

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

**Seventy-Eighth Session
April 27, 2015**

The Committee on Government Affairs was called to order by Chairman John Ellison at 9:04 a.m. on Monday, April 27, 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
Assemblyman Jim Wheeler
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
Norma Mallett, Committee Assistant

OTHERS PRESENT:

Samuel P. McMullen, representing Nevada Bankers Association
Reginald L. Truman, Regional Director, Promontory Interfinancial Network, LLC
Michael B. Hix, Senior Vice President, Professional and Executive Banking Manager, First Independent Bank
Daniel P. Dykes, Vice President, Government Banking, Nevada State Bank
Jeff Fontaine, Executive Director, Nevada Association of Counties
Mark B. Jackson, District Attorney, Douglas County, and President, Nevada District Attorneys Association
Robert Roshak, Executive Director, Nevada Sheriffs' and Chiefs' Association
Tom Collins, Commissioner, Board of Commissioners, Clark County
Tammi Davis, Treasurer, Washoe County
Lawrence R. Burtness, Recorder, Washoe County
David A. Dawley, Assessor, Assessor's Office, Carson City
Eric Spratley, Lieutenant, Washoe County Sheriff's Office
Ronald P. Dreher, Government Affairs Director, Peace Officers Research Association of Nevada

Chairman Ellison:

[Roll was called. Committee rules and protocol were explained.] We are going to hear two bills today. I will open the hearing on Senate Bill 448.

Senate Bill 448: Revises provisions governing the deposit of certain public money in insured institutions. (BDR 31-1141)

Samuel P. McMullen, representing Nevada Bankers Association:

Senate Bill 448 is less technical. It is a simple bill. It allows local governments and the Office of the State Treasurer the discretion to spread their deposits across a number of Nevada banks. It has some win-win aspects to it. It allows all banks in the state to participate in the opportunities of these programs, and there is no cost involved.

Reginald L. Truman, Regional Director, Promontory Interfinancial Network, LLC:

I reside in Henderson. I am here today to testify in support of S.B. 448. I will give a backdrop on how we came to this point with this bill, the functions of our organization, and the context in terms of who we work with throughout the country and here in Nevada.

About 3,000 financial institutions are members of the Promontory Interfinancial Network. More than 40 percent of all the banks in the country belong to it, including 9 of the 18 banks chartered in Nevada: Wells Fargo Financial National Bank, Nevada State Bank, Farm Bureau Bank FSB, Heritage Bank of Nevada, Meadows Bank, First Security Bank of Nevada, Town & Country Bank, Bank of George, and Valley Bank of Nevada. [Continued to read from prepared text ([Exhibit C](#)).]

Michael B. Hix, Senior Vice President, Professional and Executive Banking Manager, First Independent Bank:

I work for First Independent Bank out of the Reno area. In addition to five branches in the Reno and Sparks area, we also have a branch in Fallon and a branch in Carson City. First Independent Bank is a division of Western Alliance Bank. I have worked in the banking industry in northern Nevada for almost 35 years, serving the lending and deposit needs of both small and large customers in our area. I have personally experienced the benefits of the Certificate of Deposit Account Registry Service (CDARS) program. [Continued to read from prepared text ([Exhibit D](#)).]

Daniel P. Dykes, Vice President, Government Banking, Nevada State Bank:

I represent Nevada State Bank to Nevada's state and local government agencies. I have worked in the banking industry in Nevada for the past 39 years and have spent nearly 30 of those years interacting as a banker with many of Nevada's cities, counties, and also the Office of the State Treasurer. [Continued to read from prepared text ([Exhibit E](#)).]

Assemblyman Wheeler:

Under the new system you are trying to put into law, how much of the money would actually go out of state instead of being kept in Nevada? I know right now somewhere in the law it says that most of the money must stay in Nevada banks.

Reginald Truman:

That is a good question. The answer is zero. The funds are managed by the local Nevada banks. There is a reciprocal transaction, which means that if money goes out for Federal Deposit Insurance Corporation (FDIC) insurance and sharing of charters by other banks, \$750,000 comes back. It is dollar for dollar.

Samuel McMullen:

This is a whole system. It is an evaluated network of financial institutions that are extremely reliable on all the features they have talked about. The other thing that they will do and they have to commit to is they will actually reciprocally deposit actual funds. The money moves out for purposes of FDIC protection, but money moves right back in for the Nevada bank to utilize.

Reginald Truman:

I would like to add one point: Because of a feature in current banking regulations, it is a net settlement transaction; so the money technically never leaves. It settles net and the funds are then managed by the bank in which they were placed.

Chairman Ellison:

One of the good things about this bill is when you put all of your eggs in one basket, you never know what tomorrow is going to bring; so at least you are financially protected by FDIC by spreading deposits out.

Assemblyman Stewart:

If we pass this bill, which passed the Senate 21 to 0, the local smaller Nevada banks and local governments within the state will be benefitted, and there will be more money to lend out to the local communities, correct?

