

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON LEGISLATIVE OPERATIONS AND ELECTIONS**

**Seventy-Eighth Session
April 28, 2015**

The Committee on Legislative Operations and Elections was called to order by Chair Lynn D. Stewart at 4:04 p.m. on Tuesday, April 28, 2015, in Room 3142 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman Lynn D. Stewart, Chair
Assemblywoman Shelly M. Shelton, Vice Chair
Assemblyman Elliot T. Anderson
Assemblyman John Moore
Assemblyman Harvey J. Munford
Assemblyman James Ohrenschall
Assemblywoman Victoria Seaman
Assemblyman Tyrone Thompson
Assemblyman Glenn E. Trowbridge

COMMITTEE MEMBERS ABSENT:

Assemblywoman Michele Fiore (excused)

GUEST LEGISLATORS PRESENT:

Senator Debbie Smith, Senate District No. 13
Senator Scott T. Hammond, Senate District No. 18

Minutes ID: 1020



STAFF MEMBERS PRESENT:

Brenda Erdoes, Legislative Counsel
Carol M. Stonefield, Committee Policy Analyst
Patricia Hartman, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Wendy Underhill, Program Manager, Elections, National Conference of
State Legislatures
Barbara K. Cegavske, Secretary of State
Charles Hurley, Assistant Registrar of Voters, Clark County
Alan Glover, Special Assistant, Office of the Secretary of State
Luanne Cutler, Registrar of Voters, Washoe County
Susan Merriwether, Clerk-Recorder, Carson City
Bruce Fuh, Director-General, Taipei Economic and Cultural Office,
San Francisco, California
Lynn Chapman, Washoe County Chairman, Independent American Party
Janine Hansen, President, Nevada Families for Freedom
Shawn Meehan, Private Citizen, Carson City, Nevada

Chair Stewart

[Roll was taken.] Today we have a presentation by Wendy Underhill with the National Conference of State Legislatures (NCSL) and a hearing on Senate Joint Resolution 20. For the first time in history, Senator Debbie Smith, the President of NCSL, represents not only Nevada but all NCSL members throughout the United States.

Wendy Underhill, Program Manager, Elections, National Conference of State Legislatures:

Senator Smith has been an asset to us and we appreciate everything she has done on our behalf.

I have prepared a one-sentence description of what I am going to talk about so if you only remember that one sentence, it is that the aging voting equipment is going to need to be replaced in the not-too-distant future. New technologies to support elections are being developed all the time, and yet there is no source of funding for them.

Many of you know about the NCSL, but for those of you who are new to the Legislature or in the audience, we serve on behalf of all of the legislators and legislative staff nationwide.

Chair Stewart:

Senator Smith has arrived and she will make a few comments before we proceed.

Senator Debbie Smith, Senate District No. 13:

I am very fortunate to be President of NCSL. Last summer, NCSL was doing a series of election projects and selected Nevada as one of the states to visit. Many of us spent the morning in Las Vegas with legislators and election staff from the state learning about what goes on in our election process in both early voting and on Election Day. There was a lot of enthusiasm for what we do in Nevada, and we were proud to show off our model, particularly the mobile units in Clark County. Wendy Underhill from NCSL will now report to you on that meeting.

Wendy Underhill:

We have a state assignment system where each state has a person in the home office who provides assistance with that system. In Nevada, that person is Melissa Hansen, who 95 percent of the time focuses on public health and 5 percent of the time focuses on issues in Nevada. As for me, Wisconsin is my state assignment, so I spend 5 percent of my time working on Wisconsin issues and 95 percent of my time working on election issues.

Senator Smith mentioned our elections technology project. I want to give you some information regarding the genesis of that project, and then we will talk about the results. In 2012, I was in a meeting with state election directors and I asked them questions about absentee voting, online voter registration, and voter ID. I was told those were policy choices, and they could be implemented as needed by our legislators. The problem is not those issues, but what equipment will we be voting on in 2016? It appears that equipment around the country will last through 2018 or 2020, but the sense of urgency on their part was something I had not heard before.

I realized NCSL needed to update our information on elections technology. We were fortunate to get a grant from the MacArthur Foundation ([Exhibit C](#)) to find this information. Our approach was visiting eight states that represented geographic, size, and functional elections-type distribution to learn how elections were run in those states. In each state, we asked the participants what things they would value in an election system. I was amazed at the commonality of the answers we received to that question. No matter what state we were in or what election equipment they used, we heard answers

regarding their security concerns, voter convenience, efficiency for election officials, reliable equipment, and accessibility for all voters, including those with physical or cognitive disabilities. There was a lot of common ground from state to state.

When we came to Nevada, those same issues were of concern ([Exhibit C](#)). However, specific items such as an interest in electronic poll books and the connection between the motor vehicle agencies with the voter registration system were also concerns. Motor vehicle agencies are required by federal law to offer the opportunity to register to vote. Then those applications for registration needed to get over to the registration side, which is usually across town, so the problem was getting them transferred.

