I think the amendment we are working on identifies that it is intended to serve the new housing development with whatever facilities are being added, expanded, or improved for that purpose. We want to make sure it is clear that is what we are doing with this bill.

Chairman Ellison:

If you build a new subdivision, you would usually automatically build a park there, as well. Once the park is up and running, the city maintains the park. What happens if the developer builds another wing on the subdivision at a later time? Would any of that money go into that particular park system?

Gregory Peek:

I would say that is the exact intent of this bill. It is to service that new capacity for the new wing of that subdivision to allow the municipality to increase the capacity of that park.

Chairman Ellison:

Are there any questions from the Committee?

Assemblyman Trowbridge:

The language you would like to add would be, "to serve the needs and provide new capacity due to the new development." It would be something along those lines, correct?

Gregory Peek:

We have suggested to add to the end of the sentence in section 1, subsection 8(b) the language, "to serve the needs of new residential construction within the neighborhood from which it was collected."

Assemblyman Flores:

Chairman Ellison gave a hypothetical situation in which you would be completely comfortable with the use of special funds. What is the hypothetical situation in which you would be completely against the use of special funds? Would it be something like adding a new bathroom?

Randal Walter:

We have struggled with the slippery slope of how we define these things. We attempted to quantify what that improvement would be to serve that new development. Obviously, the expansion of a bathroom could be an expansion of capacity to serve the new housing. I think that is perfectly appropriate. However, there are other things that could be done that would not serve the new development. It is a matter of definition.

Assemblyman Flores:

If in that same hypothetical situation, the money was only being used to fix a light fixture or water faucet in the bathroom, would that still be appropriate under your definition?

Randal Walter:

No, that would fall under the category of routine maintenance from our perspective. That needs to be a part of the general fund for the community. Once these parks are constructed and capacity is met, whatever maintenance that is needed to keep the parks running is a general fund issue. You cannot use a residential construction tax, which is a onetime fee collected only at the time the permit is issued for the new housing, for routine maintenance. The money is produced once and used once, so routine maintenance is not something you can pay for with that kind of a revenue stream.

Assemblyman Flores:

Presently, is that happening?

Randal Walter:

It should not be, but we do not know if that is true.

Gregory Peek:

One of the reasons this bill is important is to clarify the purposes. Mr. Henderson explained earlier that the reason we are proposing to amend the bill is some people have complained about the use of the money. It is not clear whether the replacement of a bathroom, if it is not expanded, is an appropriate use. If it is a replacement and expansion of the bathroom because of new capacity, that would be appropriate. That is what we are trying to define. However, if it is a simple repair or replacement of a light in that bathroom, that is not the intended use of the residential construction tax funds. I would expand on that for playground equipment. Playground equipment wears out. We put them in our apartment complexes and have to replace them. Because there is no increase in number of units, we replace the equipment with a like-kind of structure to service a like-kind of number of children. If we needed to replace playground equipment because there are more kids using it, that is an expansion of the capacity that needs to be served because there have been more homes built in that community. Whereas, if it is exactly the same and serves exactly the same number of kids, and there are no further demands on capacity, then that would not be appropriate to be covered by the residential construction tax.

Assemblyman Stewart:

If you build a park and there is no room for expansion or increased use of the park, then you are okay. However, you want to protect yourself if there is a possibility of expansion. Is that correct?

Gregory Peek:

That is correct. It brings us back to the issue of infill. If you have a five-acre park servicing 1,000 homes, they will need to improve the park because another 1,000 homes have been built. Yes, it can be in the same park.

Assemblywoman Neal:

In *Nevada Revised Statutes* (NRS) 278.4983 subsection 3, it says "The purpose of the tax is to raise revenue to enable the cities and counties to provide neighborhood parks and facilities for parks which are required by residents of those apartment houses, mobile homes and residences." How is need or requirement defined in certain situations? Does the language of section 1, subsection 8, paragraph (b) of A.B. 25 not meet your needs?

Gregory Peek:

In terms of the structure of the amendment, it has been submitted to the Legislative Counsel Bureau (LCB). Our intent is to apply the language that we are suggesting to each one of those pieces. It would apply to the replacement, modification, redesign, and redevelopment. It would also apply to the enhancement of existing facilities and installation of new additional facilities if it is to serve new construction. I understand your point, and the language probably needs to be clarified further. Hopefully LCB will do that.

