MINUTES OF THE
SENATE COMMITTEE ON GOVERNMENT AFFAIRS

Seventy-Eighth Session
April 8, 2015

The Senate Committee on Government Affairs was called to order by Chair Pete Goicoechea at 1:17 p.m. on Wednesday, April 8, 2015, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4404B of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Exhibit A is the Agenda. Exhibit B is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Pete Goicoechea, Chair
Senator Joe P. Hardy, Vice Chair
Senator Mark A. Lipparelli
Senator David R. Parks
Senator Kelvin Atkinson

GUEST LEGISLATORS PRESENT:

Senator Patricia Farley, Senatorial District No. 8
Senator Ben Kieckhefer, Senatorial District No. 16
Senator Michael Roberson, Senatorial District No. 20

STAFF MEMBERS PRESENT:

Jennifer Ruedy, Policy Analyst
Heidi Chlarson, Counsel
Nate Hauger, Committee Secretary

OTHERS PRESENT:

Tray Abney, The Chamber
Paul Moradkhan, Las Vegas Metro Chamber of Commerce
Pedro Martinez, Department of Education
Rusty McAllister, Professional Firefighters of Nevada
Ruben Murillo, President, Nevada State Education Association

Ron Dreher, Washoe School Principals' Association; Peace Officers Research Association of Nevada; Washoe County Public Attorneys' Association
Josh Hicks, Southern Nevada Home Builders Association
Stephen Augspurger, Clark County Association of School Administrators and Professional-Technical Employees
Lonnie Shields, Nevada Association of School Administrators; Clark County Association of School Administrators and Professional-Technical Employees
Bruce Snyder, Commissioner, Local Government Employee-Management Relations Board, Department of Business and Industry
Mandi Lindsay, Mechanical Contractors Association of Las Vegas; Sheet Metal and Air Conditioning Contractors' National Association of Southern Nevada
Brian Reeder, Nevada Chapter, Associated General Contractors
Fred Reeder, President, Reno-Tahoe Construction Inc.
Jan Leggett
Richard Daly, Laborers' International Union of North America, Local 169
Mike Cathcart, City of Henderson
Constance Brooks, Nevada System of Higher Education
Brian McAnallen, City of Las Vegas
Lee Thompson, Clark County
Kay Scherer, Deputy Director, State Department of Conservation and Natural Resources
Greg Ferraro, Nevada Resort Association
Michael Alonso, Peppermill Casinos, Inc.; Caesars Entertainment
Tim Tretton, General Manager, Harrah's Reno
Stephen Ascuaga, Peppermill Casinos, Inc.
Kimberlee Tolkien, Atlantis Casino Resort Spa
Tony Mavrides, Circus Circus Casinos, Inc.
Glenn Carano, General Manager, Silver Legacy Resort Casino; Eldorado Resort Casino
Lisa Gianoli, Washoe County
Samuel P. McMullen, Reno-Sparks Convention and Visitors Authority; Nevada Bankers Association
Christopher Baum, President and CEO, Reno-Sparks Convention and Visitors Authority
Mike Draper, Grand Sierra Resort and Casino
Steven Wolstenholme, President and COO, Grand Sierra Resort and Casino

Andy Chapman, President and CEO, Incline Village-Crystal Bay Visitor and Convention Bureau, Inc.
John Fudenberg, Clark County
Jordan Ross, Constable, Laughlin Township; Southern Nevada Rural Constable's Alliance
Reg Truman, Promontory Interfinancial Network, LLC
Al Kramer, Interim Chief Deputy Treasurer-Investments, Office of the State Treasurer
Mike Hix
Daniel Dykes, Nevada Bankers Association; Nevada State Bank
Randy Robison, CenturyLink
Frank Gonzales, NV Energy
Debra Gallo, Southwest Gas Corporation
Michael Hillerby, Charter Communications, Inc.
Kami Dempsey, Cox Communications
Randy Brown, AT&T
Scott Leedom, Las Vegas Valley Water District; Southern Nevada Water Authority
Steve Walker, Truckee Meadows Water Authority; Douglas County; Carson City
Jeff Fontaine, Nevada Association of Counties
Chris Figgins, Clark County
Denis Cederburg, Director, Department of Public Works, Clark County
Danny Rotter, Public Works, Carson City
Kristina Swallow, Public Works Department, City of Las Vegas
Robert Herr, City of Henderson

Chair Pete Goicoechea:
I will open the hearing with Senate Bill (S.B.) 241.

SENATE BILL 241: Revises provisions relating to collective bargaining. (BDR 23-1030)

Senator Michael Roberson (Senatorial District No. 20):
My Proposed Amendment 6290 (Exhibit C) to S.B. 241 significantly changes the original bill. I worked with many stakeholders who would be affected by this legislation. This would bring increased accountability to the public employee collective bargaining process while retaining key protections in the workplace for public employees.

This amendment does four things. First, in section 1 it provides for taxpayer relief with the requirement to pay for employee time spent on employee organization activities. Section 1 of the amendment reads:

> A local government employer may agree to provide leave to any of its employees for time spent by the employee in performing duties or providing services for an employee organization if the full cost of such leave is paid or reimbursed by the employee organization or is offset by the value of concessions made by the employee organization in the negotiation of an agreement with the local government employer pursuant to this chapter.

This is a marked change from the status quo when it comes to paid union activities by the taxpayer, i.e., the local government.

Section 4, subsection 1, and section 7 of Exhibit C provide a streamlined employee bargaining process and the elimination of the automatic rollover or evergreening of an expired collective bargaining contract in the event a new contract is not consummated in a timely manner. Section 5, subsection 2 eliminates collective bargaining for certain school administrators. This applies to top-level management. We have been working on a definition that would be inclusive of those administrators in lieu of a specific definition; we tied it to salary which targets the appropriate group of individuals. That salary is $120,000 a year. I am open to debate on that definition, but I am confident it hits the mark.

Sections 10 and 11 provide for new accountability measures for other school administrators who do not meet that $120,000 annual base salary threshold. Section 10 discusses principals. Principals will still have the ability to collectively bargain under this amendment, but the evaluation process will be different. Newly hired principals have a 3-year probationary period. This would maintain that 3-year probationary period but would provide that for the first 2 years, the principal is truly at will. After the probationary period, in the event that in 2 consecutive years the principal's school star rating goes down and at least 50 percent of the teachers leave the school, then the principal would be at will and potentially be dismissed.

In Exhibit C, section 11 provides for nonprincipal administrators who are under that $120,000 threshold to maintain their collective bargaining rights, but they

would be required to reapply and be reappointed every 5 years for their positions. These changes would bring more accountability to the school system. We are proposing to inject a large amount of new money into education. We need to ensure accountability for the way those tax dollars are spent and that we see the return on that investment. This goes hand in hand with education funding. There is a consensus in favor of this bill.