The last issue here in the state is that the current voting equipment needs to be replaced. [Read from PowerPoint presentation ([Exhibit D](#)).] As a result of doing research in eight different states, there are nine items regarding elections technology that legislators might want to know. The first one is that the voting equipment is aging and will soon need to be replaced. Most states bought new equipment with money that was made available from the federal government in 2002, which was in the Help America Vote Act (HAVA). It is now 2015 and looking into the future, I am guessing none of us are using phones or computers we bought in 2002, 2004, or even 2006, but yet we are still voting on the equipment from those years. In some cases, it works fine, but in other cases, maybe not so fine.

New Jersey and Pennsylvania are working with equipment that was bought in the early 1990s. Some equipment can have a longer shelf life. The issue is not if the equipment is outdated but if it is functional. There are maintenance issues with voting equipment as more localities are spending money maintaining aging equipment. Jurisdictions are cannibalizing their equipment to keep the rest of it functional. At some point, that kind of engineering will no longer be satisfactory and the equipment will need to be replaced.

Legislators provide the framework for what voting equipment will be used in their state. This is done by setting certification standards in statutes. I realize statutes on voting equipment certification sounds dry and most states do not perform a yearly or even a ten-year revamp of it, but standards for equipment can be found in the statutes. It involves not just legislators but those people who work in state and local elections offices, and to some extent, people at the federal level. Referencing the federal level, HAVA created an organization called the United States Election Assistance Commission. One of its functions is to create voluntary federal guidelines on voting equipment, and most states in their statutes point to those federal voluntary guidelines. The ones adopted recently

were written in 2007, which indicates there were issues at the federal level. I do not know when newer standards will be adopted.

Page 8 ([Exhibit D](#)) shows that the states are the laboratories of democracy and that everyone is using their voting systems in a different way. In most states, it is different even from one jurisdiction to another.

I will talk about the two main types of voting equipment that you may be familiar with. They are direct recording electronic (DRE) voting machines, which are used in Nevada, and optical scan voting machines, as shown on slide 9. The absentee voter fills out a paper ballot, which goes into an optical scan machine. This machine works like a standardized test where the voter fills in bubbles with a No. 2 pencil or a black pen; the marks are identified, and the votes are counted. The DRE voting machine works like an ATM by a person touching the screen or otherwise interacting with the machine. It directly records the vote and creates a paper tape of the vote. The voter does not touch the paper, but it is recorded so postelection audits can be done.

Looking at the future, I have noticed that more states are choosing optical scan. I am not suggesting that that is the right way to go. The basis for this is they want to have a paper record of the vote that can be recounted, which is accomplished by using the DRE that has the paper tape along the side of it. Those who use the DRE like it and do not want to give it up. There is a truism that people like the way they currently vote and think it is the best way to vote because of their familiarity with the equipment they are using.

With the federal voluntary guidelines being stymied over the last few years, innovation has been taking place in the peripherals around the outside of the central voting system. In your office, your computer is connected to a screen, printer, and scanner. The same is true with voting equipment. The central piece of equipment counts the vote, but now there is other equipment around the edges that vendors and local election officials have been developing to help run good elections. I will talk about two of those.

The first piece of equipment is the electronic poll book [page 11]. It looks like a laptop but could look like a tablet. It is hooked up to a pad where someone can electronically sign their name similar to signing the pad at the grocery store. It is not a good idea to use your grocery store signature. It is better to use your most legible signature when voting and signing in with the electronic poll books. With a driver's license or a sample ballot, the voter can use the bar code scanner, for them to be checked in at the polls very quickly.

A benefit of using the electronic poll books is to quickly move the voters who are waiting in line to vote. I am told Nevada does not have that problem, so it may not be a motivator here, but it would provide a quick and accurate reading on voter records so you would know who has voted. This can also be used to instantly update voter registration but may not necessarily be built into the system. The data from the electronic poll books can be used for management in the future by having a record of when people voted to determine which time of day had the heaviest voting period. Resources could be better deployed based on that information. It is a modern version of the paper poll book.

Page 12 ([Exhibit D](#)) shows a map of states where at least one jurisdiction is using electronic poll books, but it is out of date. This year, Idaho and Wyoming also approved the use of electronic poll books. In almost all of the states, it is permissive for a jurisdiction to use an electronic poll book as opposed to requiring them to be used throughout the state. Maryland, Georgia, and Colorado use them statewide. One of the reasons the states are not uniform is because the poll books cost money. That creates the issues of who assumes the cost for them in addition to the need for support in the polling locations. For instance, in Wyoming, there might be a polling place that is in a county that would not have adequate technology to hook up to electronic poll books. That is the reason, in some states, electronic poll books are optional.

The use of technology for marking ballots is being developed. I believe the genesis of this was in Oregon. The idea was that people in nursing facilities may be losing their manual dexterity and may not be able to manage a pencil but could manage swiping on an iPad. Choices can be made independently by using an iPad which is hooked up to a printer and prints out a paper ballot. It is the ballot of record, not what is on the iPad, that gets counted. I believe there will be more of these ballot-marking options available in the future. I have also heard of being able to mark a ballot on a phone and receiving a QR Code [Quick Response Code] where the ballot would ultimately be printed out at the polling place.

