

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

**Seventy-Eighth Session
February 4, 2015**

The Committee on Government Affairs was called to order by Chairman John Ellison at 8:34 a.m. on Wednesday, February 4, 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: 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
Jordan Neubauer, Committee Secretary
Cheryl Williams, Committee Assistant

OTHERS PRESENT:

Jeff Fontaine, Executive Director, Nevada Association of Counties
Katherine Miller, Director, Department of Veterans Services
Wendy Simons, Project Manager, Northern Nevada Veterans Home,
Department of Veterans Services
Chris Naylor, Superintendent, Southern Nevada Veterans Memorial
Cemetery, Department of Veterans Services
Caleb Cage, Director of Military and Veterans Policy, Office of the
Governor
Darrol L. Brown, representing Vietnam Veterans of America Carson Area
Chapter 388
John Fudenberg, Assistant Coroner, Office of the Coroner/Medical
Examiner, Clark County
Liane Lee, representing Washoe County
Terri L. Albertson, C.P.M., Administrator, Management Services and
Programs Division, Department of Motor Vehicles

Chairman Ellison:

[Roll was called. Committee rules and protocol were explained.] The first presentation will be by Jeff Fontaine with the Nevada Association of Counties.

Jeff Fontaine, Executive Director, Nevada Association of Counties:

I hope that you all have the PowerPoint ([Exhibit C](#)) that is on the Nevada Electronic Legislative Information System (NELIS). Thank you for allowing us to present an overview of the Nevada Association of Counties (NACO) and our members. We look forward to working with the members of this Committee. I apologize to those members who were on this Committee in previous years; a lot of what I am going to say may be familiar to you. We will provide new information as well. For the new members, hopefully we will be able to give you a background about NACO and Nevada's counties.

The Nevada Association of Counties was formed in 1924 under the name Nevada Association of County Commissioners. We are the statewide organization serving and representing Nevada's county governments. We are a nonpartisan and nonprofit organization. We represent all 17 counties in Nevada. We have a board of directors that consists of a commissioner from each county. We have association officers as well. This year our President is Nye County Commissioner Lorinda Wichman. We have affiliate directors and they are the presidents of the various county affiliate associations, which include: Nevada Sheriffs' and Chiefs' Association, Records Association of Nevada, Nevada District Attorneys Association, Association of County Treasurers of Nevada, County Fiscal Officers Association, Nevada Judges Association, Nevada Association of County Clerks and County Election Officials, Nevada Assessors Association, and we also have a nonelected official group which is the Nevada Association of County Human Services Administrators. We also have board members to the National Association of Counties Board of Directors and two at-large executive committee members representing our two largest and most populated counties: Clark County and Washoe County. That gives those counties an additional presence on our board. I would like to recognize Chairman Ellison as the President of NACO in 2007.

This will be my ninth year as the Executive Director of NACO and my fifth regular session representing them. Dagny Stapleton is our Deputy Director and has been involved with the Legislature since 2009. She was our contract lobbyist for the 2013 Legislative Session, and we hired her full time when it was over. The newest addition to our office is Amanda Evans. This year our board authorized a new position within our association, and it is for public lands and natural resources. We have not yet filled the position, but it is a position that we feel will be very important and helpful to our members. Last but not least, we have an emeritus committee. This committee was created by a resolution of the board. It currently consists of five former and term-limited county commissioners who served on the NACO board. They are very gracious in volunteering their time, energy, and expertise to assist in our efforts, particularly with developing information for newly elected commissioners and helping us with policy matters.

I am not going to read the core belief, but it is in the PowerPoint [page 3, [Exhibit C](#)]. Our mission statement is to encourage county government to provide services that will maximize efficiency and foster public trust in county government. We provide training and leadership development through various materials: we produce a handbook for newly elected county commissioners, we conduct workshops throughout the year, we have videoconferencing capabilities in our office so we can do outreach to the counties, we have an annual conference, and we partner with the University of Nevada, Reno Extended

Studies in their Certified Public Official Program. We provide county support on a daily basis, and we represent counties on a number of statewide boards and commissions. We research policy issues, provide technical assistance, develop model ordinances and field questions on a daily basis. As far as financial services go, we partner with the National Association of Counties to help counties save money through joint purchasing alliances, to help county residents save money on their prescription drugs for a discount prescription drug program, and to help county employees save money for retirement through a deferred compensation program. We provide legislative advocacy on behalf of counties. We represent the county governments here at the Legislature on interim studies and during state agency rulemakings. We also advocate for county interests in Washington, D.C. We have a very close relationship with our congressional delegation and we partner with the National Association of Counties, which has a strong presence in Washington, D.C.

On slide 5 ([Exhibit C](#)) you will see county statistics. There is a lot of information on this slide, and I am sure all of you have a good knowledge about our counties, but I just want to point out a couple of important facts that I think are relevant to what happens at the Legislature. First of all, in terms of land area, we have many large counties; in fact, 3 of the 10 largest counties in the United States are here in Nevada: Nye County, Elko County, and Lincoln County. In addition, 9 of the top 50 largest counties, again in terms of land area, are located in Nevada. We have a large range in terms of population; Clark County is the largest county with over 2 million residents and Esmeralda County has fewer than 1,000 residents. As far as where we are with the economy, the unemployment rates vary. The numbers are preliminary and not seasonally adjusted unemployment rates for 2014. You can see that in heavy mining counties like Elko County, Esmeralda County, and White Pine County, unemployment is relatively low compared to some of the higher rates in some of the other rural counties.

Slide 6 ([Exhibit C](#)) was prepared by the National Association of Counties in their County Explorer program. It is a high-level overview of where counties are in terms of whether or not they have recovered from the recession. This compares pre recession levels to 2014. The color code indicates whether the county has recovered on any one of the four indicators: one is orange, two is blue, three is darker blue, and four is the very darkest blue. The indicators include: jobs; unemployment rates; economic output, which is measured by gross domestic product (GDP); and median home prices.

In the northeast part of Nevada, you can see there are a number of counties that have recovered on at least two of these indicators. Clark County has recovered on one economic indicator, which is jobs. You might be wondering

about the darkest blue county, which is Esmeralda County; they have actually recovered on GDP and there was not any effect on housing or unemployment as a result of the recession. You can see where we are in terms of the individual counties in our state and where we are as a state compared to some of the other western states.

County governance and revenue can be seen on slide 7 ([Exhibit C](#)). It simply shows the size of each of the boards of county commissioners ranging from a number of counties that have three commissioners all the way up to Clark County, which has seven commissioners. It also shows the fiscal year 2013 audited revenues rounded to the nearest 100,000. There is a large range in terms of the audited revenue. Clark County has \$2.6 billion and Esmeralda County has \$5.2 million.

In terms of changes, policies, or budgetary decisions made here at the Legislature, impacts are significant, particularly in the rural counties where they have very small budgets. We have nine counties that are at or within a penny of the statutory property tax cap. This is significant because these counties do not have the ability to raise property taxes to address their budget issues.

The next two graphs [page 8, ([Exhibit C](#))] show the general fund. This is an aggregate of all counties in Nevada. These are preliminary figures, and they have been supplied by the Department of Taxation and were put together by Jeremy Aguero's firm, Applied Analysis. What you see here are total revenues and expenditures from 2012 to 2014. You can see a couple of things here in terms of trends, but I think one of the important points to note is that counties did not increase their spending until 2013, which is almost two years, if not three years, past the point where they started to see increases in revenues.

Despite the increases in revenues and expenditures, you can see on slide 9 ([Exhibit C](#)) that the revenues per capita and expenditures per capita continue to decrease, and that is simply a result of an increase in population in our state.

Why do counties matter [page 10, ([Exhibit C](#))]? This is a National Association of Counties initiative. It is intended to bring to light the relevance of counties to the resilience and growth of our communities. All of these individual activities or services that you see under the broad headings are services that are provided by all of our Nevada counties. Transit is operated by large entities such as the Regional Transportation Commission of Southern Nevada and of Washoe County. We have transit operations by Carson City and in rural counties for seniors and the disabled. We have airports that are owned and maintained by county governments such as McCarran International Airport, and we have a number of general aviation airports in our rural counties. Counties own and

maintain thousands of miles of roads in our state, hundreds of bridges, and deliver water and sewer services. For health care, we have county-operated hospitals such as University Medical Center of Southern Nevada, which is the state's largest hospital, to small county hospitals such as Grover C. Dils Medical Center. All the counties are responsible for indigent health care, participating in the Medicaid match program for nursing home care, and the list goes on and on. This is not an exhaustive list, but just an illustration of the various services that the counties in our state provide.

The two pie charts on slide 11 ([Exhibit C](#)) show how counties have allocated their resources between 2010 and 2015. They are broad categories. You can see there has been an increase in the allocation of money for public safety, but it is a shift in terms of a decrease in funds that are allocated for quality-of-life services such as culture and recreation.