Samuel McMullen:

That is a great summary of the bill. It is discretionary to the local governments, so they can make the decision if it works for them and if it is the appropriate way they want to handle it.

Assemblyman Stewart:

How many states has this been tried in?

Reginald Truman:

About 45 states, for this particular feature. For the time deposit, it is 49 states where laws or administrative policy have been set in place to permit this. One other point that is important to recognize is there is no transaction fee to the public entity for utilizing this service.

Assemblyman Stewart:

This has been successful in approximately 45 states which are now in the twenty-first century of banking. Are the other 5 states in the twentieth century of banking?

Reginald Truman:

That is an interesting observation. There are bills in progress in most of the remaining states as well; it just has not yet been accomplished.

Assemblyman Stewart:

Has this system been successful in the other 45 states?

Reginald Truman:

Yes, sir.

Assemblywoman Spiegel:

Section 6, subsection 2, basically says that all of these transactions, both what is going on currently with placing money and with this new program, have to be done with the unanimous consent of the bondsmen. Has there ever been an issue with that? It is making me wonder why there would need to be unanimous consent if you are moving money because there is so much there and there is not FDIC protection.

Daniel Dykes:

To my knowledge that language was in statute to start with, and it was a requirement if the local government agency was going to move the money out of state.

Samuel McMullen:

Page 5, line 9 has the same requirement because of the chapter of the *Nevada Revised Statutes* (NRS) it is in. We do not have the full picture in these bills. It may be in some way applicable criteria if they need it, but they may not need it.

Assemblywoman Neal:

When you started the testimony, you discussed an amendment and that threw me off. Are we dealing with the bill that passed out of the Senate or the amendment that you tried to incorporate in the Senate?

Samuel McMullen:

I did not talk about an amendment today because there is no need for one as discussed in the Senate. There was a concern that there might have been double costs under what we proposed. I want to commend the Office of the State Treasurer, Alvin Kramer, and Tara Hagan for working with us. They did a lot of extra research and figured out that was not the case and the amendment we proposed in the Senate was no longer necessary, so we withdrew it. That is why it is not in front of you today.

Assemblywoman Neal:

I was reading your summary explanation ([Exhibit F](#)) of the bill. Does that still apply?

Samuel McMullen:

All of that still applies.

Assemblywoman Neal:

Page 3, lines 43 through 45 say, "Arrange for the redeposit of any money under the control of the State Treasurer that exceeds the limits of insurance provided by an instrumentality...." What is the instrumentality? In your summary explanation ([Exhibit F](#)), you listed certificates of deposit (CD) and money market funds (MMF), so I want to be clear that is what we are talking about because the summary explanation said that this was an extension or an expansion upon existing instrumentalities and that you wanted to get into CDs and MMFs, correct?

Samuel McMullen:

That is correct. In a sense, what these multiple provisions do is just authorize utilization of those other depository techniques or opportunities. It is discretionary.

Assemblywoman Neal:

The summary explanation ([Exhibit F](#)) says that you want to be able to increase the withdrawals to six in certain situations. What is the current baseline for the withdrawal and why the need for increasing it?

Reginald Truman:

The regulations that govern money market accounts set the limitation on the number of withdrawals that can be made in a money market account. It has nothing to do with the bill. It is already set by bank regulators as to the number of withdrawals that can be made in a month for a money market account, and the limit is six. For the demand deposit account (DDA) there are no limitations with respect to the number of transactions on either the deposits or withdrawals.

Samuel McMullen:

If in fact a local treasurer wanted to have more flexibility in terms of withdrawals of money, however they wanted to use it assuming they use this program, then they might get that flexibility if they put it in a money market account. This would allow them to choose a different vehicle and authorize it. That way they would have more flexibility as they need it. This is to create

opportunities on both sides with very little cost and very little additional collateral requirements.

Assemblywoman Neal:

The United States Securities and Exchange Commission imparted a final rule ([Exhibit G](#)) in October 2014 on money market transactions, and there was a lot of analysis on when the Certificate of Deposit Account Registry Service (CDARS) should be used and their relationship to CDs.

