

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

**Seventy-Eighth Session
March 23, 2015**

The Committee on Government Affairs was called to order by Chairman John Ellison at 8:33 a.m. on Monday, March 23, 2015, in Room 4100 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 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:

Carol M. Stonefield, Managing Principal Policy Analyst
Jered McDonald, Committee Policy Analyst
Eileen O'Grady, Committee Counsel
Aubrie Bates, Committee Secretary
Cheryl Williams, Committee Assistant

OTHERS PRESENT:

Deonne E. Contine, Executive Director, Department of Taxation
Jeff Fontaine, Executive Director, Nevada Association of Counties
Yolanda T. King, Chief Financial Officer, Department of Finance, Clark County
Rusty McAllister, President, Professional Fire Fighters of Nevada
Scott F. Gilles, Legislative Relations Program Manager, Office of the City Manager, City of Reno
Scott K. Sisco, Deputy Director, Support Services, Department of Corrections

Chairman Ellison:

[Roll was called. Rules and protocol were explained.] We have two bills for work session and quite a few bill draft requests (BDR) that we need to refer to the floor. I would like to take all of these BDRs on one motion. The first is BDR 31-1096.

BDR 31-1096—Revises provisions relating to the collection of debts by the State Controller. (Later introduced as [Assembly Bill 429](#).)

ASSEMBLYMAN SILBERKRAUS MOVED TO INTRODUCE
BDR 31-1096.

ASSEMBLYMAN CARRILLO SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMAN FLORES WAS ABSENT FOR THE VOTE.)

Chairman Ellison:

The next is BDR 27-1098.

BDR 27-1098—Exempts the Nevada Rural Housing Authority from the Local Government Purchasing Act. (Later introduced as [Assembly Bill 428](#).)

ASSEMBLYMAN SILBERKRAUS MOVED TO INTRODUCE
BDR 27-1098.

ASSEMBLYMAN CARRILLO SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMAN FLORES WAS ABSENT
FOR THE VOTE.)

Chairman Ellison:

The next is BDR 22-1097.

BDR 22-1097—Revises provisions relating to the use of a patented mine or mining claim. (Later introduced as [Assembly Bill 427](#).)

ASSEMBLYMAN SILBERKRAUS MOVED TO INTRODUCE
BDR 22-1097.

ASSEMBLYMAN CARRILLO SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMAN FLORES WAS ABSENT
FOR THE VOTE.)

Chairman Ellison:

The last is BDR 23-1103.

BDR 23-1103—Revises provisions relating to the Public Employees' Benefits Program. (Later introduced as [Assembly Bill 426](#).)

ASSEMBLYMAN SILBERKRAUS MOVED TO INTRODUCE
BDR 23-1103.

ASSEMBLYMAN CARRILLO SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMAN FLORES WAS ABSENT
FOR THE VOTE.)

Chairman Ellison:

We will now open the work session for Assembly Bill 54.

Assembly Bill 54: Revises provisions relating to local governments existing in a severe financial emergency. (BDR 31-308)

Jered McDonald, Committee Policy Analyst:

The first bill on work session today is Assembly Bill 54. It revises provisions relating to local governments existing in a severe financial emergency. It was sponsored by this Committee on behalf of the Department of Taxation. We heard this bill on three separate occasions: February 16, March 2, and March 4, 2015.

Assembly Bill 54 revises provisions governing the operation of the Committee on Local Government Finance (CLGF) and provides for the withholding of certain payments to which a local government may otherwise be entitled for failing to file certain financial reports or to make certain payments to the Public Employees' Benefits Program (PEBP). The bill requires the Department of Taxation, upon making a determination that certain financial conditions exist in a local government, to place the local government under a fiscal watch, and requires the Nevada Tax Commission, upon making such a determination of severe financial distress, to order the local government to follow a remedial course of action, including increasing revenues and reducing the expenditures of the local government as necessary. The bill extends the period by which a local government may repay certain interest-free loans distributed by the Executive Director of the Department of Taxation to the local government. The bill requires the CLGF to review the findings of the Executive Director and recommend certain additional remedial actions to the Nevada Tax Commission, including a recommendation that the county absorb the local government or the local government be disincorporated or dissolved. [Referred to ([Exhibit C](#)).]