Randal Walter:

With any new development that occurs, there is an impact analysis conducted relative to neighborhood and regional park facilities. The local communities, counties, and cities go through a fairly exhaustive planning process to determine the size of the neighborhood parks and the types of facilities. That is all in their planning process and their planning documents. At the time a new or infill development comes in, they know what facilities are supposed to be there to serve their component of the district, as well as the existing part of the district. Therefore, there is a fairly easy way to define what additional facilities are necessary to serve that new development. That is part of the planning process and documents. It is easy to identify and define it there. It is not easy in the legislation. However, that is typically how things are done within local communities and counties today.

Assemblywoman Neal:

What are the steps? Is it a balancing act between the needs and cost?

Randal Walter:

It is a balancing act between revenue and facilities. You have to do what you can with what you have. The residential construction tax is a limited source of revenue. It can only do certain things. You have to be able to produce something that matches the impact of increased housing. It is not an easy thing to do, but it is what you have to do to make it work.

Chairman Ellison:

Are there any more questions from the Committee? [There were none.] Would anyone else like to testify in opposition to Assembly Bill 25?

Kandis N. McClure, representing Nevada Home Builders Association and Southern Nevada Home Builders Association:

I would like to echo what was previously presented by the Home Builders' Association of Northern Nevada. The Southern Nevada Home Builders' Association also supports the concept of the residential construction tax being used for these new infill projects to enhance the existing neighborhood parks.

We are currently working with the League of Cities and Municipalities on a proposed amendment that would clarify the use of improvements so that they would be able to give the municipalities the flexibility to enhance existing parks to serve new users and to not be used for general park spending and maintenance.

Chairman Ellison:

Are there any questions? [There were none.] Does anyone else wish to testify in opposition to Assembly Bill 25? [There was no one.] Does anyone wish to testify as neutral to A. B. 25? [There was no one.] Mr. Henderson, please provide closing comments.

Wes Henderson:

We will work with the home builders' associations to clarify that language and get that to you as soon as possible. Thank you.

Chairman Ellison:

Please touch base with some of the Assembly members who had concerns.

Wes Henderson:

Absolutely.

Chairman Ellison:

We will now close the hearing on A.B. 25. We will open the hearing on Assembly Bill 15.

Assembly Bill 15: Creates the Account for the Protection and Rehabilitation of the Stewart Indian School. (BDR 18-360)

James R. Lawrence, Special Advisor to the Director, Office of the Director, State Department of Conservation and Natural Resources:

It is a pleasure to be here this morning to introduce and testify in support of Assembly Bill 15. Assembly Bill 15 consists of two key provisions. First, section 1 of the bill establishes the Account for the Protection and Rehabilitation of the Stewart Indian School. Subsection 3 of section 1 provides that money in the account may only be used for the purposes of repairing and maintaining the historic state buildings and grounds for the Stewart Indian School.

The second key provision is found in section 5 of the bill which authorizes the administrator of the Division of State Lands to dispose of vacant state owned land in Carson City, commonly referred to as the Clear Creek property with the sale proceeds to be deposited in the account established by section 1 of the bill. [Mr. Lawrence continued to read from prepared text ([Exhibit F](#)).]

Chairman Ellison:

Are there any questions from the Committee?

Assemblyman Trowbridge:

You mentioned that the sale of the 100 acres would be at a time when the government would receive optimal returns. How will that be determined?

James Lawrence:

The determination would be in evaluation of the conditions of the real estate market and looking at associated uses adjacent to the property. The Clear Creek property is adjacent to five acres of single-family residential homes. It is also adjacent to a relatively new golf course development. The golf course has been constructed and there are houses to be developed. Our thought is to follow the conditions of the real estate market in Carson City. Once the buildup of the golf course property occurs, we think the market conditions will be optimal.

Assemblyman Trowbridge:

The point of my question is, sometimes there is an effect of diminished returns. The Stewart Indian School grounds are deteriorating rapidly. If you say that you will be able to get more money from the sale if you wait five more years, then the repair costs have exceeded the increased revenue, which was the purpose.

In section 1, subsection 1, you talk about "deducting any applicable charges." Are you talking about the realtor fees that are associated with the sale of the property, or are you potentially talking about that plus some ongoing administrative charges that might be levied against that account?

James Lawrence:

The statutes for the sale of state property are very specific. They are specific in the sense that two appraisals, as well as noticing and advertisements, are required before auction. Basically, it is the appraisal, advertising, and auction costs.