Slide 12 ([Exhibit C](#)) is another way to show the county services and expands on the services that counties provide in our state compared to the services that the state provides. The services highlighted in yellow are shared; the state and the counties both participate in wildland fire suppression, juvenile services, tax collections, elections, and aging services. Those services highlighted in blue that are provided solely by county governments in our state.

I am going to start with federal issues that affect our members and NACO [page 13, ([Exhibit C](#))]. For remote sales tax collection, we do support the enactment of legislation that would create an equitable nationwide system for the collection of sales and use taxes on remote sales and Internet sales. It is already required, and we think it is important for it to occur. It also brings a level playing field to the brick-and-mortar businesses that are at a disadvantage.

With federal-state-local partnerships for Medicaid, we support measures to finance support in local partnerships for the financing and developing of Medicaid services and certainly oppose any measures at the federal level that would shift the Medicaid costs to both the state and counties. One particular element of Medicaid is the Medicaid eligibility of incarcerated individuals. Currently, if someone is otherwise eligible for Medicaid and he or she is arrested and put into a county jail, that person will lose the Medicaid benefit. The federal government will not pay or participate in their Medicaid. Should medical costs occur, it would be the responsibility of the counties. We think that needs to be fixed for a number of reasons, not the least of which is citizens are still presumed innocent in this county until proven guilty. We think this is something that needs attention and needs to be fixed.

Surface transportation reauthorization may have been something you have been following; you will probably know that the United States Highway Trust Fund is going broke and could be insolvent as early as this spring unless Congress takes measures to figure out how to keep funding it. This is obviously important to the Department of Transportation and to our counties because a number of our counties receive either direct or indirect allocations from the United States Highway Trust Fund for highway and street projects.

The specific concern with tax reform is maintaining tax-exempt status for municipal bonds. These bonds are extremely important for local governments to finance critical infrastructure projects.

Last are public lands and natural resources. Public lands issues are important in our state and probably more so in our rural counties. We have the largest percentage of public lands of any state in the country. Depending on how you measure it, we have anywhere from 81 to 83 percent of public land in our state. We have five counties with greater than 90 percent of their landmass being managed by the United States Department of the Interior, Bureau of Land Management (BLM). The local economy, physical condition of their county, and the quality of life are significantly influenced by the policies and decisions of the BLM. Public land issues are very important to our members.

What are the public land issues? I will start with management and permitting. These are very important issues because of the time and complexity involved with getting permits approved for projects such as mining, renewable energy, and public works projects, which are important to our economy. It can be as simple as getting a right-of-way permit or a permit to construct a material pit on public lands in our state. It takes time and it is complex, we understand that, but it is nonetheless something that affects our counties. There are two ways that public lands can be transferred to counties and to the state: administratively and by an act of Congress. Administratively is a protracted process. Congressionally it is an even more lengthy and political process. You can pick any public lands bill that has been enacted in the last several years and trace it back to see how long it has taken, including the most recent public lands bill that included a transfer of a number of acres to the City of Yerington for economic development and jobs. Because of the political climate and complexities in Congress, that specific land transfer took about 2 1/2 years to accomplish despite the very best efforts of our congressional delegation.

Payments in lieu of taxes (PILT) is a significant funding source for our counties. In total, it contributes about \$23 million a year when it is fully funded. That amounts to about 41 cents per acre of public lands in the state of Nevada. It is an important revenue source, but it is a struggle every year to get Congress to

fully fund it. It is a program that is intended to compensate county governments for their inability to tax public lands, but they have to provide services on the public lands.

Sage grouse is a huge concern for local governments as well as a huge concern for the state. A listing of the sage grouse on the endangered species list would have severe economic impacts on our state and in particular our rural counties.

The overpopulation of wild horses and burros has greatly affected the environmental quality, economic interest, and the well-being of the horses themselves.

Next is renewable energy revenue sharing. The counties are very supportive of any efforts in Congress to provide the host counties for those projects a portion of the revenue generated by the projects on public lands. Currently the counties are eligible to receive a share of the revenues for geothermal energy projects. Two bills proposed in the 113th Congress, Senate Bill 279 and House Resolution 596 proposed to extend revenue sharing for solar and wind projects; 25 percent of the revenue would go to the states and 25 percent of the revenues would go to the host counties.

Lastly, Waters of the United States is a proposed rule by the United States Environmental Protection Agency (EPA). It would define which waters are jurisdictional to the Clean Water Act. Potentially this will have broad implications for county governments. County governments operate storm water systems, roadside ditches, and the like. Depending upon the outcome of this rule, those types of county facilities could be subject to the Clean Water Act and all of the permitting requirements that go with it.

Some state issues are not new. [Page 15, ([Exhibit C](#)).] With unfunded mandates and cost shifts, county governments are having a difficult time like the state governments in balancing their budgets, and we feel it is not right for the state to shift costs and place unfunded mandates on county governments and their budgets. We are constantly concerned about those things.

The Nevada Association of Counties is not opposed to tax abatements for economic development purposes. We believe since it is the counties' tax revenues that are being abated, the county should have a say in whether or not to grant those tax abatements and not have that be a unilateral decision made by the state. Economic development and jobs is obviously an interest of all of the counties. They have a role in helping their economies and creating jobs. We still have a number of counties that are really struggling to keep up revenues to meet their demands for services and increasing population. Property tax

revenues and the caps that have limited the ability for those revenues to recover because of the recession have really concerned the counties.

Last but not least, there is additional administrative authority. Call it what it is; it is home rule. There are at least two bills this session that will address what we have been trying to accomplish for our counties and cities as well, and that is giving local governments the ability to have more functional authority, more flexibility in the day-to-day administrative activities. That is something we believe local governments can responsibly handle, and it will make them more effective and efficient instead of having to wait two years to come to this body to ask for authority for administrative matters.

We have five bills we requested this session. Assembly Bill 10 has to do with the funding of indigent defense for capital cases. We are asking that the state take on that responsibility. Assembly Bill 80 has to do with the prepayment of taxes on net proceeds of minerals, which was initiated back in 2008 and has created some accounting and fiscal problems for the counties. We would like to go back to the old way where the payment would go to the counties after they were received by the Nevada Department of Taxation. Senate Bill 16 has to do with the cost assessments for presentence investigation reports, which was first enacted in 2011 and requires counties to pay 70 percent of the cost for the Department of Public Safety to prepare those reports. We believe that the greater benefit of those reports is for the state, and we would like to see the cost allocation to the counties reduced to 30 percent. Senate Bill 11 deals with the additional authority to counties for administrative functions specific to health and safety issues. The bill would provide functional home rule or additional administrative authority to counties specific to health and safety issues. We really narrowed the scope of what the functional authority would be for counties to those specific areas. Lastly, Senate Bill 30 has to do with longevity pay and elected county officials. We have heard of situations in counties where county elected officials had wished to forego their longevity pay, but they were entitled to it in statute. They were told that they had to take their longevity pay because it is required in statute, so we are simply adding language to allow county elected officials who decide to forego longevity pay to be able to do so.

On behalf of NACO, I want to thank you for the opportunity to testify and present an overview this morning. This last picture [page 17, ([Exhibit C](#))] is a picture of our NACO office in Carson City. It is a great building. It is in the heart of the Carson City Historic District on Minnesota Street. It was constructed in 1862 by Major William B. Ormsby's widow as her residence, and she entertained Mark Twain, Governor Henry G. Blasdel (Nevada's first elected governor), and others. This building was constructed when Nevada was still a

territory and only consisted of nine counties. This is where our board meets. It is also where we have our county commissioners and county staff come and work with us when they are in Carson City from out of town. We certainly want to invite you to stop in if you are in the neighborhood.

Chairman Ellison:

Thank you Jeff. I think you have done a great job. You did not spend a lot of time on payments in lieu of taxes (PILT), but one of the important things is these counties were able to stand some of the downturns because of the funding that comes into PILT because of the mass lands. Can you give a quick overview of PILT and what it does for these counties?

Jeff Fontaine:

I have to say this, when I was first hired at NACO in 2007 and Chairman Ellison was President, I was told that the top priority for our association was to get Congress to authorize full funding for PILT. Prior to that it was subject to annual appropriations and the counties were receiving 30 percent, 40 percent, maybe 60 percent, but fully authorized and fully funded was 100 percent, \$23 million to Nevada's counties. We worked very hard with our congressional delegation; Senator Harry Reid, in particular, really led the charge, and it took some time, but we were able to get full funding for PILT, which expired two years ago, so we are back to the cycle of having to seek annual appropriations for PILT. It is really important to rural counties, particularly now. Prior to the recession, the counties used PILT payments primarily for one-shot expenditures, capital projects, et cetera. Now, we have a number of counties relying on PILT for their general fund budget. If they do not get PILT payments, they are going to be in deep trouble. It is unfortunate that we are in a situation where counties have to rely on PILT to balance their budgets, but that is where we are, and it makes full funding for PILT that much more critical.

Chairman Ellison:

Are there any questions?

Assemblyman Trowbridge:

In regard to the assessment of commercial property, it currently has an 8 percent cap on it; however, very few commercial properties are taxed at that rate because of the various abatements that are available. Has NACO taken any position on these issues?