As you recall, we did receive a pretty big amendment from Ms. Rubald with the Department of Taxation. Most of that amendment was discussed during the hearings. We did receive a follow-up amendment that included a couple of new provisions that we were getting hung up on in the hearings. That new conceptual amendment starts on page 3 of the work session document ([Exhibit C](#)). A couple of the provisions in the new amendment are as follows. It allows the Department to reopen and renegotiate in good faith or assist the local government in renegotiating, if necessary, an existing collective bargaining agreement for additional, further, new, or supplementary negotiations relating to compensation or monetary benefits. That is toward the bottom of page 1 of the work session document ([Exhibit C](#)). The second provision requires the

Department to report the status of the financial condition of any local government that has been declared to be in severe financial emergency to the Legislature on a semiannual basis. That is at the top of page 2 of the work session document.

We did hear from the Department of Corrections. They had a fairly large fiscal note on this; however, with the amendments, the Department has agreed to remove the fiscal note.

I would also like to point out that at the bottom of page 2 of the work session document ([Exhibit C](#)), there was an amendment from Joshua Hicks that did not make it on to the conceptual amendment but was discussed during the first meeting. It adds the following language to section 5, subsection 2, on line 2 of page 6 of the bill: "In the event any distribution is to be withheld, the State Treasurer shall not withhold from local government distributions necessary to timely pay holders," which includes certain debt holders. Again, that was discussed at the first hearing.

Chairman Ellison:

We had several hearings on this bill so that we could hear from everyone involved. I think we were finally able to do that. The amendments addressed everyone's concerns. Is there any discussion?

Assemblywoman Neal:

I have a question regarding page 5, line 40, of the amendment ([Exhibit C](#)). The provisions regarding *Nevada Revised Statutes* (NRS) 354.685 contain an "or" statement. Are all of the paragraphs of section 1 of the statute "or" statements? One of them includes "late on their ability to meet payroll." I would like clarification on what that means. How do all of these "or" statements work together?

Deonne E. Contine, Executive Director, Department of Taxation:

In discussing this amendment with the union representatives, we were trying to create some assurance as to what would happen if a local government were deemed by the CLGF to be in severe financial emergency under certain provisions within that chapter. There are situations where agencies may not have given us documents on time or the documents are otherwise unrelated to the financial aspects of the severe financial emergency statute. We tried to identify the provisions in NRS 354.685 that have something to do with compensation, money, not paying, being late, not being able to make payrolls, or not paying creditors, so that in those situations if the CLGF had declared one of these items when they determined a local government to be in severe financial emergency, those would be the items that would trigger the

renegotiations and discussions with the local groups. Instead of just saying, "pursuant to NRS 354.685," we tried to identify the different provisions that had something to do with financial issues with the local government. We discussed that with the local groups, and we all worked together to try to come up with the items we thought were important and would necessitate discussion in severe financial emergency.

Assemblywoman Neal:

There is an amendment to section 8, subsection 1(g), to restore the original language [page 4, [Exhibit C](#)]. In that section, the language "negotiate and approve" was stricken in the original bill. Is that the section to which we are referring? What original language are we adopting? The Department of Taxation brought an amendment to that section, then there was new language added and a striking of language.

Deonne Contine:

Section 8, subsection 1(g), is the existing language from the statute as it currently reads, except there is an addition to identify all types of employee entities. Paragraph (g) is meant to keep the original language. Section 8 is also the addition that says when the state can renegotiate with the local governments. The language that was taken out of the bill is in subsection 2 on page 12, line 6. There was language that said the Department could suspend the agreements and that has been stricken. We have taken that language out and replaced it with paragraph (h).

Assemblywoman Neal:

In section 8, subsection 1(h) you are adding "Reopen and negotiate in good faith...." Was that the language negotiated when the parties came together?

Deonne Contine:

Yes, it is.

Assemblywoman Neal:

You restored "except issues submitted to a fact finder..." in section 8, subsection 1(g). Regarding lines 29 through 32 on page 5 ([Exhibit C](#)), would that be a current situation where a finding of fact has happened, meaning that it cannot retroactively go back to something that is currently in arbitration or there is currently a finding of fact associated with an event?