The thing that I thought was interesting was a comment made in a September 2009 letter ([Exhibit H](#)) from Promontory Interfinancial Network that says, "MMFs have historically purchased large denomination CDs (exceeding \$1 million) issued by large, highly rated banks." The discussion is to take it from the credit unions and move it outside to potentially have larger banks participate. It goes on to say, "These CDs are typically negotiable, and various broker-dealers make a market in these CDs. FDIC insurance would apply to only a small portion of the principal amount of these CDs." Even though \$250,000 is actually what we want to achieve, you have to spread it out and get your \$250,000 in insurance through multiple entities and reach a threshold. For example, let us say you are going to invest \$10 million, you would have to invest in 40 other banks in order to get your \$250,000 and FDIC insurance coverage. It said that you could run into a situation where a portion would not be covered because you need to pay attention to how much cash is being swept under the insured cash sweep (ICS). That means that the treasurer has to act as a super monitor to make sure the sweep happens at \$285,000 and that the \$35,000 that is then swept is monitored. Then make sure the \$35,000 is covered somewhere because while that \$35,000 is being swept, it is not covered under FDIC insurance. This is the first issue that came to my mind when we talk about sweeps, which was the ability to monitor the sweep at that level because in the bill it says you shall move if the money goes over \$250,000. Yes, you have the mandated language, but who is responsible for the monitoring? I know you have the State Board of Finance, but walk me through the experience of monitoring sweeps when you are getting ready to spread the money out over several banks outside of Nevada.

Reginald Truman:

We have been working with over 3,000 banks nationally and providing this sweep service to about 1,500 of those banks. The sweep process and the establishment of what are called pay balances are done by the customer through the bank. The sweep process itself is an overnight transaction, and while it is being transacted it is insured, to my knowledge. I appreciate your question, but the way in which these transactions are monitored to ensure that the FDIC insurance levels are not pierced is built into the system and is

monitored by taxpayer identification number to make sure that all funds that are transacted are FDIC insured.

Assemblywoman Neal:

Do you work for Promontory Interfinancial Network?

Reginald Truman:

Yes.

Assemblywoman Neal:

Here is one of the comments that was presented by your company in a letter ([Exhibit H](#)) when the United States Securities and Exchange Commission made their final rule, "investments in FDIC-insured CDs may be considered illiquid because they are likely to have maturities that are longer than seven days and cannot be sold or disposed of at their amortized cost because of early withdrawal penalties and the absence of a secondary market for these CDs." Why are we trying to expand our instrumentality into CDs?

Reginald Truman:

We are already using CDs for government deposits from states, counties, and entities all over the country. The nature of this bill is to expand it into money market accounts and DDAs. The issues that you are raising are not necessarily applicable to transaction accounts. The liquidity is already established because they are money market accounts and DDAs.

Assemblywoman Neal:

There is no issue with the shadow portfolio and other things that are still a part of the MMF that are not readily on the table?

Reginald Truman:

I do not understand what you mean.

Assemblywoman Neal:

We can talk offline. I have a September 2009 letter ([Exhibit H](#)) from Promontory Interfinancial Network that was a full statement about some issues and clarifications on things to be careful of.

Daniel Dykes:

One of the comments in the September 2009 letter ([Exhibit H](#)) from Promontory Interfinancial Network was the illiquid nature of CDs and that is a true factor, but they measure the same. A CD that you buy at a local bank here in Nevada that is under \$250,000 has the same illiquid nature of a CD that you would buy

through the network in another bank. They do have a liquidity issue, but they are all the same. Using this particular service does not change that.

Chairman Ellison:

I do not see any more questions. Those in favor of the bill please come forward. [There was no one.] Is anyone opposed? [There was no one.] Is anyone neutral? [There was no one.] Mr. McMullen, do you have any closing statements?

Samuel McMullen:

Thank you and we would appreciate your support.

Chairman Ellison:

I will close the hearing on S.B. 448 and open the hearing on Senate Bill 482.

**Senate Bill 482: Makes various changes relating to elected county officers.
(BDR 20-1117)**

Jeff Fontaine, Executive Director, Nevada Association of Counties:

Article 4, Section 32 of the *Nevada Constitution* gives the Legislature the power to set compensation for elected county officials. The Nevada Association of Counties (NACO) has typically coordinated the request of various associations representing elected county officials for all 17 counties. The last elected county officials' salary bill, Senate Bill No. 516 of the 74th Session, included increases for elected county officials through fiscal year 2010-2011. Senate Bill 482 increases the salaries for all elected county officials by 3 percent for each of the next 4 years, with the provision that any individual county elected official may choose not to receive a portion or all of the salary to which he is entitled. The bill deals with county funds only. There is no state money involved.

Assemblywoman Spiegel:

Do you know what the average staff salary increases are in the counties for each of these fiscal years?

Jeff Fontaine:

I do not have the answer to that question. I know that in the last couple of years it has varied. Some counties have given salary increases in the neighborhood of about 2 to 4 percent, so this would be about average. I have looked at some of those contracts, but there are literally dozens of contracts, and in each county there are multiple bargaining units. I can collect as much information as possible and try to give you an analysis of that.

Chairman Ellison:

This is an enabling bill. It is not mandatory, correct?

Jeff Fontaine:

This entitles elected county officials to receive the salary increase, but it does provide for an opt-out provision.

Assemblyman Moore:

We are asking for a potential increase in salary over the next 4 years; 3 percent each year for a total of 12 percent, correct?

Jeff Fontaine:

That is correct. Three percent for each of the four years.