Jeff Fontaine:

Our position with regard to abatements is that the county should be able to decide whether to grant the abatements in the first place. I am not sure I fully

understand your question. Is it a question on the 8 percent cap or on abatements?

Assemblyman Trowbridge:

My question is on abatements.

Jeff Fontaine:

Are you talking about the 8 percent cap?

Assemblyman Trowbridge:

I am talking about the abatements that reduce the 8 percent cap. On privately owned property, there is a cap of 3 percent. On commercial property, there is a cap of 8 percent. However, more commercial properties find ways to address the 8 percent and get it lowered to 3 percent through the abatement process. There are various categories where they can say their revenues do not generate and there are three or four different methods they use to reduce the amount of property taxes they pay to the counties.

Jeff Fontaine:

I am not really familiar with how the system works. That is a question that we need to research to determine the exact mechanisms and how extensive that situation is. I am aware of what you are talking about; I just do not know what kind of impact that has on the county tax revenues.

Assemblyman Trowbridge:

Worst-case scenario is that the revenues go from 8 percent to 3 percent.

Assemblyman Stewart:

I have always been amazed that we have counties in Nevada that are large in area and small in population and how they survive. Can you give us an update on the shared equipment and facilities among the counties? Is that still going on? Is it progressing? Bring me up to date on that, please.

Jeff Fontaine:

I know that a number of our rural counties in particular are trying to share facilities, equipment, and services in general. I can go back and ask for information that is more specific and give you some examples of what is taking place out there, but I do know that it really is a matter of survival for a number of counties, and they are doing everything they possibly can to try to save costs. I think a lot of it has to do with their ability to work across county lines on a regional basis. I know Carson City has worked with Douglas County on some of their public health services and recently had a presentational art board about the work that they have done there. I think for many of the other rural

counties their options are limited because of the expansive nature of those counties and just the county line jurisdictional issues. I will go back and talk to our counties to get you some more specific examples.

Assemblyman Stewart:

I would be interested if there would be anything we can do to expedite that so they can save money by sharing facilities. Can you give us some specific examples of how these abatements have hurt the counties? If not, can you do some research? We are liberal in giving out abatements in the state and a lot of times, it hurts the counties.

Jeff Fontaine:

We will get you some more information about that. Specific examples have to do with renewable energy projects, particularly in our smaller counties and some of our poorer counties where they are not going to receive their full tax revenues, both sales tax and property tax revenues, for 20 years. That is a significant impact on what otherwise would have been an increase or some help for their tax revenues.

Assemblyman Carrillo:

This is my first session on the Assembly Committee on Government Affairs. In your presentation, you mentioned unfunded mandates. I am sure there are well-intended unfunded mandates, but not always thought out. Maybe you can give me some examples that put a burden on the counties.

Jeff Fontaine:

Unfunded mandates are not new. They have been around for decades, and as a state, we bemoan unfunded mandates that are pushed down from the federal government to the state and then by natural extension to the county level; we do not like them either. There are a host of unfunded mandates, beginning in 2008, but probably more importantly during the 2011 Legislative Session there seemed to be a lot more. We have a bill to address one unfunded mandate and that is the indigent legal defense of the poor. That is a United States Constitutional mandate on the state government. The states have to provide legal defense for the poor. Over the years and decades, the state has pushed more and more of those costs onto the county governments. I do not have the exact percentage, but I would venture to say that the counties are probably providing about 95 percent of the cost of legal indigent defense in the state. This is not an exact figure, but last time I checked it was a total cost upwards of about \$65 to \$70 million a year. That is probably one of the bigger examples of unfunded mandates. Indigent health care would be another one, but we could spend a whole day talking about that.

Assemblyman Carrillo:

Overall, do you have any issues with what it addresses, or is it just more of the unfunded part of it?

Jeff Fontaine:

We are not going to sit here and pass judgment on whether or not that service is something that used to be provided and is the right service for the government to provide. Our concern is the cost.

Assemblyman Munford:

In your presentation, you mentioned Medicaid and Medicaid recipients. If they are arrested, they lose their eligibility. The county then has to provide the funding to the family members and that is basically focused on hospital care, correct?

Jeff Fontaine:

That is correct. If an individual who is otherwise eligible to receive Medicaid is arrested and incarcerated, that person loses the benefit from the federal government pretrial. It does not affect the family; it affects the individual. If that person has a need for medical care outside of the facility, the county has to pay the cost.

Assemblyman Munford:

In my district, I represent quite a few minorities and low-income families and many of my constituents are on government assistance programs. This is federal, so the counties are paying for what the federal government usually provides. Is this an unfunded mandate too?

Jeff Fontaine:

You can call it what you want. It is a gap in the federal system. The counties have to take on the responsibility, so I guess you could call it an unfunded mandate.

Assemblyman Munford:

When the hearing or the trial takes place and the individual is found to be not guilty, they are reinstated, right?

Jeff Fontaine:

They are eligible to be reinstated, but that creates another problem, which is the length of time it takes to get them reinstated.

Assemblyman Munford:

I have been on this Committee for a long time, and I have never confronted you about this. It has me concerned about my district.

Assemblywoman Neal:

On slide 11 ([Exhibit C](#)) you were talking about public safety. Can you break down what all is in the public safety category since you are bringing a bill related to cost-allocation sharing? I would like to do some research before you bring your bill.

Jeff Fontaine:

The general category of public safety includes emergency response, the sheriff's department, juvenile justice, and a whole range of county-provided services. Our bill specifically addresses the cost allocation for counties to pay the state for preparation of presentence investigations, which are ordered by the courts for all individuals convicted of felonies and some misdemeanors. Judges use them when sentencing the individual. Our bill reduces the percentage of the allocation of the counties from 70 percent of the total cost to 30 percent of the total cost. It is our position that the state actually has a greater benefit from the reports because once the judge uses them to sentence an individual, they are then used by the state for a number of purposes including the Department of Public Safety, Division of Parole and Probation and by the facility where the individual is sent. We are paying a higher percentage for a service that we do not receive as much benefit for.

Assemblywoman Neal:

Courts are under the public safety category. Can you tell me what the actual percentage or dollars related to courts is?

Jeff Fontaine:

I do not have those figures today. They are percentages of General Fund dollars.

Assemblywoman Neal:

Can you get the breakdown for me?

Jeff Fontaine:

Sure.

Assemblyman Trowbridge:

I understand that the biggest cost is incarceration. A verdict may have been rendered, but then they have to have a psychiatric evaluation, and if the state is slow in obtaining the evaluation, it can go on for months. The county would

absorb the cost of incarceration when the prisoner is not transferred to a state or federal facility. I hope your bill addresses that particular issue. It is a multimillion-dollar problem in Clark County.

Chairman Ellison:

The next presentation will be by Katherine Miller with the Department of Veterans Services.

Katherine Miller, Director, Department of Veterans Services:

Good morning, Chairman Ellison, Vice Chairman Moore, and members of the Committee. On behalf of the Department of Veterans Services, I thank you for the opportunity to present an overview of our department. [Katherine Miller continued to read from prepared text ([Exhibit D](#)) and referred to a PowerPoint presentation ([Exhibit E](#)).]

Chairman Ellison:

We owe a lot to our veterans who have served this county. Are there any questions?

Assemblywoman Neal:

You explained the mission statement; is employment or reemployment in another category or was it listed under an acronym? I did not see it.

Katherine Miller:

Our mission statement is very broad. It says that we will answer every problem, issue, and complaint of any service member. Employment is our number one issue for our returning veterans. Part of our community outreach is working with veterans to help connect them to the Department of Employment, Training and Rehabilitation (DETR), other training programs, and to work with the colleges to get them the education they need. The Green Zone Employer Program is a program that reaches out to employers to help provide training so they can better recruit, retain, and manage a veterans workforce. It is a huge responsibility for our agency, and right now I have only one person doing it. We are working on some grants to get additional support, and I actually embedded our community outreach officer with DETR because it is an area that needs far more attention than we are giving it right now. When the deputy that exists now no longer has to do the veterans home portion, there will be new titles for the deputy directors; one will be the deputy director for wellness, and the other will be the deputy director for education and employment.

Assemblywoman Neal:

I was reading the 226-page report ([Exhibit F](#)); there are really good recommendations in it. You are trying to do a veterans reentry course, and the

report says there were specific experts who presented subject matter presentations on what the reentry population was. It totaled about 1,247 veterans who were currently documented that were in the Department of Corrections. Will you send me the presentations that were presented under the reentry discussion? *Nevada Revised Statutes* (NRS) 417.105 says that you are supposed to give this report to the Legislative Commission. The report will explain what you choose to do as an expanded mission, specifically in businesses, correct? If something is not in the report, does that mean that it was not a recommendation?

Katherine Miller:

I want to make sure I understand the report you are referring to.

Assemblywoman Neal:

You turned in a legislative report. It is the "Nevada Veterans Comprehensive Legislative Reform Report" ([Exhibit F](#)).

Katherine Miller:

There are a number of subreports within it.