Deonne Contine:

That is correct.

Assemblywoman Neal:

We are not renegotiating those things. Is that correct?

Deonne Contine:

That is correct.

Assemblyman Stewart:

Ms. Contine, you are okay with the bill with all of the amendments. Is that correct?

Deonne Contine:

Yes, that is correct.

Assemblyman Stewart:

Mr. Chairman, I would like to hear from representatives of the cities and counties and at least one of the labor representatives. I want to make sure that everyone is on board with all of this.

Jeff Fontaine, Executive Director, Nevada Association of Counties:

We were not involved in the discussions with the other parties. However, from what I see in this mock-up, we would be okay with this language.

Assemblyman Stewart:

I would just like to know if you are all satisfied with the negotiations.

Jeff Fontaine:

Without having the information as to how the discussions went, I can only say that based on the language of the mock-up, we are okay with this.

Yolanda T. King, Chief Financial Officer, Department of Finance, Clark County:

Yes, we are fine with all of the changes and amendments that have been presented. They do allow the county to reopen and negotiate. We are fine with that considering what it was before. The amendment that I had presented previously is no longer valid because the language that it pertained to was stricken. I am fine with all of the changes. I was present for the meeting and am okay with all of the changes.

Assemblyman Stewart:

I would like to hear from the Nevada League of Cities and Municipalities and Las Vegas, as well.

Rusty McAllister, President, Professional Fire Fighters of Nevada:

We did work on this amendment with the Department of Taxation. They were very helpful in addressing some of the concerns we brought up in previous hearings, specifically, the concept of not suspending a contract, but rather reopening it and renegotiating it and serving as an intermediary to help bring forth a good resolution to a financial situation. The other concern we had was in regard to the bond holders. There is language in here that helps address some of that by requiring them to come back to the table to renegotiate some of the bond situations and help reduce some of the debt load. From that standpoint, we are good with the bill. We had a good opportunity to work with the Department of Taxation on this.

Assemblyman Stewart:

Is anyone here to represent the cities?

Scott F. Gilles, Legislative Relations Program Manager, Office of the City Manager, City of Reno:

The City of Reno has not taken a position on this piece of legislation. We have not been actively involved in the negotiations. The feedback I have received from staff is that the amendments and the bill as currently written are acceptable. I do not know what the position of the Nevada League of Cities and Municipalities is. I cannot speak on behalf of the League or Las Vegas.

Assemblywoman Spiegel:

I have a question for everyone who has just spoken. Are you all comfortable with the amendment [page 2, [Exhibit C](#)] submitted by Joshua Hicks as well?

Yolanda King:

I am fine with the amendment as presented by Mr. Hicks.

Rusty McAllister:

We are also okay with that amendment because the renegotiation of bond rates with holders is addressed later in the bill.

Jeff Fontaine:

We would also be okay with the amendment.

Scott Gilles:

Unfortunately, I have not discussed that with staff, so I cannot speak to that amendment at this time.

Assemblywoman Neal:

The City of North Las Vegas took great issue with the amendment to section 12, subsection 2, of the bill because they wanted to at least be able to file for bankruptcy or have a discussion about bankruptcy. What happened with that discussion? It looks like the language stating that, "the Committee may recommend that the county absorb the local government, disincorporation, or dissolution," was stricken. Was the City of North Las Vegas involved in that? What was the conversation and the end result?

Yolanda King:

I had submitted an amendment which outlined what the CLGF could do with regard to a city in financial distress. There are other areas in this bill. The most important part of this is that the CLGF can come back and make recommendations. I was fine with striking the section regarding specific recommendations that the Committee could make or could not make because the whole point of the CLGF is to make recommendations. That is specifically why I am okay with striking that. That is the purpose of an entity coming to that Committee anyway, to receive some sort of recommendations, be they to disincorporate or move services to a different area, or whatever other options there are.

Deonne Contine:

That is what the CLGF would do now. As you know, they are only recommendations, so they are not binding. With respect to North Las Vegas and the testimony that was provided during the last hearing, there was a large meeting, and they were invited but did not attend. I have not heard anything from them. I think there was some indication that the option to file for bankruptcy was desired, but my position is that this is the Department's bill for severe financial emergency, and there are a lot of good tools and cleanup in this bill. I would like to see this bill enacted the way that it is. I do not have any further comments regarding bankruptcy.