Previously when talking about technology, we talked about hardware; now we are talking about computer programming just as much. In the past, the car was primarily a piece of metal; now it is metal with embedded computers, and it is what is inside of those computers that provides us with all types of capabilities.

The next subject, on Page 14, concerns how software helps with election management. There is the connection between the Department of Motor Vehicles (DMV) and voter registration. If the data from the DMV can be read by

the Office of the Secretary of State (SOS) for their statewide voter registration database, it can be transferred to them automatically. The SOS can review those applications and put them into the system. In most states, it is a paper application completed at the DMV that is taken to the voter registration agency. The information is rekeyed, which results in time lost in the transmittal process. This is an area where states are looking to use technology to improve processes that are in now in place. Some states need legislation to make that happen and others do not.

Nevada was one of the first states to implement online voter registration, which primarily is a question of software and not hardware. The statewide electronic voter registration databases were funded by HAVA. Some states are indicating that is the area where they need to perform major upgrades. It is great that technology can work for us, but databases also need upgrades.

As legislators, if you hear about elections technology, you will want to know it is secure. You would need to know if the warehouse where the voting equipment is stored is secure, is climate controlled, and has a camera at the entrance providing physical security for the equipment. Also, the staff needs to know the security process. The other type of security is technical security. The security issue of electronic poll books or statewide voter registration databases needs to be addressed. The appropriate security is needed for only those people who are authorized to have access to the databases. Several years ago, we were asked if online voter registration was cost-effective, convenient, or accessible, but now the question is How is it being kept secure?

Internet voting is not considered to be a secure option. I say that not because I am a computer scientist but because those who work at the National Institute of Standards and Technology have conducted a study and published a report to that effect. Computer scientists at other institutions also agree that Internet voting is not a secure option. There are examples of this being used abroad as computer scientists have tried to hack into the election databases in other countries to show it can be done. In 2030 or 2035, we may be voting on the Internet.

The one page caveat to using the Internet is the electronic transmission of voted ballots [slide 17 ([Exhibit D](#))]. These are ballots that come from overseas and military voters. Nevada is one of 31 states that provides an electronic transmission option for voted ballots for certain people. If someone is in the military, he can ask the county clerk to send him an electronic version of his ballot in Portable Document Format (PDF). When it is received, it can be printed and you can vote on it. Along with it are instructions to complete this process

and a piece of paper that can be folded to make an envelope. These would also be sent in a PDF file. In all states, the ballot can be received electronically, printed out, voted, and mailed back in.

The issue for people who live overseas are that sometimes it is not easy to mail something and the timeliness of it getting back to the United States. That is why Nevada and other states permit the electronic return of a voted ballot. The military person overseas would vote the ballot, scan it, and attach it to an email which is sent back to their county clerk. The voter would sign the ballot indicating he or she understands this is not a secret ballot because the county clerk is receiving the email with an attachment. Then the clerk prints it. Their office has a bipartisan team who duplicates the ballot, which means they take appropriate ballot paper stock and remake the selections onto that paper, which is the ballot that is counted. Those computer scientists would also say that this is not a secure mode of transmitting votes. It is a policy decision for folks like yourselves to determine whether the value of these military and overseas voters being able to cast a vote that they might not otherwise be able to do outweighs the security risks.

Basically all election issues relate to technology [page 19 ([Exhibit D](#))]. If an all-mail system was used for elections, it would mean that paper ballots were mailed out to all voters, and election officials would need more optical scan equipment to read those paper ballots. Vote centers work best when there is an electronic poll book in place as they go hand in hand. Whatever question comes before this Committee about elections is probably going to include a technology component.

We are not expecting that the federal government is going to make additional money available to states or local jurisdictions to pay for new technology. It was a one-time infusion in 2002 and was based on the 2000 election when there were doubts about the reliability of the equipment used in Florida for counting the votes as cast. I see no evidence in Washington that there will be more money coming, and that raises the question of where the money will come from. In most states, counties have been responsible for paying for equipment. In some states, there have been ways that the states have helped out with this funding. For example in Colorado, there is a fee for business filings that is used by the counties for election technology upgrades. In New Mexico, there is a revolving fund in the secretary of state's office that counties can draw on. There is a long time frame for repaying those loans, perhaps ten years with a low interest rate. In Arkansas, there is an appropriation every year to the secretary of state's office for grants to the local jurisdictions. The grants are between \$10,000 and \$15,000, which is not sufficient to get a new set of equipment in any kind of jurisdiction. There are a couple of states that fund

from the state level. One of them is Maryland, where the price of new equipment for running elections is divided 50-50 between the local jurisdiction and the state. In Georgia, the state pays for it all and runs all of the elections, so the local jurisdictions have less autonomy.