Assemblywoman Neal:

I saw that. Is this the report that is required under NRS 417.105 to give to the Legislative Commission at the end of the year or in the interim to explain what you have decided are the expanded goals or mission of the Department of Veterans Services? If something is not included in this report, does that mean it was not discussed or that it is not an issue?

Katherine Miller:

I believe you might be talking about the language in Assembly Bill 62 that will follow my presentation. It discusses adding a reporting requirement.

Assemblywoman Neal:

Maybe. I was trying to figure out the parameters of the report.

Katherine Miller:

The report you are looking at is the first of its type. It is the first time that the state of Nevada has ever comprehensively looked at veterans issues. My job, as the director of the Department of Veterans Services, was to create a broad mission. The Governor appointed Caleb Cage to the Office of Military and Veterans Policy to look broadly across all state agencies, public and private, and pull together a comprehensive report of the needs of veterans in the state of Nevada. That is what you are seeing in the report. I would like you to defer

your question to Mr. Cage; I believe he will be able to answer your question fully, as that is his product.

Assemblyman Munford:

In my district, I have a lot of homeless. I do not know if you mentioned it in your presentation, but have you been able to identify homeless veterans? What have you done to try to provide direction for them to overcome their situation? They have sacrificed a great deal. It is an injustice for them to be in that situation. I believe there is a critical need to address it.

Katherine Miller:

About a year ago, our office got involved on a broad scale with homelessness for the first time. I asked to be added to the United States Interagency Council on Homelessness. We started a study and did a landscape analysis; you will see the report in the back of the "Nevada Veterans Comprehensive Legislative Reform Report" ([Exhibit F](#)). Since we had not been involved and there are many people in southern and northern Nevada who have been working on the homelessness issue for a long time, I did not want to dive in without knowing what was going on. In November, we did a landscape analysis and found out who was doing what and we brought together people who were working in the homelessness arena from northern Nevada, southern Nevada, and the rural areas. During the convening, we identified redundancies, gaps, and some real possibilities in the way ahead to address the problems of veteran homelessness. Right now, the point in time count shows 879 homeless veterans, but we believe that number to be much higher. This is not the count that was done last week, but the previous count that was done in 2014. The United States Department of Veterans Affairs (VA) and the President of the United States have committed to ending veteran homelessness by 2015, but as a state we had not gotten into the arena. Phase one was a landscape analysis and phase two was the convening, and we are now working on phase three. We are bringing a task force together and taking the recommendations from the convening and deciding the best places for our agency to get involved to help support all of the other great agencies that are working with homelessness to truly end it.

Assemblywoman Spiegel:

I know that in the past it has been said that only about 30 percent of the veterans in the state have signed up to receive benefits. I was wondering if that is still consistent or if we have improved that number.

Katherine Miller:

I do not know the answer to that question. Again, I do not know how many veterans we have in the state, let alone how many are signing up for benefits.

I know how many have signed up for benefits from the VA, but I do not know how many are eligible for benefits and are not signing up. That is the population we need to get to. We are doing a lot more with marketing and getting information out to veterans using digital platforms. Part of the reason we have the Nevada Veterans Advocacy Program is because I need boots on the ground in those communities to go to town hall meetings, church socials, and chambers of commerce meetings to get the word out and try to connect with the veterans, so we can try to educate them regarding the benefits and opportunities they are eligible for. At this point, I do not think anybody can answer that question.

Assemblywoman Spiegel:

I know that over the past year or so there have been issues with federal VA hospitals and veterans having access to services. I was just wondering how our local veterans have dealt with that and if we have had some of the same problems that have existed nationwide.

Katherine Miller:

I am not with the federal VA, but we work very closely with them, and I can tell you there have been significant investments made in terms of increase in staff and technologies. It is not perfect, but part of the problem the VA is experiencing is the same problem the medical field is experiencing and that is a shortage of medical care providers. The biggest problem they are having, according to their chief of staff, is not with general practice but with finding sufficient caregivers for specialty care that they have to refer out. They are working very hard on it. I can say that from what I am hearing from the veterans, it has improved. In fact, you are not going to find stronger advocates for the veterans hospitals than the veterans who receive good service in the hospitals. I know they are making great strides, but it is not where it needs to be.

Assemblyman Stewart:

I attended the meeting that you and Mr. Cage held at the Las Vegas City Hall last month, and I was very impressed with your efforts. You said that the veterans home in Sparks will have 92 beds. How does that compare with the veterans home in Boulder City, and do you have plans to expand it?

Katherine Miller:

It is a 96-bed facility in northern Nevada, and they are single bedrooms. The VA changed their requirement in 2006, after the Boulder City facility was built and in order to get the grant, the rooms needed to be single rooms. There are a few double rooms for married couples. Boulder City has double rooms with only

a few single rooms and there are 180 beds. The facility in Boulder City is almost twice the size.

Before I build another nursing home or expand the one in southern Nevada, we have to address the needs of northern Nevada per NRS Chapter 417. We are already in the beginning stages of doing the analysis. We did a study to determine what the needs are of veterans for medical type housing in Nevada. The study is in the report ([Exhibit F](#)).

There is a great need in southern Nevada. The question we have to look at once I get further in researching the northern Nevada nursing home is do we need to expand the home in Boulder City or is the greater need for something else? My initial thoughts from our initial study are perhaps the greater need is for something called an adult medical day care facility. An adult medical day care facility gives a place for working children of a veteran to take the veteran during the day where they get assistance with the daily activities of living in a positive environment that is safe and offers the care that they need. It allows the veteran to stay home in the evening. I am getting a lot of calls and requests for this. We have explored the potential for getting a grant with the VA because it is something that is needed. We also need to expand the Boulder City facility. There are grant opportunities, but we need more staff. When I get a new deputy director of wellness, that person will be all over it.

Assemblyman Stewart:

There is an adult day care facility within 10 miles of the veterans home in Boulder City. You might want to coordinate with them and see if you can work out something. I am very familiar with the veterans cemetery in Boulder City. You said it has doubled in the last few years. Is there enough land to expand both of the cemeteries in the foreseeable future?

Katherine Miller:

Yes we do. It is not an issue for us. I also wanted to say for the adult day care we are not looking in the Boulder City area, we are looking at downtown Las Vegas or in the greater metropolitan area. We want it to be close to where people work. There are people that work in Boulder City, but the need is greater in North Las Vegas, Henderson, or downtown where there is a larger working population.

Assemblywoman Dooling:

I have visited quite a few of the adult day care facilities. Do you have any idea of what the cost per day per person would be?

Katherine Miller:

We do have some initial data and the cost is about half the cost you would expect to experience, and it is the same with the nursing homes. I can get that information to you afterwards. I do not know off the top of my head.

Assemblywoman Dooling:

Since you are planning to do the day care center downtown, is there a possibility that you could add a day care facility to Boulder City?

Katherine Miller:

Anything is possible. We have enough property out there, but the question is where is the greater need? That is what is going to drive location. This is a pipe dream at this point, but the money is available through the VA and the need is there. I fully intend in the next sessions to pursue expansion to meet the needs of our veteran population.

Assemblyman Trowbridge:

I am happy that I do not have to be the person that asks the Gold Star Parent for \$450 to bury either of them, which outrages me. I think they have given enough. I think that we ought to be able to find \$450. If it costs us approximately \$60,200 for a veteran service officer (VSO), but the overall return on that investment is approximately \$8.2 million, I would hope that we could find a way to justify more VSOs. There may be some diminishing returns, but anytime you do better than \$60,000 a year per VSO, you are showing a positive impact. You spoke of mission explosion. Is that staff recognition of a need, or is it a mandated service requirement that comes to us unfunded?

Katherine Miller:

I have never thought about why we charge Gold Star Parents. There are not very many that are interred. I will definitely take your idea to our Attorney General and find out if it is possible to change that cost requirement. If it is possible, it will not be a big bill. I think it is a wonderful idea. To make the change, it will have to come back to the Interim Finance Committee (IFC). I will do more research and get back to you.

In the last 2 1/2 years, between sessions, we were able to get five new VSOs; we only had seven before. We made that very argument about the return on investments. I would like to thank those on the IFC and the Legislature for supporting it. What we saw was "build it and they will come." We almost doubled the federal funding that was coming in based on the VSOs. I do not know what the point of diminishing returns is, but I know that we can use more VSOs now. We have a new system called the Veterans Information System and in the last three months, it is starting to publish good data. I will know a

lot more on exactly how many VSOs we need and where we need them. About 80 percent of the workload from our VSOs is answering questions that do not need to be answered by an accredited VSO. For example, some of the questions are about getting medical records, needing information about the Servicemen's Readjustment Act of 1944 (G.I. Bill), or obtaining help when in financial distress. The purpose of the Nevada Veterans Advocacy Program is to answer those kinds of questions. If we get more people educated in that area, I can pull the workload off the VSOs, which will allow them to handle more cases. I did not want to come back to the Legislature this session and ask for more VSO positions until I knew a little bit more. We have been successful with going to the IFC and making our case during the interim. If we need more VSOs, I will be asking for them.