Assemblyman Trowbridge:

There are no ongoing charges that will be levied against it. There are only the disposition charges. Is that correct?

James Lawrence:

That is correct.

Assemblyman Munford:

Can you give us a brief history of the school?

James Lawrence:

The Stewart Indian School was operated by the federal government. It was operating from about 1890 to 1980. It is an historic property. I believe that the school was set up as a kindergarten through Grade 12 school. It required mandatory enrollment of Native Americans at the time. Once it closed down, it was transferred to the state for state public uses and to maintain the historic property.

Assemblyman Carrillo:

Would any of the funds proposed in the bill be used for earthquake proofing of the existing structures?

James Lawrence:

That is one possibility. The buildings were constructed in the 1800s, so earthquake safety is one of the issues. If some of these buildings are to be reopened for the public to enjoy and learn about the history, that could be one of the things that is needed. I know that is needed for some of the buildings there. We did not want to have a specific list of projects. We wanted to be able to have some flexibility in maintaining and operating the buildings so that we could possibly use these funds to leverage other available grant dollars.

Assemblywoman Joiner:

I am really excited to see that the Stewart Indian School is being proposed to be developed and get the attention it deserves. My concern is with the sale of the Clear Creek property. The property having been the former youth camp, it troubles me. How long do you think there will be funding for the rehabilitation and operation of the school? I would hate to see those lands sold and have the revenues only last a couple years. Are there any other lands you have considered disposing of instead of the Clear Creek property?

James Lawrence:

Our hope is to stretch these funds for as long as possible. We estimate that in today's market, the lands would sell for about \$1.5 million. That money could go very quickly with all of the needs we have. We hope we can use this account and work with our partners, the Nevada Indian Commission of the Department of Tourism and Cultural Affairs; the State Public Works Division, Department of Administration; and the Office of Historic Preservation, State Department of Conservation and Natural Resources to leverage the funds with additional grant dollars for restoring historic properties. If we are able to do that, we hope to stretch these funds out for 5 to 10 years, or longer. The need for restoration at the Stewart Indian School is substantial, so if we did not use the funds to leverage for more grant funding, they would be gone very quickly.

Assemblywoman Joiner:

Are there other state lands you would consider disposing of instead of the Clear Creek property?

James Lawrence:

The state is not very rich in land assets. Almost all of our properties are currently in use, whether it is for correctional facilities, state parks, wildlife management areas, or the Capitol Complex. There are a few lands we have that are considered nonperforming, disposable assets, though they are not here in Carson City. The assets available here are various properties in the Capitol Complex Master Plan, the Clear Creek property (which we do consider an excess), and a school trust property that is not performing or bringing revenue, but we could not use the school trust property for this purpose.

Assemblywoman Neal:

Nevada Revised Statutes 233A.130 states, ". . . do not increase the power of administrative agencies of the State of Nevada to exercise their jurisdiction over persons living and residing upon tribal or Indian country with the consent of the Indian tribe having jurisdiction over that country. . . ." Is there a conflict there since there is an extension of administrative agency power? You are adding to your power under the Department of Conservation and Natural Resources, even though you are just doing so to repair and maintain the school.

James Lawrence:

I do not believe so. That is a good question, and I can look into it further. Within the Department of Conservation and Natural Resources, we have several divisions with very specific duties. One division is the Division of State Lands, which is responsible for taking care of, selling, and disposing of state property. We also have the Office of Historic Preservation, which is responsible for historic properties and historic integrity.

Assemblyman Stewart:

I was just a lad when the school was built. In visiting it in recent years, I know some of the buildings are being used, while others are boarded up. Is that correct?

James Lawrence:

That is correct. Some buildings are being used. There are some state agency uses. On the more historic properties, the Nevada Indian Commission occupies one of the buildings. They are also looking to do some rehabilitation work. Hopefully, we will be getting the funds to open another building that will help with the museum. Beyond that, there are several buildings that cannot be opened to the public, such as the old historic gymnasium and the post office,

which are in such disrepair that you can certainly walk around and enjoy looking at them from the outside, but are too dangerous to open for the public.

Assemblyman Stewart:

The agencies that are using the buildings now are responsible for their maintenance at this point, and they will continue to be responsible for that. Is that correct?