Chair Goicoechea:
Can you point out where the $120,000 benchmark is?

Senator Roberson:
It is in section 5, subsection 2 of the amendment.

Senator Hardy:
Section 7 of the amendment discusses the arbitrator. Does the arbitrator mediate the hearing or does he or she side with one party?

Senator Roberson:
This requires that an arbitrator be picked earlier in the process.

Senator Hardy:
Does the arbitrator have mediation ability?

Senator Roberson:
The arbitrator would pick one final offer. The process would not change. This will force the parties to the table. It requires them to meet more often and to come to an agreement because the existing agreement will not automatically evergreen for more than 3 months after it expires. It is good for both sides. It will prevent long-running negotiations that go nowhere.

Chair Goicoechea:
The terms of that are not later than 330 days before the end of the term. That will force the parties to start early.

Senator Roberson:
The parties do not have to start at that point, but they have to pick an arbitrator.

Tray Abney (The Chamber):
We support this concept. This is a first step; we need to consider applying this to all supervisors in different government entities. We must fix the rest of *Nevada Revised Statutes* (NRS) 288 as well.

Paul Moradkhan (Las Vegas Metro Chamber of Commerce):
We support the concepts of this amendment. The Metro Chamber has been a strong advocate for accountability measures that pertain to collective bargaining for years. This is a balanced approach between the taxpayer interests and protecting public employees. We support a streamlined approach. The Las Vegas Chamber has had many concerns throughout the years regarding how statute pertains to evergreen clauses. We support the changes regarding the arbitrator and forcing both sides to come to the table.

Pedro Martinez (Department of Education):
I support this bill. There is no great school in this State without a great principal. Principal is the most important position in the school district.

Section 10, subsection 2 of Exhibit C discusses what happens after a principal has finished probation. It could cause unintended consequences. According to subsection 4, if the school shows a downward trend in ratings for 2 consecutive years and 50 percent of the teachers in that school leave, the principal will be dismissed almost immediately. We are beginning a new assessment system this year, and the accountability system will be changed. High turnover rates for teachers are common in low-performing schools, so it is likely that in the first 2 years, a school would lose 50 percent of its teachers.

Senator Hardy:
If 50 percent of teachers leave during one year and 50 percent leave the next year, there will be no teachers left.

Mr. Martinez:
Suppose 20 teachers are in a school. Ten could leave and be replaced by ten others. And the next year that could happen again. For instance, a math teaching position could turn over 2 years in a row. It is common in low-performing schools, especially when there is a new principal.

Senator Hardy:
What do you mean by common?

Mr. Martinez:
In Washoe County, we turned around 11 schools. Of those 11, only 1 showed up on our list of 78 that the State published. Those 11 schools had a lot of teacher turnover in the first 3 years. We investigated to make sure it was not for the wrong reasons; we want to support our teachers. There are unintended consequences, and if a principal takes over a low-performing school, I do not want that principal to misread this language. I like the intentions of the amendment, but I want to ensure the language is clear.

Senator Parks:
I do not like when statements are set in stone. Mr. Martinez indicated the 50 percent turnover rate in section 10, subsection 2, paragraph (b). In another committee on another bill, a teacher commented that some principals would give a teacher a poor rating in order to make it difficult for that teacher to transfer. Have you heard of that, Mr. Martinez?

Mr. Martinez:
I could see that as an unintended consequence. The opposite is actually more common. Principals often give inaccurate evaluations of teachers because they want them to leave. A principal who is worried about this law could evaluate teachers in certain ways so they cannot transfer out.

Rusty McAllister (Professional Firefighters of Nevada):
We support the sections of this amendment, Exhibit C, that apply to us. Most of the bill applies to school administrators. We support the parts regarding leave time, the evergreen section and section 8, which talks about being able to expedite hearings of the Local Government Employee-Management Relations Board regarding dealing in bad faith. Those sections help streamline the process.

Ruben Murillo (President, Nevada State Education Association):
The existing collective bargaining process is good for our organization in working with the school districts. Some people believe the existing collective bargaining process unfairly tips the balance of power to employee organizations. This amendment strikes a good balance to ensure improvements to the collective bargaining process without unfairly tipping the balance of power toward any single bargaining party. It offers a fair compromise on a number of important issues.

Ron Dreher (Washoe School Principals' Association; Peace Officers Research Association of Nevada; Washoe County Public Attorneys' Association):
We are neutral on the amended version of this bill.

Josh Hicks (Southern Nevada Home Builders Association):
The Southern Nevada Home Builders Association is neutral on this amendment. We opposed the original bill but are neutral on the amendment.

Stephen Augspurger (Clark County Association of School Administrators and Professional-Technical Employees):
On behalf of the School Administrators Association, we are neutral on this amendment. The original bill excluded all administrators from the collective bargaining process. The amended version makes significant revisions to accountability measures for administrators, specifically principals. The School Administrators Association will assume a leadership role in helping principals embrace these new measures. We believe no student should be taught by a poorly performing teacher, and no teacher should work for a poorly performing administrator. Our reform initiatives, which we have voluntarily brought forward and included in our contract, reflect those beliefs. We are neutral and support the changes in this amendment in Exhibit C, sections 1 through 8.

We are concerned with the changes in sections 9 and 10 and echo the comments made by Mr. Martinez regarding those sections. We support the change in section 10, subsection 1 regarding the probationary period for principals. Senator Roberson discussed a 3-year period. I understand that under statute, any time a principal is appointed for the first time, there is a 1-year probation period even if he or she has already served 3 years as principal. This bill does not go far enough. If there is a 3-year period, we recommend that. We need to hire the best principal on the first try.

The new evaluation system for licensed administrators will be implemented. It will require that 50 percent of the principal's evaluation be determined by student achievement. Since test results are not received by the districts until fall after the conclusion of the probationary year, a 2-year probationary period will allow for only 1 year of student test data. Adding a third year of probation will provide 2 years of test data. The third year of probation and 2 years of student test data will provide a stronger measure of principal effectiveness and ensure that we have the right person in that position.

Section 10, subsection 2 establishes the triggers for a postprobationary employee to return to at-will status. I agree with Mr. Martinez that these triggers will create an unintended consequence by serving as a disincentive for the best principals to transfer to the most at-risk schools. Most likely, it will be assistant principals newly appointed to principal positions who will go to the most at-risk schools. Best education practices suggest that meaningful incentives be established to recruit and retain the best and most experienced principals to schools that have the greatest need. Only time will tell the impact that this provision may have on that recruiting process.