The mission explosion is a little of both staff recognition of a need and a mandated service requirement that is unfunded. As I mentioned earlier, our mission is to answer and address every issue, problem, and concern of every veteran. As we identify those things with our veterans, service members, and their families, we have a statutory obligation to address them. The statute does not say to address homelessness, but it is a problem, so when the issue of homelessness came up, I had a statutory obligation to address it. Other things were actually put into statute, such as operating the cemeteries and nursing homes. They were not unfunded. Most of the funding comes from the federal government. Only 8 percent of our revenues come from the General Fund. The state did provide matching funds to address the larger programs such as the cemeteries and the veterans home. With the increase in area of the southern Nevada cemetery from 20 acres to 40 acres without a corresponding staff increase, it is getting a little ragged.

Assemblyman Silberkraus:

Is there a timetable for building the Northern Nevada Veterans Home and when it will be operational?

Wendy Simons, Project Manager, Northern Nevada Veterans Home, Department of Veterans Services:

If everything orchestrates perfectly, we will receive our \$14 million funding from the state; we meet before August 1 with our federal partners at the VA to be included in the allocations from the federal budget. If that all happens very appropriately, we will be breaking ground January 1, 2016. That is the blue-sky version, but I am an optimist, and I think that is why Director Miller has me on board. I believe that we can make this happen. We have been waiting since 2006.

By way of additional information, we are working with a construction manager at risk (CMAR). We have the schematic drawings and they are impressive. We have biweekly meetings with the construction team to make sure we stay on the timeline. We keep track of our design and development drawings, and the State Public Works Division of the Department of Administration has been working closely with us since it will be a state-owned building. We are being as assertive as we can be to make sure it happens as soon as possible.

Assemblyman Moore:

Let me make sure I understand Assemblyman Trowbridge. Your report says that if a veteran is interred in a cemetery and a Gold Star Parent chose to be buried next to that veteran, the parent is charged \$450?

Katherine Miller:

The veteran is buried at no cost; it is reimbursed by the VA. If a spouse, minor child, or Gold Star Parent wishes to be buried there, there is a charge of \$450. It is significantly lower than the surrounding area. What I would like to do at this time is ask Mr. Chris Naylor to answer your question fully. I do not want to provide incorrect information.

Chris Naylor, Superintendent, Southern Nevada Veterans Memorial Cemetery, Department of Veterans Services:

I am not aware of any Gold Star Parents being interred in the Southern Nevada Veterans Memorial Cemetery. From what I have been told, there have been some interred in the Northern Nevada Veterans Memorial Cemetery. That is accurate. There is a \$450 charge. The charge for surrounding public and private cemeteries is much higher than \$450, in some cases it is as much as \$8,000 to be interred.

Assemblyman Moore:

As a combat veteran myself, I am livid that there is even a cost for that. I would urge you in the strongest terms, please, to get that rectified immediately. I will personally work with you and whoever else we need to make it happen.

Katherine Miller:

I will get ahold of our Attorney General representative today and if there is not a legal problem with it, we will proceed immediately.

Assemblyman Moore:

Also, if you have a meeting, I would like to be invited.

Katherine Miller:

Yes sir.

Thank you, Chairman Ellison, Vice Chairman Moore, and members of the Committee. I appreciate your patience with me and I look forward to working with you through this session. Please do not hesitate to call me and my staff for any questions you may have.

Chairman Ellison:

I will now open the hearing on Assembly Bill 62.

Assembly Bill 62: Revises certain provisions relating to veterans. (BDR 19-298)

Caleb Cage, Director of Military and Veterans Policy, Office of the Governor:

I am here today to discuss Assembly Bill 62. I would like to recognize a few guests that we have in the audience today. They are from the veteran community and various organizations such as the Disabled American Veterans, the American Legion, Veterans of Foreign Wars, and the Vietnam Veterans of America, and they are Chris Wahle, Darrol Brown, Caleb Harris, John Warden, and Tony Yarbrough. We also have veterans from the Department of Veterans Services who can answer any questions from the agency level.

I would like to begin my presentation at this time. I am the sole person working on veterans and military issues in the Office of the Governor, and I am doing so through various organizations such as the Interagency Council on Veterans Affairs (ICVA), which was created by Assembly Bill No. 58 of the 77th Session and we appreciate it very much. I am the Chair and Director Miller is the Vice Chair of the Council through the Department of Veterans Services, which is the main programmatic service provider in the state of Nevada, and I am involved with various other policy councils, committees, and convenings that have been held throughout the state. All of those entities together over the last year under the auspices of the ICVA provided extensive reports on specific studies or conducted studies and provided extensive reports on findings and recommendations, which are published in the Nevada Veterans Comprehensive Legislative Reform Report ([Exhibit F](#)). It provides the foundation for the argument going forward for the recommendations that we need. We have turned the recommendations into legislative requests and for this session there were over 90 recommendations developed by the various policy councils, committees, and convenings. The Office of the Governor has looked at 17 or 18 recommendations and included them in four bills, and A.B. 62 is one of the four bills. We appreciate the opportunity to present it today.

I have provided my prepared testimony ([Exhibit G](#)), so I am not going to read it verbatim. I would be happy to answer any questions you have, and it does provide further detail. It cites specific page numbers within the report ([Exhibit F](#)) so you can find more information later if necessary.

Assembly Bill 62 does a number of things; it is a general bill that mainly addresses Chapter 417 of the *Nevada Revised Statutes* (NRS) but also brings in several other components such as NRS Chapter 333 and NRS Chapter 338 for the Purchasing Division and State Public Works Division, of the Department of Administration as well as some data-gathering requirements. Specifically it creates "Veterans Day" at the Legislature as a day of observance during the legislative session. It provides for the disposition of the unclaimed remains of a veteran by a county coroner. It provides for the naming of state public buildings and property after fallen Nevada veterans. It revises provisions relating to preferences in the Purchasing Division for businesses owned by a veteran with a service-connected disability. It allows for a xeriscaping option at veterans cemeteries. There are two cemeteries operated by the state of Nevada. It requires the Department of Veterans Services (NDVS) to provide a full legislative overview following each legislative session and special session. It requires the state agencies listed in Executive Order 2014-20 serving veterans to provide the information listed in the order in an annual report to the ICVA.

For at least a decade, NDVS has worked with the Nevada National Guard to host Veterans Day at the Legislature. It is usually held in March and begins with a high-level meeting between veteran activists, leaders, and public officials at the Carson City Veterans Memorial Hall. Key leaders from these groups then participate in a reading of a concurrent resolution honoring the fallen veterans for the last two years, most recently for the wars in Iraq and Afghanistan, in each house of the Legislature, followed by a community luncheon. This provides an opportunity to bring together hundreds of veterans, advocates, service members, and their families. It has also provided an opportunity for the public to engage with them as well as to see the great scope of the Nevada National Guard and its mission. It has also provided an opportunity for veteran leaders to meet individually with policymakers and public sector leaders. Over recent years, it has become increasingly difficult to plan and organize this event. It is harder to schedule and to get something in the books for March. After the new year, it is hard to publicize it. A recommendation came out of our various convenings, committee meetings, and council meetings to make this a day of observance at the Legislature. It would be a formal day, so we would not have to do a lot of the date solidification. We will know that every other year the observance will happen on a certain date.

The second recommendation came from the Veterans Legislative Symposium, which is held in between legislative sessions. California has established what they call veterans remains officers at the county level. They are voluntary positions which each county can create. Their jobs would be to work with the counties to identify unaccompanied, unidentified veterans cremated remains and ensure they are properly interred in a veterans memorial cemetery like our cemeteries in Fernley and Boulder City. It is based on a model from a nonprofit organization called the Missing in America Project, which we have worked with over the last few years to ensure that the cremated remains of our unaccompanied and unidentified veterans receive the proper burial with the highest amount of dignity, honor, and respect. In 2011, Governor Sandoval signed Assembly Bill No. 124 of the 76th Session, which required that funeral home directors notify the NDVS if they thought or knew they had the cremated remains of a veteran so a transfer of those remains could be made, and they could be interred in a Nevada veterans memorial cemetery.

The next provision provides for the naming of state buildings and property after Nevada's fallen veterans. During last session, then Senator Mark Hutchison introduced Senate Bill No. 174 of the 77th Session. Essentially, it allowed the existing Nevada Veterans Service Commission to make recommendations to the Governor, and it allowed the Governor to name state buildings, parks, bridges, roads, or other property after specific fallen veterans. The bill failed to pass last session. The Veterans Services Commission and others have recommended that it be reintroduced.

