

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

**Seventy-Eighth Session
April 14, 2015**

The Committee on Government Affairs was called to order by Chairman John Ellison at 8:31 a.m. on Tuesday, April 14, 2015, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website: 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

COMMITTEE MEMBERS ABSENT:

Assemblyman Jim Wheeler (excused)
Assemblywoman Melissa Woodbury (excused)

GUEST LEGISLATORS PRESENT:

None



STAFF MEMBERS PRESENT:

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

OTHERS PRESENT:

Rebecca Lynn Palmer, State Historic Preservation Officer and
Administrator, Office of Historic Preservation, Department of
Conservation and Natural Resources
Robert Ostrovsky, Chairman, Commission for Cultural Affairs
Jeff Fontaine, Executive Director, Nevada Association of Counties
Robert Roshak, Executive Director, Nevada Sheriffs' and Chiefs'
Association
Tammi Davis, Treasurer, Washoe County, and representing the
Association of County Treasurers

Chairman Ellison:

[Roll was called and rules and protocol were explained.] First, we will open the
work session for Senate Bill 505.

**Senate Bill 505: Provides for the temporary suspension of the collection of
certain subsidies to be paid to the Public Employees' Benefits Program.
(BDR S-1205)**

This bill is from the Senate Committee on Finance and must be sent to the
Assembly Committee on Ways and Means. Is there a motion to refer
Senate Bill 505 to Ways and Means without recommendation?

ASSEMBLYMAN STEWART MOVED TO REFER SENATE BILL 505
TO WAYS AND MEANS WITHOUT RECOMMENDATION.

ASSEMBLYMAN MOORE SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN FLORES, MUNFORD,
SILBERKRAUS, WHEELER, AND WOODBURY WERE ABSENT FOR
THE VOTE.)

Chairman Ellison:

The first item on the agenda is Senate Bill 27 (1st Reprint). Those who are here today to present this bill, please come forward.

Senate Bill 27 (1st Reprint): Revises the amount of money that the Commission for Cultural Affairs may use each fiscal year from the proceeds of certain bonds to pay for administrative services. (BDR 18-321)

**Rebecca Lynn Palmer, State Historic Preservation Officer and Administrator,
Office of Historic Preservation, Department of Conservation and Natural
Resources:**

Senate Bill 27 (1st Reprint) was prepared by the Department of Conservation and Natural Resources at the request of the Commission for Cultural Affairs as my division provides the administrative and technical staff for this Commission. The mandate of this Commission, which is composed of both representatives from other Governor-appointed boards and members of the public, is to preserve historic structures and to establish a network of community cultural centers throughout the state. Since 1993, the Commission has used a very strict and thorough public process to review detailed grant applications and determine the amount each applicant will receive from the Fund for the Preservation and Promotion of Cultural Resources. [Ms. Palmer continued to read from prepared testimony ([Exhibit C](#)).]

As a courtesy to this Committee, we have submitted some additional background information ([Exhibit D](#)). I would be happy to answer any questions.

Chairman Ellison:

Thank you. Does S. B. 27 (R1) ask for a bond rollover and a higher percentage?

Rebecca Palmer:

No, it does not. Under current statute, none of the fund can be used for administrative costs. Only the interest on the fund may be used for that purpose.

Assemblyman Stewart:

For years you have been using the interest to pay for the administration of the bonds, and now the interest rate is so low that you are getting very little and you have to rely on the General Fund to receive that. You are just asking for 5 percent of what the bond provides. Is that correct?

Rebecca Palmer:

Yes, that is the case.

Chairman Ellison:

Is there any other discussion?

Assemblyman Carrillo:

Is this bill being brought forward because there are or have been abuses?

Rebecca Palmer:

No, it is not.

Assemblyman Carrillo:

Are we just seeking greater accountability and fiscal responsibility?

Rebecca Palmer:

We are seeking funding for administrative costs out of the Fund for the Preservation and Promotion of Cultural Resources.

Assemblyman Carrillo:

That is the reason for this. It is not about accountability. It seems that you have been operating this one way and now you want to change it. I want to understand that.

Rebecca Palmer:

The interest rates had been sufficient to support the administrative costs in the past. The current interest funding in the administrative account is zero. There are no funds to support the administrative costs for the Commission's work.

Assemblywoman Neal:

Do you pursue more than one general obligation bond?

Rebecca Palmer:

Usually it is one sale.

Assemblywoman Neal:

How much would the 5 percent give you? What do you see potentially? It should be a consistent stream, so what does the 5 percent mean to you?

Rebecca Palmer:

Under the current bond sale of \$1 million, 5 percent would be \$50,000 for administrative costs. We would only use what is absolutely required.

Assemblywoman Neal:

What are your administrative costs? Fifty thousand dollars does not seem like a lot.