Chairman Ellison:

One of the things we discussed was doing whatever we can to keep the cities and towns protected. If the city has no ability to pay, they would be able to renegotiate the ad valorem tax or whatever other taxes they could raise. The fire departments have agreed to work with the cities on the issues that exist in situations of financial distress. Will you please comment on that? It seems that you may be going in a different direction than I had thought.

Rusty McAllister:

Our initial amendment tried to open things up so that we were not the only ones coming to the table, and to provide for some sort of a mediator to come in and

mediate an agreement. Through working with the Department of Taxation, language has been developed that allows the Department to serve as an intermediary between the local governments and the employee organizations to come up with a resolution that works for both parties, as opposed to just suspending the contract that contains many things other than monetary issues. It alleviates that problem and allows them to work as an intermediary to help us work through the issues instead of just having something imposed on us. That is why we think this is a good idea.

Chairman Ellison:

I think you just said a few things that concern me. We are going to recess the hearing on this bill so that we can have another discussion. We have to make sure the cities are protected. Is there any other discussion?

Assemblywoman Neal:

I want to make sure that the holder is included. With the way holder is defined in the bill, how do you get to the table if you are not defined as a holder? Section 8, subsection 1(k), of the amendment states, "Meet with the creditors and holders of the local government to negotiate in good faith...." Where are interested parties included? How would the firefighters or other interested parties be considered holders as defined in statute?

Deonne Contine:

The purpose of the current language is that in the case of severe financial emergency, the Department comes in. By adding the holders and the renegotiation, it gives the Department the ability to work with the holders and the creditors and the employee organizations. It would not necessarily be that the holders and the employee organizations and the creditors and the Department would all sit in a room together; it would just give the Department the tool in the severe financial emergency to negotiate with the different entities that are affected by the severe financial emergency. It applies to everyone.

Assemblywoman Neal:

I was confused because "holder" comes in under commercial law. I was trying to figure out who are the trustees, guarantor, insurer, and credit enhancer, and I did not see how any of those entities fit into those definitions that would be allowed under statute to sit at the table. Is an employee organization a credit enhancer? That is why I needed clarification. If there was a situation where it had to be determined whether or not certain parties fit into the statutory definitions, I think it is arguable.

Deonne Contine:

Ms. Rubald has been through the process of severe financial emergency, while I have not. Based on what I know from her experience, the goal is that everyone is able to come to the table and can provide input and ideas as to how this can work out. The changes in this bill are really just to say that we are going to try to listen to the holders', creditors', and employee associations' ideas and that everyone is going to have a say in providing solutions to deal with the problem of severe financial emergency.

Chairman Ellison:

I would like to take the work session for the other bill, then recess for a meeting on this bill to discuss the issues we still have with it before we bring it back for work session. We will now open the work session for Assembly Bill 135.

Assembly Bill 135: Revises provisions relating to schedules for the retention and disposal of official state records. (BDR 19-547)

Jered McDonald, Committee Policy Analyst:

Assembly Bill 135 revises the provisions relating to schedules for the retention and disposal of official state records. [Mr. McDonald continued to read from the work session document ([Exhibit D](#)).] It was sponsored by this Committee on behalf of the Sunset Subcommittee of the Legislative Commission and was heard in this Committee on February 19, 2015.

Assembly Bill 135 requires the Division of State Library and Archives, Department of Administration to develop and conduct a program of education and training concerning the retention and disposition of official state records for the employees of certain state agencies, boards, and commissions. The bill also requires the head of such a state agency, board, or commission that is required to maintain its official state records in accordance with an approved schedule to require certain employees to complete the training program. This bill further requires the head of an agency, board, or commission to issue a letter of reprimand to an employee of the agency, board, or commission who disposes of an official state record in a manner contrary to the approved schedule. Finally, this bill authorizes the head of an agency, board, or commission to take more severe disciplinary action against such an employee in appropriate circumstances.