Section 10, subsection 4, discusses principals who meet both of those triggers. Those principals will be removed from their positions and terminated. We would like that language changed to be consistent with other parts of the bill. Employees become principals by being successful in another position first. Instead of terminating unsuccessful principals, they should be moved back to the position where they were successful.

We support sections 11 through 14. Principal accountability must be done in a fair manner. By fair, I mean principals must have the essential tools and resources to achieve the high expectations established by the Legislature. It is important to have highly qualified teachers in every classroom; we cannot continue to open schools with too few teachers. Every time a teacher is absent, a substitute teacher pool of sufficient size needs to provide a substitute teacher for that day. Now, when principals hire assistant principals and deans, they come with no preservice training; they should be provided with training. We need to establish mutual consent and placement provisions where a principal knows that nobody can be assigned to your school unless you and your staff agree.

We need to make sure our reduction in force procedures are based on performance and not seniority. Nevada's principals have embraced the idea that their success shall be determined by the success of their students. They ask in return that the working relationship be reciprocal. In return for their commitment to improving student achievement and being held accountable for that improvement, they ask that they receive the tools I have laid out.

Chair Goicoechea:
You and Mr. Martinez both have suggestions for minor changes to the amendment. I suggest you speak with Senator Roberson.

Lonnie Shields (Nevada Association of School Administrators; Clark County Association of School Administrators and Professional-Technical Employees):
Nevada Association of School Administrators is a statewide organization whose membership ranges from superintendents down to deans in Clark County. We represent about 900 administrators. We do not engage in collective bargaining. Our mission is to enhance education by providing leadership, professional development and collaboration among school administrators. School administrators should have the same rights and opportunities that other school employees enjoy. We opposed the original bill but are neutral on the amended version.

Bruce Snyder (Commissioner, Local Government Employee-Management Relations Board, Department of Business and Industry):
The Local Government Employee-Management Relations Board will be tasked with administering this bill if it passes. I am seeking clarification on section 2, page 2, lines 2 through 6 of the amendment, Exhibit C. It seems the intent of having a 45-day period to hear unfair labor practice cases is to have it apply to new contracts being negotiated or amendments to existing contracts or successor agreements. Those only amount to about 5 percent to 10 percent of the unfair labor practice cases that come before our Board. If that is the intent, we will do our best to ensure those cases are heard within the 45-day period. The refusal to bargain collectively in good faith extends throughout the life of an agreement. At least 50 percent, if not 66 percent, of the cases that come before our board relate to collective bargaining or bargaining in bad faith but are not necessarily related to the negotiating of a new contract.

For example, a contract may say this is how we bid for shifts for a given work unit, then a supervisor decides to do his or her own thing despite what the contract says. Technically, that is considered refusal to bargain collectively; it is known as a unilateral change case. Most of our cases allege something similar to that. If that is to be included, then it will be almost impossible for us to move all of those cases and have them heard within 45 days. I would be happy to meet with the sponsor to help clarify the language.

Senator Hardy:
Section 2, page 2, lines 4 and 5 of the amendment read, "the Board shall conduct a hearing within 45 days after it decides to hear the complaint ... ." That gives you some leeway.

Mr. Snyder:
It gives us some leeway. Now, we have the complaint; 20 days later they answer; 20 days after that the prehearing statements are filed; then the case goes into a queue where the Board can decide whether to hear it. I agree that it is a good thing to hear these failure-to-bargain cases as fast as possible. I want to make sure that we are not talking about the broader scope of unilateral change cases if the traditional sense of bargaining is meant where two parties negotiate the contract.

Chair Goicoechea:
It sounds like significant time frames are involved in this if a 20-day deadline is followed by another 20-day deadline. It seems there would be adequate time to resolve this before getting to 45 days.

I will close the hearing on S.B. 241 and open the hearing on S.B. 254.

SENATE BILL 254: Revises provisions relating to public works. (BDR 28-791)

Senator Patricia Farley (Senatorial District No. 8):
I have been in the construction industry for over 14 years. The Legislature last dealt with this issue during the 2011 Legislative Session and unanimously passed A.B. No. 413 of the 76th Session. This began the pilot program where retention was lowered on public works projects from 10 percent to 5 percent. The world did not come to an end, quality construction projects continue to be built and companies that work small margins get their money faster. Senate Bill 254 makes the pilot program permanent and carries forth the same provisions over to private works.

Chair Goicoechea:
Do you accept the amendment to this bill?

Senator Farley:
Yes. The amendment (Exhibit D) deletes section 1 of the bill. That section caused concern about changing the definition of public works relating to the Nevada System of Higher Education.

Chair Goicoechea:
This bill changes the percent for retention from 10 percent to 5 percent.

Mandi Lindsay (Mechanical Contractors Association of Las Vegas; Sheet Metal and Air Conditioning Contractors' National Association of Southern Nevada):
Senate Bill 254 pertains to retention, an age-old practice in the construction industry. Specifically, retention is a portion of the agreed-upon contract price deliberately withheld by project owners until the work is substantially complete to assure that the prime contractors or subcontractors satisfy their obligations and complete the construction project. Until the passage of A.B. No. 413 of the 76th Session, traditionally, no more than 10 percent retention was held back from progress payments made to contractors on a project whether it was a public or private works project.

Senate Bill 254 lists the July 1 expiration established in A.B. No. 413 of the 76th Session, and our industry asks that you maintain the status quo established in 2011 and continue to allow the public works agencies of Nevada to not withhold more than 5 percent on construction projects. Our association submitted the friendly amendment, Exhibit D, that deletes the entirety of section 1 of the bill because we do not want this legislation to amend the definition of a public work. We want to replace the word "shall" with "may" in section 2, subsection 3 of the bill.

Since the transition from 10 percent to 5 percent retention on public works has been implemented during the last 4 years with little fanfare, section 3 of this bill aims to extend the same privilege of a maximum 5 percent retention from 10 percent retention to private works.

Section 4, subsection 1, paragraph (b), subparagraph (2) of S.B. 254 adds language to include unpaid monies to be remitted in the instance of the issuance of a temporary certificate of occupancy. Oftentimes, especially in southern Nevada, large projects open and operate with the permission of a temporary certificate of occupancy which may be extended in Clark County for upwards of 2 years before a final certificate of occupancy is issued.

Chair Goicoechea:
We also have a proposed amendment from the business operations manager from the City of Henderson (Exhibit E). Have you seen that, Senator Farley?

Senator Farley:
I have.