Rebecca Palmer:

Under the fiscal year 2014 bond sale, we anticipate our administrative costs to total approximately \$45,000.

Assemblywoman Neal:

I know you have established that there is zero interest in the account. Do you see gaining any interest in the future? What does the bond involve where there might be future interest gained?

Rebecca Palmer:

It is an interest-bearing account. It rolls from one year to the next for the 18 months that the funds are available. We will always use the interest first, and we will never use more than 5 percent of a bond sale for administrative costs.

Assemblywoman Dooling:

If I am understanding this correctly, you will have to come back each session to ask for this money. Is that correct?

Rebecca Palmer:

Assuming this bill passes and the statute is amended to allow us to use up to 5 percent of the principal, that is all we will use. All of the funds from each bond sale must be distributed within 18 months. The point is to get those funds out on the ground to these valuable projects as soon as possible.

Chairman Ellison:

Assemblywoman Joiner, does this also represent your district?

Assemblywoman Joiner:

I think it is statewide, Mr. Chairman. Maybe we should talk; I am not sure how that is different. Ms. Palmer, you said that the administrative expenses would be about \$45,000. I see that the per diem allowances and travel expenses for Commission members has been deleted on page 3 of the bill. I do not see it added anywhere else. Are you planning on not allowing them per diem?

Rebecca Palmer:

It is in the statute in a different location.

Chairman Ellison:

If you borrow from the existing bond principal instead of using the interest rates, will you be able to replace what is borrowed or will you just deplete the bond?

Rebecca Palmer:

Only 5 percent of each bond sale would be used for administrative costs. The bond funds from the sale must be distributed to the applicants within 18 months. It does not build.

Chairman Ellison:

I know that they are looking at a lot of the buildings under the Nevada Historical Society and some of those things are in Washoe County. I think that is why I was confused earlier. I know they have been working a lot on trying to preserve the heritage and the history in that area. Is that where you will be focusing this year?

Rebecca Palmer:

That is a very good question. The Commission has attempted to broaden the number of projects that can be funded across the state. On our website we posted the 90 projects that have been funded with Commission grant funds. They are always looking to broaden and provide as much information and funding to local community organizations as possible. Joining me at the table right now is the Chairman of the Commission for Cultural Affairs. I will let him speak on the Commission's behalf.

Robert Ostrovsky, Chairman, Commission for Cultural Affairs:

The Commission takes all comers in terms of applicants. We normally get about 30 applicants statewide. They vary each year that the Commission has done its work. We allow them in rural areas because there are a lot of sites in rural areas that have very few resources. We have a considerable number from Washoe County. We used to get fewer from Clark County. When I started, we had zero applications from Clark County. We have reached out and asked people to participate. We have a pretty broad-based list of applicants now. Of the 30 applicants, we will fund 25 or 26. Some years we have been able to fund all 30, but none of them funded at 100 percent. Most have been funded at levels lower than requested because we have very limited dollars. We always look for matching money from those various projects, if they can raise money on their own. We have done funded projects in Tuscarora, Jarbidge, Reno, Las Vegas, Tonopah, and almost every small and large community in Nevada.

There were some questions about the administrative costs. This Commission pays the expenses of its members. When I first started serving, we did not even reimburse people for travel. There is no payroll. There is no salary paid to the commissioners; they serve for free, essentially. I pressed very hard several sessions ago to get some travel money in. I did not think it was fair to have commissioners who could afford to serve, while those who could not afford the cost of serving were shut out. We thought adding travel was beneficial.

Remember, when we fund one of these programs, for example, we give \$100,000 to the mining park project in Tonopah, we do not write a check for \$100,000. We only disburse the money based on actual bills received and the work completed on a project. From the administrative standpoint, the Office of Historic Preservation not only has to create and sign a funding agreement with each of the agencies but then has to monitor and pay back those groups only on completion of the work.

There is considerable administrative cost in trying to fund these projects. We have used up the interest funding. We have probably squeezed some money out of the National Park Service funding and other things to help us support staff in the office. It is a very small office. I think the Commission has done good work. We saw this bill and our Commission recommended this bill to staff as a way to go because we just could not find any other source of funding short of asking for a General Fund appropriation, which we did not think was necessary. If we get \$1 million in bonds, we will distribute \$950,000 and hold back \$50,000 for expenses. If there is any leftover money, I can guarantee that my Commission will distribute the remaining money to those projects which are always in need.

Chairman Ellison:

I know what the Commission did in Elko County worked out really well. However, what happened to Wells after the earthquake and the historical buildings that have been there for over 100 years, I do not know if that is ever going to be addressed or not. I did see a great article that showed some of the old houses they are trying to preserve. There is an old mansion between Carson City and Reno that they are trying to preserve. I thought that was a gorgeous place. That is what this makes me think of.