The next item revises provisions relating to preferences in the Purchasing Division for businesses owned by a veteran with a service-connected disability. Essentially, right now, NRS Chapter 333 and NRS Chapter 338 allow for a service-connected disabled veteran-owned business. If a business is 51 percent or more owned and operated by a veteran with a service-connected disability of 50 percent or greater, that veteran is eligible for a 5 percent bidders preference on purchasing items through the Purchasing Division, usually commodities and not services, as well as with the State Public Works Division for projects up to \$100,000. Assemblyman Stewart introduced this bill last year and several pieces needed to be changed. There were problems with the changes, and we were not able to get to them at the time. The bill did not pass. This bill would reintroduce that provision and extend the maximum amount of the contract to be bid on from \$100,000 to \$250,000. That comes from the fact that the Department of Veterans Services is required to provide a report in October of every year to the Legislative Commission that makes recommendations for changing the provisions in NRS Chapter 333 and NRS Chapter 338. What we found in reports from the Purchasing Division and the Public Works Division was that there were few veterans applying. There were only one or two veterans

who were pursuing these contacts, and the lack of interest was determined to be because the ceiling of \$100,000 was too low. There were not enough projects in that range to bid on at that point.

The next item allows for a xeriscaping option at veterans cemeteries. You heard Director Miller talk about the problems and challenges she is facing with the two cemeteries. The Boulder City cemetery is the second busiest state veterans cemetery in the nation. Both of Nevada's cemeteries are nationally recognized for the high level of dignity, honor, and respect that they provide for veteran service members and their families. Water rates are only going to increase as the acreage of the cemeteries grows and water becomes a more scarce resource throughout the state. The veteran community has said they like desert landscaping. They would like a desert-landscaped gravesite like other VA facilities in Bakersfield, California; El Paso, Texas; and Phoenix, Arizona. Federal VA facilities have water-wise systems too. This provision would change NRS 417.200 to allow the cemeteries to have the option of xeriscaping. The intent is not to have a xeriscape gravesite next to a grass gravesite next to a xeriscape gravesite to create a checkerboard appearance, but rather to create one area for xeriscape and another area for grass. Which option would be up to the veteran or the family member who is applying for interment at the cemetery.

The next item would require NDVS to provide the statewide veteran community a detailed legislative update following each full legislative session and special session. The NDVS, together with the Governor's Office, the Nevada National Guard, and the veteran community host various events throughout the years and the legislative biennium. During the off year, NDVS hosts the Veterans Legislative Symposium, which is an opportunity to get together with leaders of the veteran community to identify the priorities for the year. Immediately prior to the legislative session, in January of the odd years, NDVS hosts the Veterans Legislative Summit, which provides an opportunity to give the veteran community an update on which bills are going forward, which priorities we were able to address, or which priorities are being addressed by other legislators or service organizations. We believe that the report ([Exhibit F](#)) along with reports like the ICVA reports will provide a valuable baseline and will provide strong communication to the veteran community as well.

Finally, the Governor signed Executive Order 2014-20, which requires that the State of Nevada create a baseline report for aggregate data for veterans issues, populations, and services throughout the state. The state of Nevada has never done this to my knowledge, and I have worked for the state in veterans services for seven years. We have never done anything that allows for a comprehensive data-driven approach for policy development and assessment of our existing programs. This would require that every agency that serves veterans in the

state track the information and provide it to the ICVA on an annual basis. For instance, the Department of Employment, Training and Rehabilitation (DETR) provides weekly unemployment insurance and unemployment compensation for ex-servicemembers (UCX) in Nevada who are unemployed. They track that information and share it. It is crucial to us as we introduce legislation on improving outcomes for veteran employment to see if we are making a difference and reducing unemployment insurance and UCX claims for veterans and service members in our state. If we are not meeting these goals, what do we need to do in the future? I think we would all agree that you cannot improve what you are not measuring, and this is a way to do it comprehensively in the state. Baseline reporting will be established and will be completed in October of this year per Executive Order 2014-20.

I would like to briefly go over a couple of amendments that have been created in between the finalization of the bill and this hearing. They have been brought to us by various partner organizations throughout the state.

First, I want to state clearly for the record that it is not the intent of this bill to expand the population eligible to receive indigent burial services within our state to include all veterans. That is a concern with some of the language in the bill, and it may need to be amended. Specifically, Clark County and other county representatives have recommended changing the language from "county coroner" to "the county in which the death occurred." There are other agencies like social services agencies that are better suited to provide the service and we are fine with that. Clark County also recommended changing the language to make the county responsible for handling the remains of a veteran who did not qualify for a national or state veterans cemetery only if the veteran was indigent. That speaks to the point of this; we are not trying to expand all indigent services for all veterans. We are just saying if the veteran qualifies as indigent, they would receive that service, which they already do at the county level.

Regarding the naming of state buildings and property after fallen Nevada veterans, the State Department of Conservation and Natural Resources recommends amending Assembly Bill 62, sections 22 and 24 to state that the Nevada Veterans Service Commission recommendations must be for naming only such properties that are in existence after the effective date, or presumed effective date if this bill passes, of July 1, 2015. This is intended to ensure that major costs are not incurred by renaming branded state parks or facilities, which would create huge fiscal costs to the state. We are perfectly comfortable with that. There is a provision in this bill that the Governor's Office would like to change and that is this bill calls for naming only after fallen service members from the wars in Iraq and Afghanistan. We do not think that was the intent,

that was the old language from the other bill, and I did not catch it on my read through. We want this to be available for all veterans.

Regarding veteran preferences for the Purchasing Division and the Public Works Division, the Governor's Office of Economic Development is very pleased to participate as would be required if this bill passes. They noticed that there might be a discrepancy between the definition of a veteran-owned small business per the language in this bill, which would be not more than 200 employees, or not more than a net worth of \$5 million. They would recommend changing it to the U.S. Small Business Administration (SBA) definition for primary North American Industry Classification System (NAICS) codes. It makes sense; it prevents us from having a problem with them qualifying for the state program and not for the federal program. It would allow them to do business-and industry-specific projects as well. There is an organization listed in the bill, the Elite Service-Disabled Veteran Owned Business Network of Nevada, that is no longer an entity in the state of Nevada, so it should be removed.

Two final items, section 28 calls for DETR to report on the initial and continuing workers' compensation claims. We are not looking for the workers' compensation claims, which cannot be provided anyway, but rather the weekly unemployment insurance claims that are already provided to us.

The Department of Motor Vehicles has clarifying language in an amendment, which I am sure they will present. It will clarify their section of data reporting to make the information we are looking for more specific to the number of veterans license plates or drivers licenses for our annual data reports.

Do you have any questions?

Chairman Ellison:

What section did you say should be deleted?

Caleb Cage:

A couple of deletions in Assembly Bill 62, section 6, which refers to the Elite Service-Disabled Veteran Owned Business Network of Nevada. It was adopted from its predecessor bill, and I do not believe that organization still exists. It provides for us to work with the nonprofit communities, so they would be included as well.

The second part that needs to be deleted is in section 28, subsection 7(c). It calls for the initial continuing workers' compensation claims filed per week by veterans pursuant to NRS 616C.020; that is a redundancy. We do not need the

workers' compensation claims. We need the unemployment insurance information instead. Both of those are in my testimony ([Exhibit G](#)) which was provided to your staff.

Chairman Ellison:

Are there any questions from the Committee?

Assemblywoman Spiegel:

Section 5, subsection 3, of Assembly Bill 62 talks about reporting. If we are in session, the report goes to the entire Legislature; if we are not in session, it goes to the IFC. Has there been any discussion about broadening who receives the report, to either include the entire Legislature electronically or at least if we are not in session, to members of the Legislative Committee on Senior Citizens, Veterans and Adults with Special Needs since that Committee also looks at veterans issues? I know it would be helpful for Committee members to understand the progress that is being made.

Caleb Cage:

There has been no discussion about it to date. I have no problem adding the interim committee. The ICVA provides the February report. We are trying to push our reporting towards that date because it is the master report. We are more than happy to provide information at any time of the year as you require.

Assemblyman Munford:

What is the eligibility requirement to be buried at Arlington National Cemetery for veterans and non veterans?

Caleb Cage:

Arlington National Cemetery is actually a cemetery of the Department of the Army. The VA does not operate it. I know there are various sections; for example, to get into section 60, you have to have been a veteran and killed in action in Iraq and Afghanistan. Beyond that, I do not know of the eligibility requirements, but I would be happy to track down the information and provide it to you.

Assemblyman Munford:

Thank you. Maybe I can do a little research on my own.

Assemblywoman Neal:

This is a good bill, but I want to make sure the process is correct. Section 15, subsection 3, lines 40 through 45, say that if a locally owned business competes against a veteran-owned business where the lowest bids are identical, the veteran-owned business would be deemed lowest bidder. However, when

I was looking at the congressional law and the federal procurement rules on equally low bids, it established that the priority is the locally owned small business concern first and not the veteran-owned business. I just want to make sure you are not challenged and that the process is correct when you move forward.

If you are legally challenged, and there are federal standards involved, and you are deviating in the state standard, you have to address that. The same issue occurred when I was reviewing the procurement rules, which is section 4, subsection 2, paragraph (b), subparagraph (2) on page 4 about the spouse getting the transferred opportunity for a business owned by a deceased veteran. I did not see any set-aside or specific consideration for the deceased veteran's spouse. We want to make sure that you can legally do those things set forth in this bill and that someone does not turn around and say it cannot be justified at the federal level. I just want to make sure that everything you are trying to do can be implemented and you are not challenged on the back end.