Assemblyman Wheeler:

Is it true that most county officials either froze their own pay or decided not to take increases during the downturn in the economy? Some even actually took decreases in pay during this time, correct?

Jeff Fontaine:

That is true. Some elected county officials did decide to not take salary increases to which they were entitled and others reduced their compensation through reduction of benefits, et cetera.

Assemblywoman Neal:

What is the connection between this bill and the longevity pay bill, Senate Bill 30? What are we doing? Senate Bill 30 was a political football because you are damned if you do and damned if you do not. This bill, Senate Bill 482, is about salary; so if it becomes law the elected county officials can actually not take their salary increase. If they take the salary increase, it looks like they are not trying to serve the public interest. What are we really trying to do with this bill? What is the end game?

Jeff Fontaine:

Senate Bill 30 is the longevity bill, and we have this bill, Senate Bill 482. They entitle elected county officials to receive longevity pay and receive an increase in salary, primarily a cost of living allowance (COLA) increase. Both bills are consistent in providing for the ability to opt out of receiving those increases whether it is longevity or the increase in salary.

Assemblywoman Neal:

Section 1, subsection 4, says, "Any elected officer or county commissioner who is entitled to a salary pursuant to subsection 2 or 3 may elect not to

receive any part of the salary to which he or she is entitled pursuant to subsection 2 or 3...." Is it the increase or the salary?

Jeff Fontaine:

It is actually pertaining to the salary, not just the increase.

Chairman Ellison:

Those who are in favor and would like to testify for the bill please come forward.

Mark B. Jackson, District Attorney, Douglas County, and President, Nevada District Attorneys Association:

We are in support of this bill. As with all of the counties that experienced the recession, Douglas County, as part of the budget reduction strategy, took a 5 percent pay cut. Working with our particular unions, all of the county commissioners, all the elected officials, and I, except for one, voluntarily took the 5 percent pay cut in the first year. The following year it went to 4 percent. The one elected official that did not voluntarily take the pay cut is no longer an elected official in Douglas County.

I do agree with Assemblywoman Neal's viewpoint on the bill in the way it reads. If there were a 3 percent increase in salary, it would allow me, as an elected official, to take a 5 percent pay cut.

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

We are in support of the bill.

Tom Collins, Commissioner, Board of Commissioners, Clark County:

Mr. Chairman, I am so glad that you used to be a county commissioner because you will understand this well. I have to compliment every one of you for the sacrifices you make at your pay grade here as a legislator. I was an Assemblyman for four regular sessions, and it used to cost me \$40,000 to \$50,000 a year to leave my company and replace my job to be here in Carson City for a few months. I started before the 120-day limit, but it is still quite a sacrifice.

In the 72nd Session, the Assembly Committee on Government Affairs was asked to increase the elected county officials' salary by approximately 54 percent. I went out to the local employee groups, and found out that their average over the previous 8 years up until 2003 had been about a 26.5 percent increase, and that is where we set ours at that time. That is back when the Legislature, for many years, gave an increase every six years to judges and elected county officials. Then in 2003, it was stretched to 8 years. In the

74th Session, Assemblywoman Kirkpatrick decided to spread it out over 4 years.

Clark County, like many other counties, had salary freezes. I do not want to tell you why because some of them are more political than practical. This increase is definitely overdue. Local elected county officials are at the mercy of the Legislature. The job requirements in the counties vary tremendously. Some of the clerks, treasurers, and district attorneys are so short on staff that they definitely need an increase to get someone to run for the office. The Legislature regulates so many industries. In Clark County, as a county commissioner I represent about 300,000 people. My district goes from U.S. Route 95 all the way to Mesquite, so I hit the Arizona and Lincoln County borders. I cover a lot of things. Just Nellis Air Force Base is \$5 billion a year in revenue to the community. You have probably already been told that 47 percent of the state's revenue comes from between Sahara Avenue and Russell Road. Many of those employees still had their step increases like an apprenticeship, and others had COLAs when they were approved by the collective bargaining agreements.

Assemblywoman Neal, you made some very good points in this hearing. If it were up to me, any county commissioner that voted or supported taking longevity away from employees should lose their longevity, straight across. I proposed to NACO to eliminate longevity for new county commissioners in the future so that only those who are in office today would be entitled. It did not go very far.

The increases are fitting with some of the contracts that have been approved lately. The Las Vegas Convention and Visitors Authority got 2 and 3 percent raises, and there were some other increases at the Regional Transportation Commission and others. This is very much in line. Clark County runs a huge airport with about 42 million tourists per year, and the Las Vegas Convention and Visitors Authority deals with the people who travel and bring in the revenue. There is a lot of responsibility. I sit on the Las Vegas Convention and Visitors Authority Board, and I sit next to people who are making several million dollars per year, and they make the same decisions about tourism. We are all in the same boat.