Assemblywoman Neal:

I was reading in section 2 of the bill about the structure of how the State Board of Finance issues the obligation bonds and the statement about "no public debt" in relationship to the *Nevada Constitution*. Is the reason you never included administrative services before because the use of the fund was legally limited so it could only be used to pay expenses related to the issuance of the bond? Is there a nexus with the *Constitution*? Why could you not have done that before?

Rebecca Palmer:

When we were crafting this, we did indeed consult with bond counsel. The Internal Revenue Service (IRS) allows for 5 percent out of bond sales to be used for administrative costs. This is in compliance with that IRS rule.

Assemblywoman Joiner:

From what you said, I understand that they will be granted per diem and travel expenses based on other statutes. Which fund will it come out of? Will it come from the General Fund? I still do not see those words reinserted for the non-interest part of the fund.

Rebecca Palmer:

The provision for the reimbursement for per diem and travel is found in section 1, subsection 4. That will remain. Those would be considered administrative costs and would come from the 5 percent taken out of the proceeds from bond sales.

Assemblywoman Joiner:

Are per diem and travel expenses considered administrative costs as part of that 5 percent?

Rebecca Palmer:

That is correct.

Assemblyman Stewart:

I think your Commission has done a great job with very limited funding. I read the reports where you allocate the money. Some of those funds have come into Henderson, and I really appreciate that. How much money do you distribute each year?

Robert Ostrovsky:

The Commission was originally authorized \$1 million in bond sales. Some years ago, the Legislature increased that to \$3 million. However, in 2008, after the beginning of the recession, we lay fallow for about 3 years. We gave zero because there was no bonding capacity from the state. The Legislature then authorized \$1 million, and we have been running at \$1 million for two years. We would love to get back to \$3 million, but the bonding capacity for the state is something the Office of the Governor and the Office of the State Treasurer has to determine. The Department of Conservation and Natural Resources received \$3 million last year. I believe \$1 million went to conservation at Lake Tahoe, \$1 million went to land conservancy, and \$1 million went to this fund. We are running considerably lower than what the state's needs are so we try to stretch those dollars as much as we can.

I will give you some history. This Legislature used to see 10, 20, or 30 bills each session asking to fund various projects around the state. The Legislature created this Commission so that there would be an appropriately managed source for these applicants to go to in a competitive environment for

open grants so that we did not have to ask you elected officials to decide who was going to get money for which projects. It has worked very effectively. We wish we could get back to \$3 million.

There are a lot of needs in the state. We are preserving buildings. With limited dollars, we try to focus on projects that will at least fix a roof or save a wall so that when we get more money, we can go further. Part of our charge is tourism and community centers. These projects, for the most part, are not only to reconstruct these buildings, but also to provide communities with a meeting place, as we did in Jarbidge. We did Oats Park Grammar School in Fallon and the Fourth Ward School in Virginia City. These buildings are actually in use. We have some that are clearly things you cannot touch; you can only view. The majority of these projects meet that goal of giving to the community a new meeting hall or theater using some of our older, historical buildings.

Assemblyman Stewart:

I think your Commission is one of the more effective Commissions in allocating money and doing great work. Thank you.

Chairman Ellison:

Is anyone wishing to testify in favor of S.B. 27 (R1)? [There was no one.]
Is anyone wishing to testify in opposition to the bill? [There was no one.]
Is there anyone wishing to testify as neutral to the bill? [There was no one.]
Do you have any closing comments?

Rebecca Palmer:

Mr. Chairman and members of the Committee, I appreciate the opportunity to bring this bill to your attention. Indeed, this is a worthy project. I am somewhat biased, but I would still believe in it regardless. If you are at all interested in the 90 separate projects that have been funded with the Commission for Cultural Affairs, you can find a list of those on our website.

Chairman Ellison:

We will now close the hearing on S.B. 27 (R1) and open the hearing for Senate Bill 30 (1st Reprint).

Senate Bill 30 (1st Reprint): Authorizes an elected county officer to elect not to receive longevity pay. (BDR 20-468)

Jeff Fontaine, Executive Director, Nevada Association of Counties:

Thank you for allowing us to present Senate Bill 30 (1st Reprint). The bill would allow an elected county official who is entitled to receive longevity pay to elect not to receive that longevity pay for a fiscal year. This includes all of the

elected county officials, such as the district attorneys, sheriffs, clerks, assessors, coroners, treasurers, public administrators in Washoe County and Clark County, and the commissioners on the boards of county commissions.

Some counties have eliminated longevity pay for their employees either as a matter of policy or as a cost-saving measure. *Nevada Revised Statutes* (NRS) 245.044 entitles elected county officials to receive longevity pay, this bill would simply clarify that any elected county official could forego all or a portion of any earned longevity pay for that particular year. That concludes my remarks and I would be happy to answer any questions.