Brian Reeder (Nevada Chapter, Associated General Contractors):
We support S.B. 254. It establishes an appropriate retention rate which will help ensure that cash flow is adequate at a time when contractors operate on extremely slim margins and financing is increasingly more difficult to obtain from banks, especially for the State's small contractors. The construction industry was hit hard during the recession, and it is finally starting to recover. This bill will help ensure that recovery is sustainable.

The A.B. No. 413 of the 76th Session that Senator Farley talked about gave the public agency the ability to only withhold 5 percent. However, we have seen that at times, they withhold closer to 10 percent, which is a burden on contractors and forces them to fund the project out of pocket. Senate Bill 254 sets the retention rate at 5 percent which addresses that challenge for the contractors. Assembly Bill No. 413 of the 76th Session required general contractors to pay subcontractors and only withhold 5 percent. Senate Bill 254 makes those amounts equal because the 5 percent rate withheld by the public agency is not the same as the rate withheld by the general contractor. The bill removes that burden from the general contractor. This bill also removes the sunset on the legislation from 2011, and we support that. This bill will reduce the burden on contractors and still protect public agencies.

Fred Reeder (President, Reno-Tahoe Construction Inc.):
I support this bill. Since the crash our industry faced during the Great Recession of 2008, it has been difficult for me. Our industry has large volumes of work with low margins, so we are dependent on cash flow. The definition of public works is being removed from this, and that dismays me. Bringing the issue to the table on these projects is an important part of this bill. I have two projects at the University, one is the University of Nevada, Reno, residence dorm that will be called Peavine Hall. Contractors are the first in and the last out. I started that project in April 2014; by the end of May 2014, I was about 85 percent or 90 percent done with my work, and I now have over $100,000 held on that job for work I completed.

I am in the same situation across the street from that project at the Pennington Student Achievement Center. I had a contract of more than $2 million there; I am 92 percent done and have $200,000 of retention held. These two projects put me in a difficult position because there is only so much juggling I can do with my vendors and subcontractors. It is difficult to manage these jobs.

Historically, I have always used credit lines with my banks to manage this retention. Since 2008, I can no longer do that because banks are heavily regulated. We are not the most favored customer with banks anymore, and they no longer give that line of credit to people in the construction industry. In 2010, I fell out of my covenants with my bank. The bank closed my credit line, swept all my available cash and almost put me out of business overnight. We do not have the means to finance the retention on these projects anymore. Anything you do comes out of pocket. I was recently able to establish my line of credit. It is only a fraction of what I used to receive from the banks, but it is enough to take me through a couple payrolls in the event somebody does not pay me on time. I support this bill.

Chair Goicoechea:
When I talk to public works projects, the rates are still in place as far as retention goes.

Mr. F. Reeder:
They do not have to play by NRS 338 anymore; this bill would modify NRS 338.

Chair Goicoechea:
I need clarification on that. We are talking about public and private. No matter whom your contract is with, the retention goes from 10 percent to 5 percent?

Mr. F. Reeder:
That is a good point. Not being a lawyer, I cannot answer that. Are they now private or public … ?

Chair Goicoechea:
It would not make a difference because public or private, the retention goes from 10 percent to 5 percent.

Jan Leggett:
I echo Fred Reeder's comments.

Richard Daly (Laborers' International Union of North America Local 169):
I was involved in A.B. No. 413 of the 76th Session, and I support S.B. 254. The change from "may" to "shall" in section 2 is good. Regarding the language excluding the University, it may leave it a little bit vague; I would prefer to leave the University in. Language in another bill takes that same language out. An

agreement made with Nevada System of Higher Education on an amendment to that bill covers the University's concern.

Section 2, subsection 1, of the bill states, "except as otherwise provided in NRS 338.525, a public body and its officers or agents awarding a contract for a public work shall pay ... ." If by definition the University is not creating a contract for a public work based on how it is funded, that section could be undercut. The expiration date added in 2011 was a concern of the contract-awarding bodies at the time. They did not know how this would affect them, so we put in a sunset at 4 years to evaluate whether it worked. If there were significant issues, they could keep it at 10 percent. I have not heard of any problems, and I am glad the sunset is being taken out.

Chair Goicoechea:
We wanted a bill that deals with retention, and that is all this bill does.

Mike Cathcart (City of Henderson):
We are withdrawing our proposed amendment. The change from the wording "shall" back to "may" resolves our issue with section 2, subsection 3.

Constance Brooks (Nevada System of Higher Education):
We would like to thank Senator Farley for amending us out of the bill. We are a unique State entity. We have our own set of fund-raising because of student fees and a substantial amount of donors who support our construction projects.

Brian McAnallen (City of Las Vegas):
We shared the City of Henderson's concern regarding the words "shall" and "may" in section 2. Senator Farley's change satisfies our concern.

Lee Thompson (Clark County):
I echo Mr. McAnallen's statements.

Senator Farley:
This is an important issue for the industry. Fred Reeder explained what has happened over the last 10 years and how hard it is to stay in business. When you have that much money tied up on a project and you have no credit line, every day is a test to see if you survive. One problem could put you under. Putting this into effect will allow money to move more freely through the

general contractors and subcontractors, which means more people will stay employed and projects will continue moving forward.

Chair Goicoechea:
I will now begin work session with S.B. 265.

SENATE BILL 265: Makes various changes concerning health care. (BDR 18-94)

SENATOR HARDY MOVED TO REREFER S.B. 265 TO THE SENATE COMMITTEE ON FINANCE.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Giocoechea:
We will now hear S.B. 157.

SENATE BILL 157: Enacts the State and Local Government Cooperation Act. (BDR 22-706)

Jennifer Ruedy (Policy Analyst):
I submitted my work session document (Exhibit F).

Kay Scherer (Deputy Director, State Department of Conservation and Natural Resources):
The amendment addresses our concerns and eliminates any fiscal note.

SENATOR HARDY MOVED TO AMEND AND DO PASS AS AMENDED S.B. 157.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Goicoechea:
We will now hear S.B. 268.

SENATE BILL 268: Provides certain services for veterans. (BDR 37-1042)

Ms. Ruedy:
Senate Bill 268 requires the director and deputy director of the Department of Veterans Services to develop plans and programs to assist veterans who have suffered sexual trauma while on active duty or during military training. I have submitted my work session document (Exhibit G).

SENATOR HARDY MOVED TO AMEND AND DO PASS AS AMENDED S.B. 268.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Goicoechea:
We will now hear S.B. 311.

SENATE BILL 311: Revises provisions relating to irrigation districts. (BDR 48-831)

Ms. Ruedy:
This bill authorizes the board of directors of an irrigation district that has entered into a contract with the United States for the purpose of complying with the Reclamation Safety of Dams Act to incur an indebtedness not exceeding in the aggregate the sum of $6 million. More details can be found in the work session document (Exhibit H).