One of the bright spots is that local officials tend to be tightwads which is a good thing. They are likely to work their procedures in a way that reduces the amount of extra labor and are always looking for efficiencies. Shown here on page 20 ([Exhibit D](#)) are two flagpole bases. The red one came from a vendor, was costly, and falls over, while the other one was made by an Eagle Scout. The only cost involved for the second one was for the plywood from Home Depot, and it holds up the flag just fine. That is the one being used in Minnetonka, Minnesota. I know that your local election officials are always looking for money-saving opportunities.

On page 21 is equipment that is cutting edge. There is an iPad that has been embedded into a framework and could be used in those nursing facilities in Oregon but will be piloted in Denver next week for their primary election. This can be used by people with disabilities either via an audio connection or via sip-and-puff technology. The iPad can be raised or lowered for people in wheelchairs and tilted at different angles. The idea is that this is going to be the next greatest thing. The election officials in Denver are inviting anyone who wants to attend to see this demonstration during their election.

Another bright spot is that NCSL is hosting a meeting in Santa Fe, New Mexico, in June to talk in more detail about what I have talked about today. There is no registration fee for legislators or legislative staff to attend. Our organization has stipends available for those who want to attend. Also, as you may know, there is an index that measures how well states are doing with running elections which is created by the Pew Charitable Trusts. Nevada ranks fifth in their rankings of states in terms of running secure and good elections.

Chair Stewart:

Do we have any money left from the Help America Vote Act (HAVA) initiative here in Nevada?

Barbara K. Cegavske, Secretary of State:

We are funding a few employees with the HAVA money, and there is enough left for the next biennium to pay their salaries, so the HAVA money has been used wisely. There are no future plans for any federal dollars to help us with anything else.

Chair Stewart:

So it probably will be gone in the next couple of years, correct?

Barbara Cegavske:

Yes.

Chair Stewart:

Mr. Hurley, please comment on the security of our voting system, especially in Clark County. Mr. Glover, please comment on the security of our voting system in the whole state.

Charles Hurley, Assistant Registrar of Voters, Clark County:

Our Edge voting machines are padlocked together. Nothing goes over the Internet and when the cartridges are brought in, they go into a secure vault. Our tabulation system is on a stand-alone network and is not connected to the Internet. The servers are on location and in the same room with security.

Alan Glover, Special Assistant, Office of the Secretary of State:

All of the counties are pretty much the same. No election results are sent over the Internet. Everything is secured on a server that is stand-alone in the office of every county clerk, and I feel very comfortable with the security of vote counting and the Edge voting machines.

Chair Stewart:

In Carson City, we have the electronic poll books, correct?

Alan Glover:

Yes. Carson City was the first to try the electronic poll books, and they are absolutely fantastic.

Chair Stewart:

They are the only county that has them, correct?

Alan Glover:

Yes, the other counties are looking into something similar because it speeds up the time it takes to get the voter processed before voting. It saves weeks of work after the election as far as posting the election history to a voter. It is so accurate; there are no more mistakes when manually entering a precinct to get them the right ballot style. There are no errors in that. When you scan the bar code on a sample ballot or the bar code on the back of his or her driver's license, all of that person's information comes up. Then all the voter needs to

do is sign his or her name, which will activate the card for the correct precinct and they are off and running. It saves time and in the long run, it will save money. It is a very positive thing.

Chair Stewart:

Mr. Hurley, is the security as sound as you think it could possibly be with the equipment you have now?

Charles Hurley:

Yes, I believe it is for the equipment we have now. All the equipment is locked behind a badge and for the laptops, we have a BioScan that scans your fingerprint, which activates the laptop. For security purposes, we have at least two people in the room with the equipment.

Chair Stewart:

To make things more secure, we would need more money for more sophisticated devices, correct?

Charles Hurley:

I believe so, but I am not sure what else we would do, because I think the best thing we have is that everything is on a secure network with the servers there protecting the integrity of the election process.

Assemblyman Ohrenschall:

It was mentioned that some states are having voter registration interface with the DMV. How is that working? Also, Wyoming was mentioned going to voting centers. Is that just on Election Day or for early voting, and has that affected voter turnout? Have any other states requested replacing their aging voting machines?

Wendy Underhill:

Concerning Wyoming and its electronic poll books, they plan to use these for Election Day voting and vote centers. Instead of having many voting places defined by precinct, there will be fewer sites in each county, and anyone in the county could go to any of those sites. It is the big-box store version of voting. Maybe there were 50 previous sites and maybe there will be 8 or 10 sites now, so you have the choice of your voting site, whether it is close to your office, home, school, or whatever location is the most convenient for you.

The reason for the need of an electronic poll book is that if a voter stops at the first location, that vote needs to be recorded immediately so they cannot vote at another location.

The vote centers were first used in Colorado in just one county. The reason was to save money, particularly for poll workers, which I believe in most cases is the number-one expense for running elections. So these vote centers could be managed with fewer poll workers than needed for the other voting locations, but the electronic poll books are needed to do it. In 2005, before going to electronic poll books, computer lapbooks that were being discarded from other areas of the county were repurposed.