James Lawrence:

That is correct. The buildings that are occupied by the state agencies, such as the State Fire Marshal Division of the Department of Public Safety, are responsible. It is a very large property; perhaps I should have brought a map. The historic district, where the really historical buildings are, is the area proposed for the use of the funds. There are the buildings operated by the State Fire Marshal and the Department of Corrections, which are outside of the historic district. The maintenance of those properties and buildings would still be part of their responsibility.

Chairman Ellison:

Does that mean that the buildings outside of the historic district are subject to historic preservations also?

James Lawrence:

They are in the context of the deed to the property. When the federal government transferred the property to the state, there were specific provisions that any work done on the Stewart Complex must be consistent with the historic properties. However, the location of those buildings places them outside of the historic district.

Assemblywoman Spiegel:

Could you speak to the process that was used to select the Stewart Indian School as the project that would benefit from the sale of the Clear Creek property? What other projects were considered? What were the criteria for making that determination?

James Lawrence:

The two properties seem to be intertwined in our state history. Both properties were transferred to us from the federal government. The Clear Creek property was transferred free of restrictions, so we are able to dispose of it and use the proceeds as we wish. The intent was to use it as a youth camp. The Stewart Complex was transferred to us at about the same time. While I was not here at the time, and the records are not too specific about it, I can share a couple of anecdotal stories. From what I understand,

Senator Lawrence Jacobsen was very proactive and a champion of getting those properties. He wanted to see both of the properties used for state benefit. He liked the youth camp and the Stewart Complex. They are both in Carson City; in fact, they are both in the same watershed. The Clear Creek property is on Clear Creek, higher up in the watershed, and the Stewart Complex is further down below.

As I said, the Clear Creek property came to us free of restrictions, but the Stewart Complex came with specific language that says we must maintain the historic integrity of the property. If we do not do so, one could argue that we are at risk of losing that property because there is reversionary language in the deed. Our rationale is that those properties are so tied together and the Stewart Complex is in so much need, that they would be linked in this way as well.

Assemblyman Munford:

This school is about five miles away. Is that correct?

James Lawrence:

You are correct. It may be less than five miles. It is on the south side of town, toward Northern Nevada Correctional Center, off of Snyder Avenue. It is a beautiful property. If any of you have a chance to visit, I would highly recommend it. I would also offer that the Nevada Indian Commission put in a wonderful cell phone tour a couple years ago. Even though you cannot go inside, you can walk the grounds and listen to an elder or alumni from the school tell a specific story about the building you are standing near.

Chairman Ellison:

I have been there. It really is a nice facility. It is amazing it is in such great shape.

Assemblyman Moore:

How much will it cost to keep it open in the future?

James Lawrence:

I do not have an answer to that. That would require more of a long-term business plan. Our intent with these funds is to get the buildings shored up so they do not fall over.

Assemblyman Moore:

Will the interest on the proceeds of the sale be enough to keep it open in the long run?

James Lawrence:

That would be ideal. However, I do not think so, because of what the anticipated sale value is and what the interest rates are. If interest rates were now what they were 20 years ago, that might be a possibility.

Chairman Ellison:

Does anyone else wish to testify in favor of Assembly Bill 15?

Michon Eben, Tribal Historic Preservation Officer, Reno-Sparks Indian Colony:

I am a lifelong resident of Nevada and an enrolled member of the Reno-Sparks Indian Colony. I am the Tribal Historic Preservation Officer for the Reno-Sparks Indian Colony, a counterpart to Ms. Rebecca Palmer, State Historic Preservation Officer. My current office is located in a historic craftsman bungalow in the style commonly referred to as the "Stewart vernacular" that was built by the same traditional craftsman who built the Stewart Indian School. I am a member of the Nevada Indian Commission Indian Territory Committee, which is currently housed at the Stewart Indian School. I am also a direct descendent of past students of the Stewart Indian School. I am here to support Assembly Bill 15 and encourage you all to, as well.

In the year around 1899 to 1900, my great-grandmother, Katie Frazier, entered Stewart Indian School at the age of eight. Around the year 1918, Katie Frazier's eldest daughter, my grandmother, Lone Hicks Allen entered Stewart Indian School around the age of eight to ten years. My father, Leslie Maurice Eben, Sr. attended Stewart Indian School in the late 1930s through the 1940s. In 1937, my mother, Alice Shoshone Eben, entered the Stewart Indian School at the age of six. In the late 1970s, one of my eldest brothers chose to attend Stewart Indian School, as well.