We have city district attorneys that are making more money than a county district attorney that has ten times the responsibility. Cities deal with misdemeanor crimes and low-violence crimes. Counties deal with gross misdemeanors and felonies, they build and run the courts and the jails, they have the responsibility of hundreds of district attorneys and public defenders, et cetera. The responsibility for the district attorneys is tremendous. Look at

the budgets of Washoe County or Clark County and the amount of work their treasurers and assessors have to do.

Tammi Davis, Treasurer, Washoe County:

I am here on behalf of the Association of County Treasurers of Nevada, and we are in support of this bill.

Lawrence R. Burtness, Recorder, Washoe County:

I serve as the President of the County Fiscal Officers Association (CFOA) of the State of Nevada, and I am speaking on behalf of them. The CFOA comprises the county clerks, county recorders, and county treasurers. We are in support of the bill.

David A. Dawley, Assessor, Assessor's Office, Carson City:

I am representing the Nevada Assessors Association, and I cannot add anything else to what has already been said. We are in full support of this bill.

Chairman Ellison:

Does the Committee have any questions? [There were none.]

Eric Spratley, Lieutenant, Washoe County Sheriff's Office:

I am representing Sheriff Chuck Allen. We appreciate your support on the bill because we support it as well.

Chairman Ellison:

I do not see anyone else in favor of the bill, so we will move to opposition. Is anyone opposed to the bill?

Ronald P. Dreher, Government Affairs Director, Peace Officers Research Association of Nevada:

We are in opposition to Senate Bill 482 for a number of reasons. In the 74th Session, I got up in front of the committees at the Legislature and talked about the disparities and lack of progressive COLAs for elected officials, but if you notice in Senate Bill 482, the bill starts in about 2007 and goes to 2011. Elected officials were guaranteed a pay raise during the period of time when everyone else was going to the negotiations tables and providing concessions. The employees gave and gave and gave during those periods of time and when the local governments came to us asking for concessions, we gave them.

For 31 years, I have negotiated collective bargaining agreements in this state. What is unique about Senate Bill 482 and how it is being presented is it is going to be a guaranteed pay raise, a COLA of 3 percent for the next 4 years. I can tell you over the past several years during this concession period when the

discussions of money were brought up at the table, they were answered with this bill, and we brought this bill up specifically. The elected county officials will say that the Legislators made them do it, so they had no choice but to do it.

It is state-mandated. The first page of the bill says, "Contains unfunded mandate, (Not requested by affected local government)," and yet the local government that got up here and requested the bill was NACO. I am not understanding how the local government did not come up and support this bill when I have heard that this bill has been supported by North Las Vegas, the district attorneys, the Nevada Sheriffs' and Chiefs' Association, the Washoe County Treasurer, the clerks, the Washoe County Sheriff's Office, et cetera.

Everyone in this building knows that the state employees have not received increases. No one has received increases over these years. Some of you on this Committee have sponsored legislation that will take away collective bargaining rights, or at least restrict them.

Some of the bills like Assembly Bill 249 talk about financial sustainability, and we have listened to these arguments for the past several weeks and yet this bill automatically grants a 3 percent COLA for the next 4 years, which goes well beyond the financial sustainability of this body. I think it is important that the Committee understand that I would get up here in a heartbeat and support this bill if the same provisions and standards were applied to not only the employees of the state, but the local governments as well. Everyone in this room and those mentioned in this bill are deserving of this.

Last session the Local Government Employee-Management Relations Board came in front of the committees and asked for more per diem per day. We did the same with this bill. We said we would be in support of that bill if the same were given to everyone else. I would be up here on behalf of all the law enforcement associations I represent, the employees of the state, the other bodies, our coalition of public employees who got together and supported this legislation, but look what you are doing by doing this. You are going outside. It is kind of being contradictory to the other bills we have heard and testified to in this Committee.

You are saying you need financial sustainability on one part, but we do not even know what the budgets are for four years in the past and you are going to mandate that local governments do this? Even though they can opt out, I do not know if they would. I heard what Mr. Jackson said, and I appreciate what Douglas County did because there are some counties that did do exactly what the rest of the employees in this state did, and there are others that did not do

anything. I can assure you of this: There are very few employees, if any, who got a 2 to 4 percent pay raise over the periods of time we are talking about.

I think that this Committee needs to recognize the fact that Senate Bill 482 is an unfunded mandate to local governments. They are going to be used against the employees in this state and the local government employees when we go to the negotiations table. They are going to throw it back on the Legislature and say that you made them do it. I looked at who voted for this in the Senate, and it passed 21 to 0. I think that it is important to note that all of us were over here at the Assembly trying to defend the other bills that were coming out against local governments. This bill breezed through the Senate. Had I been aware of it, I would have gotten up in the Senate and said the same thing. I ask that you look at the fact that no one received raises during the bad times. There were very few who did.