Chair Goicoechea:
This bill simply increases the cap and does not change the cap on the assessment.

SENATOR HARDY MOVED TO DO PASS S.B. 311.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Goicoechea:
We will now hear S.B. 318.

SENATE BILL 318: Provides for the consolidation of certain fire protection districts in certain counties. (BDR 42-833)

Ms. Ruedy:
This bill authorizes a board of county commissioners whose population is less than 700,000 to consolidate two or more fire protection districts. More details can be found in the work session document on this bill (Exhibit I).

SENATOR PARKS MOVED TO DO PASS S.B. 318.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Goicoechea:
We will now hear S.B. 325.

SENATE BILL 325: Revises provisions relating to state purchasing. (BDR 27-1024)

Ms. Ruedy:
Details about this bill can be found in the work session document (Exhibit J).

SENATOR LIPPARELLI MOVED TO AMEND AND DO PASS AS AMENDED S.B. 325.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Goicoechea:
We will now hear S.B. 471.

SENATE BILL 471: Revises provisions governing payments from the State Retirees' Health and Welfare Benefits Fund made on behalf of certain retired persons. (BDR 23-1178)

Ms. Ruedy:
Details on this bill can be found in the work session document (Exhibit K).

SENATOR HARDY MOVED TO DO PASS S.B. 471.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Goicoechea:
We will now hear S.B. 472.

SENATE BILL 472: Revises provisions governing the eligibility of state officers and employees for health benefits. (BDR 23-1193)

Ms. Ruedy:
Details for this bill can be found in the work session document (Exhibit L).

SENATOR PARKS MOVED TO AMEND AND DO PASS AS AMENDED S.B. 472.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Goicoechea:
We will now hear S.B. 473.

SENATE BILL 473: Revises provisions relating to the Office of Grant Procurement, Coordination and Management of the Department of Administration. (BDR 18-839)

Ms. Ruedy:
Details for this bill can be found in the work session document (Exhibit M).

Senator Parks:
If a department or agency does not spend all of the grant funds and has to revert the funds back to the federal government, that information will be captured on the Website maintained by the department.

Chair Goicoechea:
It is a way of finding out which agency is using all its money.

SENATOR PARKS MOVED TO DO PASS S.B. 473.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Goicoechea:
We will now hear S.B. 477 in a work session document (Exhibit N).

SENATE BILL 477: Revises provisions governing the installation of automatic fire sprinkler systems in certain single-family residences. (BDR 22-1110)

The City of Henderson requested I read a statement into the record:

> Section 6 of this bill effectively exempts any building code ordinance regulation or rule adopted by the governing body of a county or incorporated city in this State with an effective date before January 1, 2015. We want to ensure that that same exemption is maintained in place, for the City of Henderson wants to make sure that exemption is maintained in place or rule as necessary for the purpose of updating the most recent version of the International Residential Code.

Senator Hardy:
I want to make sure I get this on the record: "So if they do a remodel or put a room on or reconvert their garage, they are not going to have to put sprinklers in and retrofit their whole house?

Chair Goicoechea:
Yes. On the record:

> What we're really talking about on this is, if you're under 5,000 square feet and you do do something, you know, either build a new or expand it, again you don't have to sprinkle that home unless the entity comes forward and says hey, we've looked at this, you're clearly out here a long ways from a fire station, a long steep hill getting to you, we're not going to be able to respond to you. Bottom line is, then at that point if they could in fact come forward and justify that, then you could be required to sprink[sic] … but if you're in downtown next to the fire hydrant, you've got a manufactured home and they say come in and sprinkle, I think you're going to have a hard time justifying it.

Mr. Hicks:
That is correct. To Senator Hardy's question, this is a limiting bill, not an enabling bill. If you had to sprinkle some of your property because you remodeled it, the local government would have to undertake a cost-benefit analysis before it could require that. However, if you were grandfathered in, then you would not have to sprinkle.

Senator Hardy:
If the house is sitting there before January and you remodeled it, you would not have to sprinkle, but if it was after January and you remodeled it, you might have to if the local government determined it was necessary based on a cost-benefit analysis?

Mr. Hicks:
It would depend what was in the grandfather clause. If there was a requirement to do that on remodels already in place, that would stay in place; if that was not in place, that would be covered by the cost-benefit piece.

Senator Hardy:
When you say if it is already in place, does that mean we are making a law now that would prevent that from being in place so I would not have to hear from people who put on an addition and then have to sprinkle the whole house?

Mr. Hicks:
That is correct. There would now be a requirement if you wanted to put something like that in place, it would have to come with a cost-benefit study.

SENATOR HARDY MOVED TO AMEND AND DO PASS AS AMENDED S.B. 477.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Goicoechea:
I will now close the work session and we will hear S.B. 312.

SENATE BILL 312: Revises provisions relating to certain taxes. (BDR 21-834)

Senator Ben Kieckhefer (Senatorial District No. 16):
This bill is designed to improve marketing, air service and tourism in Washoe County. My engagement in this issue began in 2011 when the resort properties in downtown Reno came to the Legislature to request a tax be imposed upon the area's room rates, adding a $1 surcharge per night to improve

physical infrastructure of publicly owned assets in the tourism market for downtown Reno. We created that district, and it has been a useful tool in generating the revenue needed to improve and maintain the facilities that are critical to tourism for downtown Reno.

This bill is an offshoot of that success and recognition that additional investment needs to be made into the broader marketing efforts of the region as well as a newly emerging strategic plan for the Reno-Sparks Convention and Visitors Authority that will direct how that additional revenue will be invested.

I support Proposed Amendment 6311 (Exhibit O). There may need to be additional changes.

Greg Ferraro (Nevada Resort Association):
We support this bill with Proposed Amendment 6311, Exhibit O. The concept is to impose a room tax surcharge in Washoe County only for the purposes of implementation of the Reno-Sparks Convention and Visitors Authority's (RSCVA) 5-year strategic plan. That plan is to be decided at the RSCVA Board level, and once the Board makes the decision, it would also be given the authority to decide how to allocate the surcharge proceeds. As Senator Kieckhefer mentioned, in 2011 the Legislature agreed to impose a $2 surcharge in the downtown area. This bill adds $1 to the existing surcharge for implementation of the strategic plan. Everywhere else in Washoe County, hotels would have a $3 surcharge as well. The RSCVA Board would also decide how to spend that money. That surcharge would yield about $5.85 million on an annual basis.

We may need to expand the definition of the strategic plan because it could include more than marketing and promotion. Section 3.5 of Proposed Amendment 6311, Exhibit O, requires that a report be sent to the Legislative Counsel Bureau summarizing the activity of the collection.