Wyoming does not have experience with electronic poll books yet, because it was just enacted, so I will address Colorado's experience with them. Not all counties chose to adopt them. It depended on whether they felt they had enough large places to accommodate them. Some counties did and some did not depending on if they could afford the electronic poll books. Now they have shifted to a new system where Election Day is using vote centers across the entire state. The caveat is that they are mailing a ballot to every voter, so 95 percent of Colorado's voters in 2014 returned a ballot that was mailed to them. Those vote centers are just for the last 5 percent of voters.

Assemblyman Ohrenschall:

It seems like quite a difference from the 2014 election. Regarding the county that experimented with voting centers, is there any data on their voter participation? Did it involve an urban or a rural county? We considered that last session, and in fact we passed a bill authorizing vote centers. It was sent to the Governor's desk, but was vetoed.

Wendy Underhill:

The people in Larimer County, Colorado, which includes Fort Collins, like their vote centers, and they said it increased voter turnout. Larimer County might be equivalent to Carson City, and I believe it has about 100,000 people, so its numbers are somewhere in between a rural and a major city.

There is a report from Professor Robert M. Stein of Rice University that showed when vote centers were adopted in Texas, there was a slight increase in turnout. I would be happy to supply that report for you.

Chair Stewart:

Ms. Underhill, we appreciate your presentation and comments. Mr. Hurley, can you get us a ballpark figure of the cost to replace election machines with the most updated equipment, possibly in the next week or so?

Charles Hurley:

Right now, we are looking to go to different types of machines, such as tablets, as shown in Ms. Underhill's presentation. The pricing is different because the

cost model changes. Basically, that is due to the fact that tablets can be bought off the shelf at the store, so the price of the hardware goes down. Therefore, the price of the software increases; that is how the companies are going to make their money. Because the models are changing, we will have to decide what type of hardware we will go with and then make our decision.

Chair Stewart:

Thank you. If you could get us a ballpark figure, that would be helpful. Now we will hear from the election officials from other counties.

Luanne Cutler, Registrar of Voters, Washoe County:

We are here to acknowledge the report that Ms. Underhill gave, and after listening to it, I was impressed with the information she provided. It was as if she had been working alongside us. Nearly every point that she brought up was something that we are all concerned about. We each have our own individual needs and wants moving forward as counties, but her report hit on all the major points, starting with the aging voting equipment and so on. We do not want to wait until it falls apart, but we want to take action to move forward. We are in agreement with Ms. Underhill's report.

Susan Merriwether, Clerk-Recorder, Carson City

I agree with Ms. Cutler and the presentation provided here today. I have concerns about the aging voting equipment, but I want to reassure everyone that we have preventative maintenance done before every election. Every piece of equipment is tested, and there are no problems with the equipment running. Our concern is getting parts for the outdated software and hardware.

We want to make sure that we do not mandate the electronic poll books for each county because after talking with polling workers in the rural counties, I know they have concerns about the technology in getting the Internet and networking connections at their polling locations. Those locations sometimes make it difficult to accommodate voters because of their space limitations in terms of setting up this technology in the smaller jurisdictions.

In regard to the military and overseas ballots, the process we use in Nevada by transferring the ballots through the Internet on a secured site has worked well. The suggestion was made to extend the time for counting those ballots. As it turns out, it is not an issue for us because they are sending their ballots via email so they are not late.

Chair Stewart:

Thank you to Ms. Underhill and everyone for the presentation. We will now open the hearing on Senate Joint Resolution 20.

Senate Joint Resolution 20: Urges the President and Congress of the United States to support the participation of the Republic of China on Taiwan in the Trans-Pacific Partnership. (BDR R-1264)

Senator Scott T. Hammond, Senate District No. 18:

With me today is Bruce Fuh, who is the Director General of the Taipei Economic and Cultural Office in San Francisco. Director General Fuh will help me with the presentation on Senate Joint Resolution 20.

Senate Joint Resolution 20 represents a collaborative effort between Nevada and the Republic of China on Taiwan. This year marks the 30th anniversary of the sister state relationship between the state of Nevada and the Republic of China on Taiwan. It is a relationship that has strengthened the international understanding and goodwill between the people of Nevada and the people of the Republic of China on Taiwan. You may have noticed the beautiful state seals on the north and south ends of the Legislative Building and the extraordinary art in the atrium area of the second floor. Those are some of the gifts we have received in addition to an extraordinary friendship that the Nevada Legislature has been honored to receive from our sister state, the Republic of China on Taiwan.

This resolution urges the President and the U.S. Congress to support the participation of our sister state, the Republic of China on Taiwan in the Trans-Pacific Partnership. The United States is currently participating in negotiations with several Asia-Pacific countries to solidify a Trans-Pacific Partnership (TPP) that would help create opportunities for American by opening the markets of the Asian countries in the Pacific to U.S. goods and services; setting high standard trade rules; and addressing issues relevant to a global economy. This resolution simply requests that our President and U.S. Congress support the participation of the Republic of China on Taiwan in the TPP. At this point, Mr. Chair, I would like to turn over the presentation to Director General Fuh, who will be able to tell you more about the benefits of the TPP to both of our countries.