There are a lot of good reasons to support this bill in economic good times, but how can anyone on this Committee predict the future any more than we can with the other bills that we have heard? In collective bargaining if we reach this point, the first thing you are going to say to us is "show us the money." If the money is present, we can go there and do that. We can go to arbitration, and we can go to last best offer, which is how I see this. When I was listening to the testimony, I was thinking this is kind of like last best offer because the individuals who came up and testified in support of this bill do what we do at the negotiations table. I like this process because it is transparent and you all heard the arguments for the bill, but I also know that there is no middle ground. The last best offer is winner take all. I have not heard they would take 2 or 1 percent. If you vote for this bill, you give them 3 percent. I urge you not to support this bill until the economy improves.

Chairman Ellison:

I appreciate your testimony. Are you with the Peace Officers Research Association of Nevada?

Ronald Dreher:

That is correct.

Chairman Ellison:

I want you to give me a list of every bill you are talking about where this Committee or the Assembly has made direct attacks against bargaining units.

Ronald Dreher:

I will.

Chairman Ellison:

You are saying in the last seven years the bargaining units never had a raise?

Ronald Dreher:

That is not what I am saying. I heard testimony that bargaining units got 2 to 4 percent increases, and that is not accurate. There have been some bargaining groups that have received increases over these years, but not 2 to 4 percent that I am aware of. The only ones that I know of in the state of Nevada right now that just recently received a 3 percent COLA are Carson City, the Deputy Sheriff's Association, and the Sheriff's Supervisory Association. I do not believe they are in effect yet, but they are coming. I know that because I negotiated them.

Chairman Ellison:

We are looking back seven years, is that correct?

Ronald Dreher:

Yes, that is correct.

Chairman Ellison:

In seven years most of these bargaining units have been stepped over, correct?

Ronald Dreher:

That is correct.

Chairman Ellison:

I would like to get the numbers because I do not believe that is true. I think they have had a COLA every year, or at least every other year. I want to check on that. I am looking at the salaries on this list ([Exhibit I](#)). They are salaries for district attorneys, assistant district attorneys, treasurers, et cetera. There are elected officials throughout the state that are making less than half of what one sergeant makes. I do not have disrespect for anyone who makes a good honest wage. If we are going to put on the record that the bargaining units have not been given a raise in seven years, I want to make sure that is correct. This list shows that a police officer makes \$387,808 and it goes on. I would like to get these numbers before we move this bill out. I would like to know what salaries have been given to what units. This is not about union or nonunion; it is about what is right. I just want to see what is right and what is wrong.

Ronald Dreher:

I do not know what list you are referring to. Is that Transparent Nevada?

Chairman Ellison:

I know the elected county officials have to come here to the Legislature and ask for increases. I know in the rural areas they have been passed over and over, but I do not ever remember any of our bargaining units passed over for a COLA. I want to make sure and see if that is the case. We need to look at everything. I think we can get together and go over this.

Ronald Dreher:

What you are saying could be accurate to a degree. Maybe people did get something, but this bill guarantees the increase. No one has to come back to the Legislature. This is what has been thrown in our faces at the table. The state made it so we have to give them 3 percent. We go back to the bargaining table and we have to do fact-finding, and we show where the dollars are. The local governments and counties come back and say there is no money. We have had this discussion before.

The fact of the matter is that Senate Bill 482 and Senate Bill No. 516 of the 74th Session guarantee increases. If you look at the sections of Senate Bill 482, you will see that each county in this state is guaranteed wages. There is no coming back to the Legislature to say there is an economic downturn and the increase should not be taken. The money has been provided for the elected county officials that are listed in the bill. No one is arguing that it is not a great thing to do. I would be in support of this bill if economic downturns did not show something differently, but it showed just the opposite. I guess we could go to the table and say that we want a guaranteed pay raise for ten years, but you would wonder where the financial sustainability is. How do we know where we are going to be ten years from now?

I heard that the head of the Nevada Sheriffs' and Chiefs' Association came to this room and testified in support of Assembly Bill 280. Assembly Bill 280 hurts collective bargaining, yet the Nevada Sheriffs' and Chiefs' Association got up today and supported a raise for the sheriffs and chiefs for the next four years. I see that as being hypocritical and contrary to what we are talking about right now. I have to tell you the state employees have suffered more than all of us, but they all gave. They gave because they were forced to give, and the rest of us gave out of concessions. Everybody in the building probably took losses during the last several years. This bill guarantees something that is unheard of: go into the future 4 years, 2 more legislative sessions. At the bargaining table they will say sorry, but the state made them do it. That is just the way it is, and we have to deal with it.

Chairman Ellison:

I am looking at the bill and at the salary for a district attorney, assessor, recorder, and treasurer. The district attorney makes about \$118,000. There is not a person on this list ([Exhibit I](#)) that makes under \$160,000.

Ronald Dreher:

I believe if the list you are referring to is Transparent Nevada, a lot of those figures show cash-outs and buyouts. They are not yearly wages. They come fixed with all kinds of other variables that we have already looked at.