There are limitations on how the money can be spent. For instance, it cannot be used for marketing or promotion of professional bowling. These monies would be spent exclusively on the strategic plan.

Chair Goicoechea:
Would we have $1 apply over the whole City?

Senator Kieckhefer:
Section 2 was created during the 2011 Session. It creates the downtown district with the $2 surcharge. Section 1 imposes the $1 per night surcharge on all hotels in downtown Reno. Section 4 creates the $3 countywide surcharge outside of the downtown district. The combination of sections 1 and 2 creates the $3 in the downtown district.

Chair Goicoechea:
The $3 fee will apply across the City …

Senator Kieckhefer:
No, it will be across the County.

Chair Goicoechea:
The district is the whole county?

Senator Kieckhefer:
Yes.

Chair Goicoechea:
Even Gerlach has the $3 surcharge?

Mr. Ferraro:
If there is a hotel in Gerlach, yes.

Chair Goicoechea:
There is.

Mr. Ferraro:
Page 1, line 19, and line 1 on page 2 of Proposed Amendment 6311 would be more than just advertising, publicizing and promoting the recreation facilities. We will come up with language that better summarizes and captures what the strategic plan.

Chair Goicoechea:
That makes Bruno Selmi in Gerlach happy because he is going to spend $3 on advertising?

Mr. Ferraro:
I will leave that for the RSCVA Board to decide. Assuming S.B. 480 passes, by that time, the RSCVA Board would have nine members.

SENATE BILL 480: Revises the membership of the county fair and recreation board in certain counties. (BDR 20-1113)

Michael Alonso (Peppermill Casinos, Inc.; Caesars Entertainment):
We agree with everything Mr. Ferraro said, including the broadening of the language to cover marketing, air service, capital, capital expenditures (CAPEX) and maintenance of facilities, or whatever the RSCVA comes up with for the 5-year plan. This is the first time in a long time that a downtown property owner and an outside-of-downtown property owner have agreed on this issue. We have to help the tourism economy in Reno and Sparks.

We do not want any of this money to be used to promote professional bowling. Opponents of this amendment proposed to keep the surcharge at $1. We oppose that because it does not raise enough money and continues the disparity between downtown and out-of-downtown properties. Another alternative raises $2 across the board; this would continue that disparity and is not realistic. The $2 surcharge passed in the 2011 Session is committed. The City of Reno would oppose that alternative because it has debt on the National Bowling Stadium and bond covenants to maintain and provide CAPEX on the Stadium. There is also an agreement between the RSCVA and the bowlers over that money. It is not realistic.

Tim Tretton (General Manager, Harrah's Reno):
We support the $3 surcharge. This is a critical time for Washoe County. We are on the brink of outstanding economic recovery. This is the first time the Peppermill and Caesars have agreed on something. There are not enough funds to do what we need to do from a marketing, air service, CAPEX or advertising standpoint. Passing this bill will prepare us for the imminent economic recovery. If the bill does not pass, we will be taking two steps backward.

Stephen Ascuaga (Peppermill Casinos, Inc.):
The Peppermill has seven properties in northern Nevada; but this bill would affect the Western Village Casino and Inn in Sparks and the Peppermill Casino in Reno. We support S.B. 312. We like the idea that it is a work in progress and will evolve with the strategic plan the RSCVA will adopt.

The RSCVA owns many facilities, and a CAPEX program is not adequately funded. These facilities benefit everyone. My family's business was located farther from the Reno-Sparks Convention Center than anybody. While business is not evenly distributed, it was a benefit to the tourism community. Keeping tourism activity would benefit everybody. The general marketing dollars the RSCVA has now are not adequate and never have been. Some individual properties outspend the RSCVA. This bill will provide money for marketing and address air service. As a result of the Great Recession, we lost a lot of direct air service to Reno, but recently our air service has increased. We have direct air service from Guadalajara, Mexico, on Valera Airlines; in December, Thomas Cook Airlines will provide direct flights from London to Reno; and JetBlue recently began direct air service from New York City to Reno.

Northern Nevada has great economic momentum, and the money generated from this legislation would benefit everybody, not a specific property or industry. The tourism industry, including taxi companies, restaurants and other services, will benefit.

Chair Goicoechea:
Did you say that Western Village is a Peppermill property?

Mr. Ascuaga:
Yes.

Kimberlee Tolkien (Atlantis Casino Resort Spa):
We support this bill with the amendment. We need the funding this legislation would provide for the strategic plan.

Tony Mavrides (Circus Circus Casinos, Inc.):
We support this bill with the amendment. We are excited about the strategic plan, but without resources, it cannot be well executed. The issue for Reno is northern California and Native American gaming. We have worked with the RSCVA to market in that community, specifically the Bay Area, but we do not have the resources to compete now. Our market is stabilizing, and we are seeing some upticks.

Glenn Carano (General Manager, Silver Legacy Resort Casino; Eldorado Resort Casino):
I represent the Silver Legacy and the Eldorado Resort Casino. We support this bill with the amendment for the reasons stated.

Lisa Gianoli (Washoe County):
We support this bill with the amendment.

Samuel P. McMullen (Reno-Sparks Convention and Visitors Authority):
We have a change we would like to make to the amendment. I have submitted an amendment (Exhibit P) which details the changes we would like to make.

Christopher Baum (President and CEO, Reno-Sparks Convention and Visitors Authority):
The RSCVA supports S.B. 312 in principle. We have long advocated for an expansion of the hotel room surcharges that worked well in downtown Reno for our extensive capital and marketing requirements in the Reno-Sparks area. However, we do not support including hotels in Incline Village and Crystal Bay in this effort since they already collect disproportionately in the room tax based on their countywide room rates which are the highest in the region. Many of the capital marketing needs that will be met by these increased funds will not directly support the properties at Lake Tahoe. In addition, RSCVA opposes any language that limits what the Board and executive staff may determine is the most appropriate way to spend a portion of the funds on behalf of the RSCVA.

Mr. McMullen:
The issue of any of the properties within the rim line of the Tahoe Basin is under discussion. We have an obligation to promote the bowling center in downtown Reno and the U.S. Bowling Congress. I would like to delete the word "not" on page 5, line 23, of Proposed Amendment 6311 so that the funds may be used for the promotion and marketing of professional bowling.

The room tax is collected through the former County Fair and Recreation Board of Washoe County in the form of the RSCVA. This legislation would make it so the tax on the area in the County outside of Reno would be imposed and collected by the County. We oppose this change to statute because it does not make sense to have two different collection mechanisms inside the County.

Chair Goicoechea:
It would have to be a County ordinance because it will be applied countywide.