All of this ties together. Under our state statute, which is NRS 417.105, subsection 3, it says that the Department of Administration must bring this report to the Legislative Commission and explain why an expansion to the veteran business preference is needed. I do not see a finite rule in the report ([Exhibit F](#)). I am trying to make sure that you completed the process and it was given to the Legislative Commission and if it is not addressed, I do not know if there is an amendment process or whether you can go back to the Legislative Commission and say you missed a couple of items, and it is in legislation.

Caleb Cage:

Starting with the last item first, NRS 417.105 required the NDVS to each year, on or before October 1, review reports submitted by the Purchasing Division and State Public Works Division of the Department of Administration. Those reports state how many service-connected disabled veteran-owned businesses applied for the preference. That report was submitted in October and, in fact, Executive Order 2014-18 states the NDVS shall provide the Legislative Commission with its annual report as required by NRS 417.105. The agency is required to provide information on veterans preference programs administered by the Purchasing Division and State Public Works Division and provide recommendations regarding the continuation, modification, promotion, or expansion of preferences for local businesses owned by veterans with service-connected disabilities which are described in NRS Chapter 333 and NRS Chapter 338. Upon submitting the report to the Legislative Commission, the director of the NDVS shall also submit any recommendations to the ICVA for consideration and possible inclusion as a possible addendum to its employment focus report in advance of the 78th Legislative Session. That process worked.

Executive Order 2014-18 was dealing specifically with service-connected disabled veteran-owned business bidding preference. Director Miller wrote a report to the Legislative Commission in October, and it was included in the ICVA report that had already been submitted. It was considered as an addendum. Does that explain the process?

Assemblywoman Neal:

Yes. I knew the process; I just did not see the recommendation. I saw employment, hiring, all of those things. I did not see a business specific recommendation for the expansion of bidding preferences.

Caleb Cage:

It is not in here because it would have to be an addendum to the ICVA report. It was actually completed May 1 because it complied with an executive order established by the Governor. The entire report ([Exhibit F](#)) consists of a total of six council reports as well as others, and we got to a point where we thought 226 pages was enough. I am happy to provide you a copy of the report. The bill language comes from legislation passed in the state of Florida, which was based on last session. If there are concerns, we are open to sharpening and improving the process within this bill.

Assemblywoman Shelton:

Section 15 addresses the bid amounts and the bid proposals. I know you said you raised the limit; can you give me some insight as to how you decided to raise the ceiling from \$100,000 to \$250,000?

Caleb Cage:

There are many reasons for the increase. I talked about one earlier; the reports are coming back showing almost nobody is applying for the preferences. Through the October report we submit every year, one of the questions we came to was how many State Public Works Division jobs are out there for \$100,000 or less? We decided that \$100,000 was too low of a ceiling. That was one of the reasons we decided to increase it. The number \$250,000 came from last session. They said we would be eliminating every nonveteran-owned company in the state of Nevada from being able to compete for these bids if we removed the ceiling completely. Our margins in construction are so low right now that 5 percent is a deal breaker for us. We came back to the table and tried to decide what a reasonable number would be and \$250,000 was settled upon at the time. The idea was to give the small service-connected disabled veteran-owned business an opportunity to learn the Purchasing Division and State Public Works Division contracting systems, which can be difficult at times, and to learn the system through competing on smaller level bids so they

can then compete for that \$10 million State Public Works Division project or beyond.

Assemblyman Trowbridge:

This seems to be the expansion of an existing program under the State Purchasing Act (NRS Chapter 333), which was set up to provide bidders preference for local businesses, minority-owned businesses, and female-owned businesses. I would hope that the language you have presented here today to expand the coverage to provide for veterans does not set up a situation where we have a major training program for bidders and for Purchasing Division officials that have to administer the program with different languages. If all we are trying to do is identify what criteria the veteran has to have to become eligible for the program, I would suggest the bill stop there and not go on and redefine the program, because there will be conflicting languages that will put a bidder in a situation where they have to decide if they should choose plan A or plan B.

It also introduces another element: what about a disabled veteran who also happens to be a minority? Are we going to give that person double credit? I think we need to identify that it is one or the other, certainly not double coverage.

I noticed in section 3, lines 14 and 15, it references the person is a resident of the state and has a service-connected disability of at least 5 percent and then section 4, subsection 3, line 32 references 50 percent. Then in section 4, subsection 2, line 5, I see 51 percent. The lawyers representing the businesses applying will challenge a bid that is awarded 50 percent one time and 51 percent the next time. There are small agency contract administrators that do not have attorneys at their right hand, and they are going to make errors.

Caleb Cage:

I will address the last issue first because it is the hardest. I think I have the answer. I have spent some time trying to understand the 5 percent, 50 percent, and 51 percent and trying to get it right as we went through this. Page 3, section 3 simply says that the federal VA defines a service-connected disabled veteran as a veteran who has a service-connected disability of at least 5 percent; it should be 10 percent. It is the basic minimum. Later you see 50 percent. For this statute, we say that the veteran has to have a 50 percent service-connected disability in order to receive the bidding preference. The 5 percent is what the VA defines as a person with a service-connected disability.

Assemblyman Trowbridge:

Does it apply to what we are doing here?

Caleb Cage:

It is simply establishing the definition for later use. The 51 percent is ownership and management of the company. Fifty-one percent is not a percentage of disability at all. There have been issues over the last decade or longer of companies going out and recruiting service-connected disabled veterans to come onto their management team, then calling them the owner so they can compete for bids because that person is the manager. This bill is saying that a person needs to be the 51 percent owner or manager of the organization to qualify for bid preference. There are three different percentages being used here.

Assemblyman Trowbridge:

It may have to be explained each time someone wants to apply. It seems the VA's 5 percent, which defines a person with a service-connected disability, has no relevance here.

Caleb Cage:

Except to establish what a service-connected disabled veteran is.

Assemblyman Trowbridge:

But what if someone goes through the trouble to get their service-connected disability certificate of 10 percent and brings it in, and you say that it does not mean anything to you?

Caleb Cage:

It does not apply to this statute.

Assemblyman Trowbridge:

They go through the effort thinking they are going to get something and in reality, it is not there. All I am trying to do is simplify the language so we are not sending people on a paper chase.

Caleb Cage:

We are more than happy to adjust this language.

Assemblyman Trowbridge:

It just does not need to be there. Your comment about people going out to recruit eligible veterans so their business can qualify as exempt is as common as dirt. It is the way it is done.

Assemblyman Silberkraus:

Section 8 is something that was brought to my attention, and I thank you for cleaning up the fact that some of our veterans can have their remains held for incredibly long periods of time before they can actually be interred with respect. What made you select a time period of one year for the official in charge to be able to report the remains to the NDVS?

Caleb Cage:

The language was identified in the process when we were developing Assembly Bill No. 124 of the 76th Session. There is no enforcement mechanism in this bill and with the funeral directors it is an agreement, but there is not an enforcement mechanism. We are particularly careful when we are trying to work with local partners not to provide something that would be an unfunded mandate because this is an issue, so we wanted to provide an extensive amount of time. The other issue is whether they know they have the cremated remains of a veteran. That could be really difficult. We have volunteers who take the social security number of the individual and then start tracking back from there. Did this person ever serve? Did they have an honorable discharge? This is important for interment purposes. It is building in time for the process to take place.

Assemblyman Flores:

First and foremost, I want to thank our veterans who are here today for your tremendous service and commitment to our country. I appreciate the language in this bill and that it makes clear that veteran issues are not just VA issues, but that everyone has to work collectively. Regarding section 15, in looking at other states, I recognize that a lot of them talk about the bidding process. One of the ways they make sure our veterans are getting their fair share is they have a 3 percent mandate. I imagine that while you were coming up with the bill language, at some point you came to a crossroads and had to decide which route to take. I want to know why you decided to go with this language. In order for them to qualify with this specific language, what made you decide on 50 percent disability as opposed to 30 percent or 25 percent? I know you borrowed the language from Florida, but then I imagine you still analyzed why 50 percent and not something lower.

Caleb Cage:

I believe you are talking about the 3 percent set-asides, where 3 percent of contracts must go to qualifying veterans.

Assemblyman Flores:

Yes.

Caleb Cage:

When we started this process, we were working with a nonprofit organization and partners in the community, and Assemblyman Stewart was introducing the bill. There were some decisions that were already there. There was already a veterans preference on the books. To expand the preference seemed to be a more thoughtful approach at the time.

The second challenge we see with set-asides is that we do not know how many veteran-owned businesses could actually qualify in Nevada. If we established a set-aside, could we fill it if we had the capacity in the state of Nevada to meet the needs or would we be setting up a failed statute change? You heard me talk about the healthy debate about what changes would be made through the bill last session. If my memory is correct, I believe it was 10 percent in the original drafting of the bill. Advocates came to the table and said if this is really intended to allow the service-connected disabled veteran-owned business to have entry into the field for construction, then 10 percent is too low of a barrier and 100 percent is too high. So we used the Goldilocks approach; 50 percent was just right. In my memory, that is how it was settled upon.