We did receive an amendment from Assemblywoman Bustamante Adams. She was the Chairwoman of the Sunset Subcommittee. First, the intent of the amendment is to limit employees who must attend a training program to those whose duties include the management of the retention and disposal of any official state records. It limits the employees in an agency that would be

responsible. Secondly, it authorizes the head of an agency, board, or commission at his or her discretion to require other employees to complete the training program. It is enabling for the head of an agency. The third part limits the head of an agency, board, or commission to issue a letter of reprimand to only employees who knowingly and willfully disposed of state records in a manner contrary to the approved schedule. The amendment is attached, starting on page 2 of the work session document ([Exhibit D](#)).

Chairman Ellison:

We have someone here from the Department of Corrections who would like to speak.

Scott K. Sisco, Deputy Director, Support Services, Department of Corrections:

We worked with Assemblywoman Bustamante Adams and your staff. The changes that were made completely remove the fiscal note from the Department of Corrections.

Chairman Ellison:

Is Assemblywoman Bustamante Adams here? There is one other fiscal note attached that is small.

Carol M. Stonefield, Managing Principal Policy Analyst, Research Division, Legislative Counsel Bureau:

I was the staff person to the Sunset Subcommittee during the last interim. I am here at the request of Assemblywoman Bustamante Adams who had to return to committee. She worked with the representatives of the Division of State Library and Archives and the Department of Corrections on this amendment. It is our understanding that the fiscal note from the State Library requesting additional personnel for training will not go away, but the fiscal note from the Department of Corrections will. She is in support of this amendment, which does restrict and clarify the people who are subject to the training as well as restrict the instances in which the letter of reprimand could be issued. As a point of clarification, at this time the only consequence provided in the *Nevada Revised Statutes* for any destruction or disposition of official state records is a category C felony. It was for that reason that the Sunset Subcommittee recommended other kinds of consequences rather than only something at the felony level.

Chairman Ellison:

Are there any questions? [There were none.] Is there a motion?

ASSEMBLYMAN SILBERKRAUS MOVED TO AMEND AND DO
PASS ASSEMBLY BILL 135.

ASSEMBLYWOMAN SPIEGEL SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMAN FLORES WAS ABSENT
FOR THE VOTE.)

Chairman Ellison:

Assemblywoman Spiegel, would you please take the floor statement?

Assemblywoman Spiegel:

Yes, I will.

Chairman Ellison:

We will now recess [at 9:08 a.m.].

We will now reconvene this meeting of the Assembly Committee on Government Affairs [at 9:18 a.m.]. We will reopen the work session on Assembly Bill 54.

Assembly Bill 54: Revises provisions relating to local governments existing in a severe financial emergency. (BDR 31-308)

Deonne E. Contine, Executive Director, Department of Taxation:

I will clarify a few things based on our discussions during the recess. The new provision in section 8, subsection 1(g), which allows the Department of Taxation to reopen and negotiate with the employee associations, also gives the Department the authority under *Nevada Revised Statutes* (NRS) 288.150 to allow the employer to apply a reduction in force or a layoff in the event that negotiations cannot be completed. That is the provision that states that the Department will assume all rights under NRS 288.150 that are reserved to the employer without negotiation during the period of severe financial emergency. That provision allows the employer to reduce the workforce if there is a lack of money.

Chairman Ellison:

Everything has been above board. Is that correct?

Deonne Contine:

Yes, that is correct.

Chairman Ellison:

Thank you. Are there any questions? [There were none.] Would someone like to make a motion?

ASSEMBLYMAN TROWBRIDGE MOVED TO AMEND AND DO
PASS ASSEMBLY BILL 54.

ASSEMBLYMAN SILBERKRAUS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chairman Ellison:

Is anyone here for public comment? [There was no one.] This meeting of the Assembly Committee on Government Affairs is adjourned [at 9:21 a.m.].

RESPECTFULLY SUBMITTED:

Aubrie Bates
Committee Secretary

APPROVED BY:

Assemblyman John Ellison, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: March 23, 2015

Time of Meeting: 8:33 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 54	C	Jered McDonald, Committee Policy Analyst	Work Session Document
A.B. 135	D	Jered McDonald, Committee Policy Analyst	Work Session Document