Chairman Ellison:

This is an enabling bill for the counties that want to participate. I think the last time those individuals received a raise was about seven years ago. Is that correct?

Jeff Fontaine:

The last elected county official salary bill was enacted in 2007. I think it went forward four years and ended in 2011. There is another county official salary bill that just passed out of the Senate. This particular bill would be enabling for any elected county official who is entitled to receive longevity pay.

Chairman Ellison:

Thank you. Are there any questions from the Committee?

Assemblywoman Neal:

What is the public purpose we are trying to achieve? I know it is enabling.

Jeff Fontaine:

It is enabling. There are counties that have eliminated longevity pay for their employees. There are also counties that are still experiencing fiscal distress. Therefore, it was felt by the Nevada Association of Counties (NACO) Board that it was important for the those counties and their individual elected officials to decide whether or not they should receive their longevity pay. I think there is a bigger issue about whether or not longevity pay is really the best way to compensate employees. I think more employers are moving toward pay for performance and those kinds of things. As long as longevity pay is in the statute and elected county officials are entitled to receive it, it was felt that each individual elected county official should make that decision.

Assemblywoman Neal:

It is a solidarity issue with employees who had to give up their longevity pay.

Jeff Fontaine:

In some way you could say that is the case.

Chairman Ellison:

Are there any other questions from the Committee?

Assemblyman Carrillo:

Longevity pay is currently in statute, is that correct?

Jeff Fontaine:

That is correct.

Assemblyman Carrillo:

Is this bill going to discourage elected county officials from taking their longevity pay? As elected officials, if they decided to not receive their longevity pay, could it be used as a campaign ploy? They could say that one person did accept longevity pay. I am concerned this could set a precedent for people in the process of being elected or re-elected.

Jeff Fontaine:

That issue was discussed by the NACO Board and there were representatives from the elected county officials organizations involved in that discussion. I suppose that possibility exists. I think it depends on the individual elected county official and the counties served. For counties where there are some fiscal concerns and that individual decides to take the longevity pay, I suppose that could be a campaign issue. Again, it was fully vetted and discussed, and the Board decided to move forward with this bill.

Assemblyman Carrillo:

Why does this not just say we are going to do away with longevity pay instead of making it enabling so that they may refuse it?

Jeff Fontaine:

That was also discussed. It was decided that we have 17 counties that are all different. We have some counties that believe it is important to continue to have longevity pay, and they can afford to do that. In other counties that is not the case.

Chairman Ellison:

Is there any other discussion? [There was none.] Is anyone wishing to testify in favor of S.B. 30 (R1)?

Robert Roshak, Executive Director, Nevada Sheriffs' and Chiefs' Association:

I would just like to state that the Nevada Sheriffs' and Chiefs' Association is in support of this bill. There are a few sheriffs that will not be taking raises; they have expressed that. In some of the other counties, as Mr. Fontaine said, it would be affordable, and they will take their longevity pay. We do have a mix with regard to what they will and will not do.

Chairman Ellison:

I agree. I have talked to several different sheriffs. They like the option to say thank you, but right now I do not need it because salaries have gone down. It is always good to have that option.

Tammi Davis, Treasurer, Washoe County, and representing the Association of County Treasurers:

We recognize as elected officials that when our counties are having financial difficulties, it is important that we step up and be a part of the means to address that. We believe that S.B. 30 (R1) gives us another tool to do that. I can tell you that during the recession, there were treasurers who took cuts to match what the staff was taking. This would just provide us another way to do that. We are in support.

Chairman Ellison:

Thank you. Are there any questions from the Committee? [There were none.] Does anyone wish to testify in opposition to the bill? [There was no one.] Does anyone wish to testify as neutral to the bill? [There was no one.] Mr. Fontaine, please provide closing comments.

Jeff Fontaine:

I do not have anything else to add. This bill is enabling; it leaves the decision up to each elected county official. That decision depends on the county and individual circumstances.

Chairman Ellison:

We will now close the hearing on S.B. 30 (R1). Is anyone here for public comment? [There was no one.] This meeting of the Assembly Committee on Government Affairs is now adjourned [at 9:09 a.m.].

RESPECTFULLY SUBMITTED:

Aubrie Bates
Committee Secretary

APPROVED BY:

Assemblyman John Ellison, Chairman

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Government Affairs

Date: April 14, 2015

Time of Meeting: 8:31 a.m.

| Bill | Exhibit | Witness / Agency | Description |
|-------------|----------------|--|------------------------|
| | A | | Agenda |
| | B | | Attendance Roster |
| S.B. 27 | C | Rebecca Palmer, Department of Conservation and Natural Resources | Prepared Testimony |
| S.B. 27 | D | Rebecca Palmer, Department of Conservation and Natural Resources | Background Information |