Assemblywoman Spiegel:

In looking at section 4, subsection 2, paragraph (a), subparagraph (1), it says as part of the qualification the Office must determine that "At least 51 percent of the ownership interest is held by one or more veterans with service-connected disabilities." Theoretically, if you had a business owned by 51 veterans with service-connected disabilities and each had a 1 percent stake in the business and one other person who had a 49 percent stake, that would still qualify, correct? Even if the one person with the 49 percent ownership could totally overshadow everyone else?

Caleb Cage:

I would have to reread the bill with that scenario in mind and probably get some legal advice on whether or not that is the case. It may need to be defined more specifically to prevent something like that.

Assemblywoman Spiegel:

I am just wondering if we can tighten that up a little bit. I would hate to have someone taken advantage of.

Caleb Cage:

Would you recommend increasing the percent of ownership?

Assemblywoman Spiegel:

I do not have an exact recommendation, but putting some sort of protection in there so that the veterans could not be used unfairly and have no power in the situation because they did not have enough of an equity stake would be valuable.

Caleb Cage:

I think that is a great consideration and worthy of further discussion.

Assemblyman Moore:

Going back to section 8, where it states that if a county coroner obtains the custody of an unclaimed veteran, essentially the way it is written now, the coroner can sit on the veteran's remains for a year before they even contact the VA to find out if the person was a veteran. Am I reading that correctly?

Caleb Cage:

There is an amendment to change it to the county. It would not necessarily have to be the coroner. It could be the social services department of the county, which Clark County has suggested would make more sense.

Chairman Ellison:

That language would still be there?

Caleb Cage:

The one-year provision is what Assemblyman Silberkraus was talking about earlier as well. We do not interpret it as an authorization to sit on anything for a year but it does

Assemblyman Moore:

The potential is there.

Caleb Cage:

It can take a long time to identify unclaimed remains.

Assemblyman Moore:

I understand that. If I am the coroner, in addition to the number of days or months this body has already sat unclaimed, before I am obligated by this bill to reach out to the VA to find out if this body is a veteran, I have one year to do so?

Caleb Cage:

The bill reads that way right now.

Assemblyman Moore:

I would like to see that amended because it states here that they have reason to know or reasonably believes that the body is a veteran. If I have reason to know or reasonably think that the body is a veteran, I could, in theory take a year before I contact the VA and then the VA has to go through their process, so now we are looking at potentially 18 months, 12 months, 13 months that this veteran has been lying there unclaimed before being laid to rest, as it is written.

Caleb Cage:

First of all, these are cremated remains. When I was with NDVS, we had staff members who were voluntarily doing this on their own time because they cared about the cause, and they wanted to see veterans interred. They were doing this on nights and weekends, not on paid time at all. The staff that was volunteering were the veteran service officers and we needed them serving the community. Based on what they were able to identify through funeral homes, we were able to hold a ceremony once a year interring the veterans. This was working with funeral homes that were actively reporting with us. We work with the counties right now, and they actively report to us too. I believe reducing the amount of time would introduce a fiscal note because of the staff time required for processing at each of the different county levels. They would be putting a staff requirement on the bill because they do not have the staffing right now. My personal experience was that we were able to have a ceremony once a year based on the hard work of the previous year, identifying between 8 to 15 sets of remains that were being interred at our ceremonies on an annual basis. It is quite a bit of work.

Assemblyman Moore:

I understand, but what I am saying is the remains, cremated or not, are still not interred, and they could be in that state for more than a year, even after the coroner already knows or reasonably believes that it could be a veteran. Am I reading that correctly?

Caleb Cage:

Let me scan this quickly to make sure I am not providing you with misinformation. I believe an addition should be made that says, shall report the name of the deceased person to the NDVS as soon as they know, and not later than one year.

Assemblyman Moore:

Absolutely. This one-year provision troubles me a great deal. If I have reason to believe that remains could be of a veteran, why would I not reach out to the VA at that moment to find out?

Caleb Cage:

This involves working with partners and partnerships throughout the community on a voluntary basis with funeral directors. We have never had coroners say that they believe they have had a veteran's remains for three years.

Assemblyman Moore:

I am not saying that would occur. I am trying to get at the way the bill is written. I do not want to see a veteran's remains get ignored because the individual who is supposed to identify the remains goes on vacation and decides to identify the remains and reach out to the VA in a month after the vacation. Whether there are volunteers identifying the remains or not, I think the identification should be done immediately if there is reason to believe the remains are of a veteran. The way it is written, it gives someone the opportunity to identify the remains tomorrow instead of right now. I need to see that say immediately.

Caleb Cage:

We are introducing the bill to avoid those situations as well. We are happy to work with you and make an amendment that is appropriate.

Chairman Ellison:

Do you have any more testimony?

Caleb Cage:

I do not.

Chairman Ellison:

Next, will those in favor of the bill please come forward?

Darrol L. Brown, representing Vietnam Veterans of America Carson Area Chapter 388:

I am a retired state director of Veterans' Employment and Training Service of the United States Department of Labor and I am on the advisory council of the National Veteran Business Development Council. I come to speak in favor of this bill and to address Assemblywoman Spiegel's comment about the 51 percent ownership. The National Veteran Business Development Council believes that the 51 percent ownership should be a single person. If you have what you stated, 1 person at 1 percent, you do not have control of the business, and I think that is what this bill is talking about. If you have 51 people at 1 percent and 1 person at 49 percent, do you really have 1 person making the decisions? Who is the person that says yes or no? That is part of what our council offers to businesses and state and local governments. Thank you.

John Fudenberg, Assistant Coroner, Office of the Coroner/Medical Examiner, Clark County:

I would like to address the issue Assemblyman Moore was concerned about with "not later than 1 year" in section 8, subsection 1. I can tell you in Clark County the identification happens within hours. I am not sure of the intent for that language. We can certainly work with Mr. Cage to propose an amendment that would clarify it, but generally in Clark County if we are notified, we are turning around immediately and contacting the veterans cemetery in Boulder City and working directly with them to provide services for our veterans.

Assemblyman Moore:

I do not mean to imply that someone would intentionally wait. I am just stating that I would like to see the language say immediately or within 24 hours to eliminate any possibility of a delay. It is just something personal to me.

John Fudenberg:

Absolutely, we agree with that. We have been communicating with Washoe County, and we support the bill. As Mr. Cage indicated, we have a few issues in section 8 that we would like to clarify more for logistical purposes than anything, and we will continue to work with him to make those amendments.

Chairman Ellison:

Can you get the amendments back to staff as soon as you can?

John Fudenberg:

Absolutely.

Liane Lee, representing Washoe County:

We are here to echo the comments made by Clark County, and we do support their amendments. It would give our county more flexibility in providing indigent burials for our veterans. For example, by removing the word "coroner," it allows our Department of Social Services to continue to provide the service. We also do death notifications. It does not matter if it is a veteran, we treat the deceased like any other person, and we would always notify NDVS within hours, just as Clark County said.

Terri L. Albertson, C.P.M., Administrator, Management Services and Programs Division, Department of Motor Vehicles:

We are here in support of this bill with the minor amendments to clarify the definitions of the information the Department will provide to the NDVS.

Chairman Ellison:

I want to thank you. A couple of years ago, I sat on the Commission on Special License Plates, and you did a great job to recognize veterans. I know there are more bills out there; I am trying to remember what they were.

Terri Albertson:

The Gold Star license plate.

Chairman Ellison:

Yes, thank you.

Terri Albertson:

I believe this session there are initiatives for both the Bronze Star license plate and the Silver Star license plate.

Chairman Ellison:

Thank you. If there is nobody else to speak in favor of the bill, will those in opposition please come forward. [There were none.] Is anyone neutral? [There was no one.] Committee members, please look at the proposed amendments. I would really like to look at what the total fiscal impact is going to be. I see two fiscal notes, but I do not know if there are others. I hope we can check that prior to this bill going to work session. We will close the hearing on A.B. 62. Is there any public comment? I see none; therefore, I will adjourn the meeting [at 11:18 a.m.].

[([Exhibit H](#)) and ([Exhibit I](#)) were presented but not discussed and are included as exhibits for the meeting.]

RESPECTFULLY SUBMITTED:

Jordan Neubauer
Committee Secretary

APPROVED BY:

Assemblyman John Ellison, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: February 4, 2015

Time of Meeting: 8:34 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Jeff Fontaine / Nevada Association of Counties	PowerPoint
	D	Katherine Miller / Department of Veterans Services	Prepared Text
	E	Katherine Miller / Department of Veterans Services	PowerPoint
A.B. 62	F	Caleb Cage / Office of the Governor	Nevada Veterans Comprehensive Legislative Reform Report
A.B. 62	G	Caleb Cage / Office of the Governor	Prepared Text
	H	Jeff Fontaine / Nevada Association of Counties	Brochure
	I	Katherine Miller / Department of Veterans Services	Northern Nevada Veterans Home Overview