Chairman Ellison:

I will give you a copy of the list. It shows overtime and salary. It goes into good detail. It is a state list. They are professionals. The sheriff makes anywhere from \$80,000 to \$90,000, and with the state a sergeant is making \$370,000.

Ronald Dreher:

I share your interest because I, like you, look at comparables when we do collective bargaining, and we make those same arguments to the local governments and counties and a lot of time they come back and say, it may be true but it is too bad. They are professionals too. Law enforcement goes through all kinds of training as well as our district attorneys and educators. I cannot argue with the figures because I have not seen them. I do not want to argue because I will present the side that breaks those issues down to where it makes more sense, because I am not aware of anyone that makes \$387,000 per year.

Chairman Ellison:

I think we need to sit down and talk to work this out.

Assemblyman Wheeler:

You just said that you negotiated a contract with Carson City where there is going to be a 3 percent raise; good for you. I guess what you are saying is since some of the elected officials who took the same cuts that some of your people took—and by the way thank you for that—since you do not think they should get a COLA raise, when you come to Douglas County or Storey County to negotiate a new contract, you are not going to ask for any more money, and I wanted to thank you for that. If they do not get any, why should you?

Ronald Dreher:

I do not believe I testified to that. I stated that this gives guaranteed raises for the elected county officials. We do go to the table as we have when the economic downturn started and went back to the provisions. I do not negotiate

for Douglas County, but I can tell you that their deputies are members of the Peace Officers Research Association of Nevada. If I were negotiating for them, I would request a COLA. What this bill does is start at 3 percent right off the bat. That is what the Legislature mandated to give to all of the elected county officials. It should be negotiations with a starting point if that is the intent. I need to rebut what you said. We do go back and ask for COLA increases for everyone, and they are 1.7 percent under the new standards that are put out by the U.S. Department of Labor. We know that those are not accurate figures, but it is those types of situations that we do go to the table for. Just like everyone who testified this morning talked about using comparables and issues like those that you are all talking about, that is what we do at the negotiations table in an effort to try to make sure everyone is on an even playing field. Every one of you deserves the same raise, and none of you have received raises for years and years. It is much overdue. This bill throws it back to individuals like me who have to go out and collectively bargain for local governments. Let us level the playing field. We are going to come in and ask for COLAs. I would be here supporting Senate Bill 482 if I did not just conclude a number of negotiations around the state where this is unheard of with the exception of Carson City.

[Assemblyman Moore assumed the Chair.]

Assemblyman Wheeler:

It is fine for your people to get a raise, but it is not fine for the people we elected to get a raise? I just want to make sure I am getting this correct. You wonder why there are three bills to rein in collective bargaining.

Ronald Dreher:

I do not believe I stated that. I have no problem with those individuals getting raises during the economic good times, but as you know, there are bills in this Committee that say financial sustainability, and they go out as much as a couple of years and then they end by adding ending fund balances. That seems to be overlooked in this bill. All of the testimony that we have heard and the other previous bills have kind of gone out the window. This bill says we can predict in four years that there is going to be sufficient county money to pay the salaries. We are not talking a lot of money, but you take that and use comparables like we will do at the negotiations table. I represent the Washoe County Public Attorneys Association, and we have made the same arguments at the table, and the fact of the matter is they are elected officials; they are great elected officials. I cannot demean any of them because I work with a lot of them in this state, and I support everybody that is listed in this bill. I am just saying quid pro quo. We are not going to ask for them to have any

less or any more than anyone else does, but we have heard nothing about the economy improving, so why not do the same for everyone?

Assemblyman Carrillo:

We have different pay rates for different individuals and an astronomical amount of pay that some individuals have received. Are most of these officers under a collective bargaining agreement? You mentioned retirement and buying years, so I do not know if that is incorporated into these amounts. Are we talking about 1 percent, 10 percent, or 20 percent? I see some officers in the room right now, and I do not see them wearing \$2,000 suits. The bill shows base pay. We understand that there are benefits on the backside such as retirement, overtime, et cetera. While you are looking at the list ([Exhibit I](#)), can you break it down to show what percentage of officers are actually receiving \$384,000 per year? Let us go back four years and see if they received \$384,000 for the last four years. I want to see that they have tracked that amount of money.

[Assemblyman Ellison reassumed the Chair.]