Bruce Fuh, Director General, Taipei Economic and Cultural Office, San Francisco, California:

I am honored to represent my government and be in front of this esteemed Committee. I am privileged to request your kind consideration of endorsing a joint resolution urging the U.S. government's support for the Republic of China on Taiwan's participation in the Trans-Pacific Partnership.

We are so grateful that Nevada's Senate already unanimously passed the proposed resolution last week, and at this time I would like to repeat my request to this esteemed Committee to reach the same conclusion in supporting Taiwan.

The following is some background information that I would like to share with the Committee. First, I want to talk about supporting Taiwan, the Republic of China, versus supporting the Trans-Pacific Partnership. We understand that the TPP itself has been a highly debated issue in many countries, including Taiwan and the United States. However, supporting Taiwan's bid is different from supporting the TPP itself. Taiwan's efforts are aimed at reaching a level playing field for Taiwanese business. By supporting the Republic of China's bid to join TPP negotiations, the United States would send a very strong signal regarding its active and continued support of democracy and good governance. [Read from written testimony ([Exhibit E](#)).]

Why does the TPP matter? The Trans-Pacific Partnership is a comprehensive free trade agreement with high standards and objectives of solving newly emerging trade problems, such as the environmental labor standards in state industry and promoting regional economic growth. The parties to the TPP represent 650 million people and comprise 40 percent of the global gross domestic product (GDP) and one-third of world trade. The TPP parties represent a \$1.7 trillion trading relationship for the United States and account for 45 percent of U.S. exports.

Why should the United States support Taiwan's inclusion in the TPP? Former U.S. Secretary of State Hillary Clinton acknowledged that Taiwan has been for decades and remains an important economic and security partner in the Asia-Pacific region. The United States and Taiwan's two-way trade scaled to new heights in 2014, up 7.84 percent from 2013 to \$67.4 billion. Taiwan surpassed India and Saudi Arabia to become the tenth largest trading partner of the United States and the eighth largest consumer of U.S. agricultural goods in 2014. The U.S. foreign direct investment in Taiwan stands at \$22 billion. The American Chamber of Commerce in Taipei represents more than 500 U.S. companies. [Read from written testimony ([Exhibit E](#)).] Taiwan's participation in the TPP will open up additional opportunities and boost business opportunities for the United States as well as many individual states. Taiwan offers a platform for the United States to expand its business opportunities with China using the provision of the China-Taiwan Economic Cooperation Framework Agreement (ECFA), creating a win-win scenario for all parties. Strategically, including Taiwan in the TPP is consistent with having a balanced Asia policy for the United States. Since the United States is playing a leading role in TPP negotiations, we sincerely hope that the United States will support participation of Taiwan in the TPP.

Why should Nevada support Taiwan's efforts to join the TPP? There are some good reasons. The United States currently has free trade agreements in force with 20 countries, which accounts for 26 percent or \$2.3 billion of Nevada's exports. During the past ten years, exports from Nevada to those markets were up by 140 percent, showing the largest dollar growth during this period. In 2013, goods exported from Nevada supported an estimated 35,000 jobs, and shipments of merchandise totaled \$8.7 billion. Currently, Taiwan is Nevada's seventh largest export market in Asia and the twentieth largest export market in the world. [Read from written testimony ([Exhibit E](#)).] Nevada companies have substantial opportunities to expand their businesses with Taiwan. Computers, electronics, and many other sectors important to Nevada's economy are poised to benefit from partnership with Taiwan.

A trade agreement which includes both Taiwan and the United States will lift tariffs and increase bilateral trade, effectively creating demands for U.S. exports. Taiwanese companies have invested in creating thousands of jobs in Nevada, and there is still significant potential for Taiwanese enterprises to boost investment and create more jobs in Nevada. The Trans-Pacific Partnership negotiations will provide an avenue for removing stiff tariffs and other barriers, increasing Nevada exports to non-free trade agreement countries. Taiwan's inclusion in the TPP will provide Nevada with better and larger markets for its goods and services.

Assemblyman Thompson:

Thank you for your presentation. When you talk about jobs, I zoom right in. Can you give us an idea of the types of jobs that have come to Nevada with this partnership? Can you also clarify why Nevada should support this proposal if the estimated 35,000 jobs you mentioned are not in Nevada?

Bruce Fuh:

Directly or indirectly, I cannot give you detailed information on the breakdown of those jobs. In general, statistically, we can support that number; however, that number may vary over the years. For example, in Las Vegas, every year we send many companies to the trade shows, especially the electronics shows. Electronic goods manufactured in Taiwan create many jobs in the market.

Assemblyman Ohrenschall:

We are seeing new development in manufacturing especially in this part of the state, such as the Tesla battery factory that is going to open. Do you foresee future partnerships with Taiwanese companies that might want to do part of their manufacturing in Nevada?