My parents met at Stewart Indian School. Later, they were married when my father enlisted to serve in the Korean War and was stationed in San Diego, California, and my mother graduated from Stewart Indian School. Each one of them has left us with our proud Native American heritage and traditions, both positive and negative memories of the boarding school era, and the value of having an education. My great-grandmother, grandmother, and parents stressed the importance of education and the choices it offers. Today, we do the same.

In the past and currently, Native American culture (including Indian boarding schools) has been studied and interpreted from the non-Indian perspective. This is evidenced by authored books of Native American historical accounts, and archaeological excavations and scientific interpretations of collections of Indian artifacts, photos, and stories that were gathered in earlier times.

Today, the Stewart Indian School has a long-term goal and mission to create a cultural center using some of the buildings and hopes to establish a better area for the buildings in the future. The tribal people and staff would like to record, preserve, interpret, and sensitively exhibit true and culturally appropriate Native American school artifacts, photos, oral histories, and other important aspects of the school's history, including the rehabilitation of the buildings. It is time to give Native Americans the opportunity to tell our stories in our own words.

Many significant people in my life, in Native American communities, as well as other parts of Nevada, attended Indian boarding schools. Regardless of whether you agree or disagree with the Indian boarding school concept, no one can argue that it had a significant and profound impact on Native American culture and contributed to Nevada's history. The building structures themselves, in the Stewart vernacular, and the property have a distinct characteristic of type and period, and is a work of high artistic value. The Stewart Indian School buildings and complex yield significant and valuable history. This important place is worth preserving and sharing with current and future generations. There is no substitute for standing in the same environment as my great-grandmother, grandmother, and parents. This experience cannot be duplicated by looking at pictures or videos; it can only be truly experienced by walking the grounds, sitting in the same classrooms, and being among the same grand trees that were planted when my ancestors attended the school.

Today our great state of Nevada has the opportunity to assist the Nevada Indian Commission's vision of preserving this amazing rich piece of all of our past. Nevada has a rich cultural tourism to provide. People across the world want to visit Nevada for its rich cultural heritage centers. I am asking you to allow the Stewart Indian School to become a further cultural destination and to educate Nevadans, students, tourists, scholars, and the world on the lives and stories of the Stewart Indian School. It is time that the Office of the State Treasurer appropriately memorializes the history of its students, culture, and era through the eyes, memories, and pride of these students. It can only make us proud to be a part of Nevada's rich history.

Chairman Ellison:

Thank you, that was put together very well. Is there anyone else wishing to testify in favor of Assembly Bill 15?

Steve K. Walker, representing Carson City, Nevada:

Carson City is very supportive of this bill. Thank you.

Chairman Ellison:

Is anyone else wishing to testify in favor of Assembly Bill 15?

Barry Smith, Private Citizen, Carson City:

I am here today as a citizen of Carson City. I want to second the thought that if you get the chance, drive out to the Stewart Indian School. You will have two reactions. You will say, "Wow, I did not know this was here, and boy we better do something to make sure these buildings do not fall down."

Chairman Ellison:

I completely agree with you. It is totally amazing. The structural integrity is beautiful.

Is anyone else wishing to testify in favor of Assembly Bill 15? [There was no one.] Does anyone wish to testify in opposition to A. B. 15? [There was no one.] Does anyone wish to testify as neutral to A. B. 15? [There was no one.] We will close the hearing on A. B. 15. At this time, we will open for public comment. [There was none.]

Assemblyman Carrillo just informed me that Hall of Famer, Coach Jerry Tarkanian, who built the basketball dynasty at the University of Nevada, Las Vegas, has passed.

This meeting of the Assembly Committee on Government Affairs is adjourned [at 9:32 a.m.].

RESPECTFULLY SUBMITTED:

Aubrie Bates
Committee Secretary

APPROVED BY:

Assemblyman John Ellison, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: February 11, 2015

Time of Meeting: 8:01 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Wes Henderson, Nevada League of Cities and Municipalities	Presentation on the Nevada League of Cities and Municipalities
A.B. 19	D	Wes Henderson, Nevada League of Cities and Municipalities	Testimony
A.B. 25	E	Wes Henderson, Nevada League of Cities and Municipalities	Testimony
A.B. 15	F	James Lawrence, State Department of Conservation and Natural Resources	Testimony