Mr. McMullen:
Correct.

Chair Goicoechea:
The County could by contract allow somebody to collect it.

Mr. McMullen:
All the taxes for the RSCVA are imposed by the local governments, but the ordinances transfer the obligation to the RSCVA. This one does not. The existing room tax mechanisms should not change. It would have to be done by County and City ordinance.

Mike Draper (Grand Sierra Resort and Casino):
We do not oppose the concept of this legislation. We agree that our industry needs to work together to help make Reno a destination for businesses and tourists. Resorts and hotels need to establish more funding to implement the strategic plan and marketing budget for the RSCVA. We oppose the mechanism in this legislation. Everybody will benefit equally from the strategic plan, and the destination marketing of RSCVA and everybody should be held equally accountable for the funding of the plan. This legislation would not require equal funding from all parties.

Steven Wolstenholme (President and COO, Grand Sierra Resort and Casino):
Grand Sierra Resort was purchased by the Morelli Group in 2011 as a distressed property. We created a 5-year plan that focused on CAPEX. The CAPEX at the Grand Sierra Resort will be about $150 million, and we are about halfway through it. We are committed to the growth of this community. As a 2,000-room hotel, we want to be active in that growth. We support the strategic plan for the RSCVA because any implementation requires a strategic plan. The funding is inadequate to implement a strategic plan. That plan will benefit this community, and we support efforts to increase funding.

The downtown has a $2 room charge that mainly goes to the bowling center. The bowling center was established to benefit the downtown area. That obligation was made in 2011. Grand Sierra opposes this bill because it is not consistent; the plan would be funded by $3 fees outside of downtown and

$1 fees in downtown. We would like to work with the sponsor to create a better bill.

Chair Goicoechea:
I hope you recognize the RSCVA is underfunded. I hope you can work your issues out with the sponsor.

Senator Lipparelli:
I grew up in this community, and I have lived in Las Vegas for 20 years now. I have rarely seen this group of people work together, so it is impressive to see them working together now. I encourage you to find a way to work with them.

Andy Chapman (President and CEO, Incline Village-Crystal Bay Visitor and Construction Bureau, Inc.):
I echo Mr. Baum's and Mr. McMullen's points about the carving out of the Incline Village-Crystal Bay area in this bill. Mr. Baum mentioned that the hotel properties within the Incline Village-Crystal Bay area pay a disproportionate amount of taxes based on the higher room rate we charge. The Incline Village-Crystal Bay area does not receive equal benefit from all the programs and efforts by the receiving agency which is why the Incline Village-Crystal Bay Visitor and Convention Bureau was created by statute to promote that area with dedicated tax, a portion of the bed tax that comes out of our region. Our tourism and lodging industry requests that we be carved out from the district's boundaries. If that is not possible, we would like to discuss dedicating those funds out of those surcharges from our area back to our organization so we can promote the area as the official State agency for the Incline Village-Crystal Bay region.

We support air service. Air service support has been on the back of tourism for many years, and we are looking for ways to expand it. We are starting to expand it by getting businesses involved in air service. We oppose this bill but would like to work with the sponsor to find a solution. We agree that this area needs more revenue to support tourism. We are too far from the facilities to benefit from additional funding.

Senator Kieckhefer:
I am ready to work with any parties that have concerns about this bill. Those who oppose it do have the interest of the region at heart and recognize the need for the advanced marketing efforts of the region.

Chair Giocoechea:
We will now hear S.B. 285.

SENATE BILL 285: Revises provisions relating to local law enforcement agencies. (BDR 20-208)

Senator David R. Parks (Senatorial District No. 7):
This bill was originally intended to address a potential consequence of a federal class action lawsuit brought by a former Utah resident who sought not to reregister her vehicle in Nevada. When she was cited for having an improperly registered vehicle, she filed a class action lawsuit in federal court; but a U.S. district judge has since denied class action status. Had a class action status been allowed or approved, Clark County may have been on the hook for several million dollars in reimbursement.

This bill picked up some additions and now addresses several problems and outdated provisions. Several sections of the bill deal with fiscal impact and will have to be addressed. For example, section 9 deals with credit and debit cards. Section 13, subsection 6, line 34 on page 8 of the bill deals with the $100 fee that a constable's office is eligible to collect for an improperly registered vehicle. Section 15 deals with fees in general. The intent of this bill is to keep justice court fees and fee structures that relate to a township uniform. Section 15 seeks to address that.

Several requests for amendments have mostly come about as a result of the U.S. district judge's finding. Recommendations have been brought forward by the Southern Nevada Rural Constable's Alliance and Clark County.

Chair Goicoechea:
Which of these amendments are friendly?

Senator Parks:
I do not oppose any of the recommendations. Clark County requested three amendments. One has already been incorporated, and the other two are minor revisions.

Chair Goicoechea:
Of four different proposed amendments, two are from the Southern Nevada Rural Constable's Alliance, proposed by Jordan Ross (Exhibit Q and Exhibit R), and two from Clark County (Exhibit S and Exhibit T).

John Fudenberg (Clark County):
We support the bill and have proposed a minor amendment (Exhibit T) that adds section 12, amending NRS 258.065 to allow the county commission to appoint employees of the constable in addition to constables appointing their own staff. This is the practice in some townships; Clark County has dual processes.

Chair Goicoechea:
Who does the appointing, the Clark County Sheriff?

Mr. Fudenberg:
No, the Clark County Commission.

Chair Goicoechea:
The County Commissioners appoint employees who work under the constable?

Mr. Fudenberg:
Yes.

Chair Goicoechea:
The email to Senator Parks from Alex Ortiz, Exhibit S, references NRS 258 that allows a board of county commissioners to abolish a constable. The abolition does not become effective as to a particular township until … That was old language. The office of the township cannot be abolished when an elected constable is in place. That has been the rule for a long time. That is underlined and deleted. Then the constable shall, upon conviction of a defendant who was issued such a citation, be entitled to the $100.

Senator Parks:
In the email from Alex Ortiz, Exhibit S, it appears the County only wanted lines 22 through 24 removed from page 6 of the bill, but wanted to leave lines 19 through 22.

Chair Goicoechea:
Are you reading from the original bill?

Senator Parks:
Yes. The revised provisions suggested in Exhibit S by Mr. Ortiz affect S.B. 285, section 11, deleting the portion in lines 22 through 24. The second portion of Mr. Ortiz's email deals with section 13, lines 31 through 33 on page 8 regarding the entitlement of the $100.

Chair Goicoechea:
Mr. Fudenberg, you will appoint the people who work for the constable? You are talking about the support staff, not necessarily the constable and/or people who work for him or her, meaning people packing a gun and serving writs. Would you appoint those people as well under your amended language?