Bruce Fuh:

Patagonia has set up a distribution warehouse in Reno. They have had many years of partnership with Chinese companies that manufacture clothing. Patagonia has a distribution center on the West Coast, so it helps create jobs here with this partnership. The Tesla battery factory you just mentioned is another example where we may have an opportunity to participate in providing components or technical cooperation to Nevada. Most specifically, I need to ask the experts back home to see how they can contribute to such a corporation.

Assemblyman Ohrenschall:

When I was a kid, it seemed like the relationship and the climate with mainland China was hostile. Have relationships improved with how things are going with your neighbor across the sea?

Bruce Fuh:

With the great support of the United States, Taiwan is now more confident dealing with mainland China. In the past eight years, cross-trade relations between Taiwan and mainland China have never been a peaceful situation. Now, there is not a hostile attitude between us. We have been improving our relations. Before 2008, the number of annual visitors from mainland China to Taiwan was several hundred thousand, but now we have more than 3 million visitors from mainland China to Taiwan every year.

Assemblyman Ohrenschall:

So there are no more threats of military action by mainland China against Taiwan?

Bruce Fuh:

The military threat is still there, but their attitude has changed. We have to improve the cross-trade relations for the benefit of regional security, overall situations in the region, and for the benefit of the United States.

Chair Stewart:

Is anyone wishing to speak in favor of Senate Joint Resolution 20? [There was no one.] Is anyone opposed to the resolution?

Lynn Chapman, Washoe County Chairman, Independent American Party:

We are opposed to this resolution. We are not opposed to Taiwan and believe that trading with our friends is important. We are opposed to this bill for other reasons.

The 2012 United States-Korea Free Trade Agreement was supposed to create 70,000 new U.S. jobs but actually cost us 40,000 jobs instead. This trade agreement dictates that under Article XVI of the World Trade Organization (WTO) agreements, the United States is obligated to change our regulations and administrative procedures to conform to the WTO agreements. The World Trade Organization dispute resolution panels, with more authority than the U.S. Supreme Court, deliberate and vote in secret, yet their decisions cannot be vetoed by any nation. America has one vote out of 159 members, and their rulings have not been favorable to the United States. Our laws requiring country of origin labeling, for example, were ruled to violate free trade.

The United States has had problems with Communist China as far as goods they have sent us, such as dog and cat food, and tainted milk. Since 2013, more than 155 people died in the United States from avian influenza or bird flu due to poor sanitary conditions in their poultry markets. Cadmium, which is linked to organ failure and cancer, was reported to have been in rice at markets and restaurants. It was reported that in China, Walmart stores had to recall packages of donkey meat that contained meat from other animals. Also, China continues to have problems with their water and soil pollution.

Chair Stewart:

These are problems with mainland China, correct?

Lynn Chapman:

Yes, but they are part of the TPP and that is why we are concerned because we would be obligated to the international courts, not U.S. courts.

Florida had between 800 and 36,000 homes with drywall problems because of that drywall being purchased from China. There were class action lawsuits filed because of these problems. Those problems produced fumes from destroyed appliances and copper wiring. Trade with Communist China has caused the loss of 3.2 million American jobs.

In 2013, the United States imported four times more products from China than we exported to that country. The International Monetary Fund for the first time in decades said that the United States is no longer the largest economy in the world and that Communist China has become number one.

James Copland, an executive with Copland Fabrics, said that there are fewer jobs available in North Carolina than there were 15 years ago, which is a result of United States' dependence on China and that country's unfair trade practices. He also said there cannot be free trade with a country that controls or owns most of its companies. The country owns the companies and dictates how market forces will operate.

Investor-State Dispute Settlements (ISDS) are embedded in the proposed TPP, which would allow foreign companies to challenge U.S. laws without entering a U.S. court. That is what concerns us. Under ISDS, if the United States bans a product or additive, then the foreign company that makes the disputed item can challenge the ban before the ISDS, which is the international panel of arbitrators. If the country wins, the decision could not be challenged in U.S. courts, and the arbitration panel would require American taxpayers to pay back the millions of dollars we would be charged.

A former General Motors executive noted one might think that an honorable government would protect those who abide by political mandates, that is, domestic taxes and regulations against any competitor, whether domestic or foreign, who does not abide by the same laws.

Chair Stewart:

Ms. Chapman, Taiwan does abide by the same laws.

Lynn Chapman:

They do, but this TPP is what I am concerned about, and I do not think it is a good idea.

Chair Stewart:

This is one more friend to be on the TPP, correct?

Lynn Chapman:

One more friend? We do not have enough friends around the world, and that is why we are losing jobs, and we do not have an economic balance with other countries.

Chair Stewart:

We cannot blame this on Taiwan.

Lynn Chapman:

No, that is why I stated in the beginning that Taiwan was our friend.