Ronald Dreher:

I have no problem doing that. I will give you one example of a local government in the state of Nevada. I talked to an officer who started 15 years ago and was making \$13 per hour, and last year when we went to the negotiations table he was up to \$16 per hour. A police officer in the state of Nevada was making \$13 per hour 15 years ago and today makes \$16 per hour. If you look at the comparisons between this bill and that individual, those are areas where these officers are dedicated. They came here and worked with that understanding, but when we tried to move up their salary, they got a 25 cents per year raise. That is disparity. That is not everyone in this state, but it is not \$387,000. I do not know who this police officer is that is making \$387,000. That is an anomaly. It could happen, but overtime is not Public Employees Retirement System (PERS) compensable. I do not know why that would be figured in. If that individual happened to work his tail off for that entire year, I guess it is possible. I worked homicide and had a lot of callouts and overtime, but I do not believe I made anything close to that. I made around \$80,000 per year, but that was with working and working nonstop. This is not to take away from any of the elected county officials because I know how hard they work. It is more fairness that we are talking about. I have no problem doing what the Chairman asked me to do because I think it is long overdue. I do not think it is the first time I have heard that figure. When we look at that figure and start breaking it down, it is so rare for someone to make that amount of money. Buying retirement is not going to inflate the salary. I believe PERS testified in another meeting that buying time does not inflate your salary. You get your three highest years, and that is it.

Chairman Ellison:

It looks like most of these salaries are around \$150,000, but there is a high and low side too. That is not the point. The point is trying to be fair with everybody: police officers, firefighters, district attorneys, sheriffs, et cetera. The sheriff is one of the lowest paid, and they take all of the heat.

Ronald Dreher:

If memory serves me right, Senate Bill No. 516 of the 74th Session was mainly about sheriffs because they had gone years without a pay raise. All of us got together. Everybody in the building was on the same page. We all said it was long overdue. You cannot expect a sheriff to work for \$60,000 a year when everybody else is making \$100,000. You cannot do that because their role is the chief law enforcement officer in that county and they are deserving of higher pay. That is why we were there supporting that. When it was thrown in our faces at the table that the state made them do it and that is the way it is, that was the injustice we saw. I think legislative history is important. We need to talk about where we were then, where we are now, and where we are going to be in four years. I believe with everything you, local government, and the Governor has done for economic businesses, we are doing great, we are moving forward, but we also have to look at what has been thrown at us, which is a lot of financial sustainability, which we all support. I believe we have testified to that degree.

Chairman Ellison:

The main thing is, let us be fair. We will get together and work on this. This bill needs to come back to a work session. Is anyone neutral? [There was no one.] Mr. Fontaine, do you have any closing remarks?

Jeff Fontaine:

The fundamental difference here is the Legislature has the power and requirement to set the salaries for local elected officials. That is different from what Mr. Dreher is talking about with regard to collective bargaining. We are not talking about the same mechanism for how salaries are set. I would also say that between 2007, when the last pay bill was enacted, and now, there has been a four-year gap where there have been no salary increases for elected county officials. During that time and the time that the elected county officials were receiving salary increases, like many of the unions, they voluntarily forgave their salary increases and other benefits to chip in because of the economic impacts of the downturn and what that did to the county budgets. Mr. Dreher is talking about collective bargaining contracts that go on for years with guaranteed salary increases, and in my mind, this is no different. Both the employees who were subject to those contracts, as well as elected county

officials who were granted salary increases as a result of the action that you took, both contributed to helping out their counties.

If we are going to debate how much elected county officials should make, it is a much broader discussion than what we are talking about here. It has been alluded to, but we are aware of those elected county officials whether they are assessors, sheriffs, district attorneys, et cetera, who supervise many of their own staff who make more money than they do. That is not what we are talking about. All we are talking about is trying to increase the salaries for the elected county officials. If we want to discuss what they should be paid, I would be happy to sit down with Mr. Dreher and talk about that as well.

Chairman Ellison:

I was with the city council for eight years and ten years as a county commissioner, and I never once saw a group come in and bargain separately to get an increase like the district attorney, assessor, et cetera. I have never seen that. Usually it has to come to the Legislature and then they have the chance to put in a bill or not accept it. I have never seen them try to come up and talk to the county commissioners and ask for a salary increase. It looks like they have been fair and prudent.

Are there any other questions? [There were none.] I will close the hearing on Senate Bill 482. Does anyone have any public comment? [There was no one.] We are adjourned [at 10:32 a.m.].

RESPECTFULLY SUBMITTED:

Jordan Neubauer
Committee Secretary

APPROVED BY:

Assemblyman John Ellison, Chairman

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Government Affairs

Date: April 27, 2015

Time of Meeting: 9:04 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 448	C	Reginald L. Truman / Promontory Interfinancial Network, LLC	Prepared Text
S.B. 448	D	Michael B. Hix / First Independent Bank	Prepared Text
S.B. 448	E	Daniel P. Dykes / Nevada State Bank	Prepared Text
S.B. 448	F	Samuel P. McMullen / Nevada Bankers Association	Summary Explanation
S.B. 448	G	Assemblywoman Dina Neal	U.S. Securities and Exchange Commission Final Rule 2014
S.B. 448	H	Assemblywoman Dina Neal	Promontory Interfinancial Network Letter 2009
S.B. 482	I	Chairman John Ellison	Wage Report