Janine Hansen, President, Nevada Families for Freedom:

We do not oppose Taiwan. Our concern is that this resolution is useless and meaningless unless the United States ratifies the Trans-Pacific Partnership. The resolution refers to the TPP. We think it will be a disaster for the United States. The TPP would turn over U.S. trade policy to international corporations undermining U.S. sovereignty. Free trade agreement treaties create jobs for foreign countries, not for the United States. The North American Free Trade Agreement (NAFTA) was predicted to create 20,000 new jobs and increase our exports to Mexico. It turned out to be another pipe dream and by 2010, NAFTA had eliminated 682,000 jobs in the United States. This is a huge problem we see with international trade agreements because they do not favor U.S. employment or workers.

In February, Jim Clifton, the Chairman and CEO of Gallup, reported that after years of surveys on this issue, now only 44 percent of Americans are working 30 hours a week or more. We cannot afford through the TPP to lose more jobs to foreign countries, no matter if they are our friends. This is important because the TPP is in Congress and President Obama is asking for fast-track authority in order to send these bills directly to the U.S. House of Representatives under rules that forbid amendments, requiring a vote in a preset time. In other words, the Congress will cede to the President its constitutional authority to write legislation and regulate commerce with foreign nations. This is the TPP.

Chair Stewart:

Is anyone neutral regarding this resolution?

Shawn Meehan, Private Citizen, Carson City, Nevada

As a retired noncommissioned officer (NCO) in the military, I am aware that we have a great relationship with Taiwan. I am not particularly sure why they want to join TPP. The only comment I want to make is that if we support Taiwan joining the TPP, which I do not have a problem with, we might be perceived as supporting the entire TPP. As it is currently being pursued, I do have a problem with that because it has been reported in the media that President Obama is not revealing any of the details and at the same time seeking a fast track. That is a disaster. If it is good for America and it needs to happen quickly, it does not need to be secret. This is what I am asking the Committee to consider.

Senator Hammond:

China, as it stands right now, is not a member of the TPP. There is a concerted effort by China to form up with not only Asian countries, but also European Union members in order to form an Asian infrastructure investment. What the Obama Administration has concerns about is that particular move and what it might do for China in securing the markets both in Europe and in Asia.

There is a strong sense that the United States should speed up its efforts on the TPP talks, but as Mr. Meehan pointed out, this resolution does not encourage us to join or form the TPP. It is urging Congress that if the TPP is formed, that Taiwan be a member of it. As Mr. Fuh has pointed out, if they are not a member of TPP and other countries are, they would be at an economic disadvantage, and so for their country's interest, they want Congress to include their country in the TPP. This is a resolution to urge Congress to act upon it as they wish.

Bruce Fuh:

We are simply requesting the support of the U.S. government, either the Executive Branch or the Congress, for Taiwan's participation. Only after the first round of talks, when the United States has completed negotiations with those states currently involved and an agreement is reached, would we like to see Taiwan become a member of TPP. I am requesting your support just for endorsing this resolution for Taiwan's participation in the future. This is not intended for endorsing the United States' negotiations with other countries on the TPP issue. There is still a very negotiable and difficult process for the U.S. government to reach the best agreement in dealing with other states and other countries. We hope the TPP, with its high standard free trade pact, will benefit the United States if they reach an agreement at the current stage, and then Taiwan would like to become a member in the next stage with the support of the United States.

Assemblyman Ohrenschall:

Have any other states, cities, or counties passed resolutions in support of Taiwan's request to join the Trans-Pacific Partnership?

Bruce Fuh:

I do not have a current list, but since the beginning of this year until recently, we have 11 sister states in the United States supporting this type of resolution.

Chair Stewart:

Thank you. The hearing is closed on S.J.R. 20. We have a correction from the Secretary of State concerning the Help America Vote Act (HAVA). Ms. Stonefield will read that correction for the record.

Carol M. Stonefield, Committee Policy Analyst:

The Secretary of State wishes to correct the record on HAVA funding. It was said there was no HAVA funding remaining for voting equipment and replacement, but the budget for the 2015-2017 biennium contains approximately \$540,000 in each fiscal year for voting machine maintenance and replacement.

Chair Stewart:

Is there any public comment? [There was none.] [([Exhibit F](#)), and ([Exhibit G](#)) were submitted on the Nevada Electronic Information System (NELIS) but not discussed and will become part of the record.] The meeting is adjourned [at 5:23 p.m.].

RESPECTFULLY SUBMITTED:

Patricia Hartman
Committee Secretary

APPROVED BY:

Assemblyman Lynn D. Stewart, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Legislative Operations and Elections

Date: April 28, 2015

Time of Meeting: 4:04 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Wendy Underhill, National Conference of State Legislatures	NCSL-MacArthur Election Connections Project
	D	Wendy Underhill, National Conference of State Legislatures	PowerPoint presentation on election technology
S.J.R. 20	E	Bruce Fuh, Taipei Economic and Cultural Office in San Francisco	Written testimony
S.J.R. 20	F	Janine Hansen, Nevada Families for Freedom	Internet links in opposition
S.J.R. 20	G	Leslie Smith, Private Citizen, Carson City	Internet link in opposition