Mr. Fudenberg:
I do not think so. We are just referring to the clerks, not the deputy constable.

Chair Goicoechea:
Mr. Ross is a constable, but suppose Mr. Parks and Mr. Atkinson are hired by the County, they would be under the constable.

Senator Parks:
These are simply the clerical support staff who run the office.

Heidi Chlarson (Counsel):
Because there are multiple amendments on this bill, if the Committee would like to consider all of them in one proposed amendment, I can put that together. If I find that an amendment conflicts with another amendment, I will bring it to your attention. Now, nothing seems to conflict.

Jordan Ross (Constable, Laughlin Township; Southern Nevada Rural Constable's Alliance):
The document entitled the Constable Reform Act, Exhibit R, was an earlier bill draft request sent to Senator Parks; it is not an amendment. We included it because there is some explanatory language.

The Southern Nevada Rural Constable's Alliance supports both of Clark County's amendments, Exhibit S and Exhibit T. Our amendment is minor. The constable system is an integral part of the civil enforcement system in Nevada and has a unique financial model that allows it to provide a great deal of services at low cost to the taxpayer. This bill contains reforms we have been

pushing for the last 4 years. Much of the discussion of the issues of constables was obfuscated by the prior incumbent of the Las Vegas Constable's Office in largely isolated problems. We need to regain the confidence of the public regarding constables and their work in Nevada. This bill calls for some significant restrictions on constable peace officer powers. California places restrictions on its equivalent of what we call category II peace officer agencies.

Chair Goicoechea:
When we authorize the possession or sale of liquor by a person who holds a license under this chapter, it does not apply to an officer or officer's deputy who sells or offers the liquor. The chapter about constables is confusing.

Mr. Ross:
This came about as a result of the execution of a complex civil enforcement action on the part of my agency. Under court order, we had seized the entire contents of two nightclubs in downtown Las Vegas. This included a significant amount of alcohol. The Civil Division of the Clark County District Attorney's Office advised us that we could auction the alcohol off, but we could not sell it to anybody who held a liquor license; meaning we could only sell it to individual members of the public, which would have been incredibly time-consuming considering we had to get rid of a couple thousand bottles of liquor.

The plaintiff who was entitled to the proceeds of this judgment would not receive any money because the expense of auctioning it off—because even the most dedicated drunks will only buy so much—would have chewed everything up. In fact, they could end up owing us money. In this case, the plaintiff had to give the goods back to the defendant at a deeply discounted price. The intent of the court order to auction off this product was not met. All this does is allow a sheriff or constable who has been ordered to auction off alcoholic beverages by a court in the satisfaction of a judgment to sell the alcohol to a liquor license-holding business. It seems like a small technicality, but we do everything we can to adhere to the decisions we get from the Civil Division. If they tell us we cannot sell it, we do not sell it.

Chair Goicoechea:
Given some constables' track record there, I was apprehensive about granting somebody the ability to have a rolling bar.

Senator Parks:
Regarding the issue dealing with the fee structure in section 15 of the bill, we might be able to resolve a fiscal note if we were to match the fee structures in place in justice courts with those in place for constables.

Chair Goicoechea:
This bill does not have a fiscal note. The fees would be imposed by the county, so they are not an issue for this body. This bill does not need to go to the Senate Committee on Finance.

I will now close the hearing on S.B. 285 and open the hearing on S.B. 448.

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

Samuel P. McMullen (Nevada Bankers Association):
We proposed this bill to give small community banks tools similar to larger banks.

Reg Truman (Promontory Interfinancial Network, LLC):
I support S.B. 448. It would allow community banks to acquire public deposits. The Promontory Network is made up of about 3,000 financial institutions. More than 40 percent of all banks in this Country belong to the Network, including 9 of the 18 chartered banks in Nevada, including Wells Fargo Financial National Bank, Nevada State Bank, Farm Bureau Bank, Heritage Bank of Nevada, Meadows Bank, First Security Bank of Nevada, Town and Country Bank, Bank of George and Valley Bank of Nevada.

The Promontory Network provides two deposit allocation services: The certificate of deposit account registry service (CDARS) and the insured cash sweep (ICS). Certificate of deposit account registry service, which has been provided since 2003, places depository money certificates in banks that are members of the Network. The insured cash sweep, which was created after CDARS placed depositors' money in savings accounts or transaction accounts, uses banks that are members of the Network. Both services offer depositors access to millions of dollars in Federal Deposit Insurance Corporation (FDIC) insurance. With both services, a customer only deals with the originating bank. Certificate of deposit (CD) account registry service has been available for deposits by local governments in Nevada in accordance with

NRS 355.170 which authorizes investment by counties, cities and school districts in certificates of deposits issued by insured commercial banks, credit unions, and savings and loans.

Senate Bill 448 would extend this existing authority for investment in certificates of deposit to investments in other forms of insured deposit accounts, such as money market deposit accounts and demand deposit accounts, through a deposit placement service such as ICS. The effect will be to give the State and local governments in Nevada the options of placing funds through CDARS or insured CDs for prescribed terms through ICS in insured money market demand accounts with the ability to withdraw funds up to six times per month through ICS in a demand account with no limits on the timing or amount of withdrawals. If enacted, this bill would bring Nevada law in line with statutes in more than 40 states which authorize the placement of public funds into multiple FDIC-insured money market deposit accounts and demand deposit accounts through a deposit service such as ICS. This authority would not be exclusive to the Promontory Network. It would apply to other entities that provide deposit allocation services that comply with the statutory conditions.

Nothing in this bill is mandatory. The existing deposit authority in the bill provides local governments with options. Because the banks do not have to hold collateral for CDARS and ICS deposits by local governments, funds that would have been used for collateral can be used for lending instead. Certificate of deposit account registry service and ICS also make the lives of local government finance officers easier because they save time and effort that they would have spent managing multiple bank relations or tracking collateral. Local governments in more than 40 states already benefit from participation in services like ICS. Local governments in Nevada should benefit as well.

Al Kramer (Interim Chief Deputy Treasurer-Investments, Office of the State Treasurer):
I worked on a similar bill to this a couple of years ago. This bill will not harm any local government. It is in a form that the State would not use, so the State is neutral.

Chair Goicoechea:
So it is only enabling.

Mr. Kramer:
It is an option, yes.

Chair Goicoechea:
It could be beneficial to some county jurisdictions.

Mr. Kramer:
Yes.

Chair Goicoechea:
How is this better than what counties have now?

Mr. Kramer:
This allows for sweep accounts and other types of accounts rather than just CDs. The language states that it has to be in the name of the local government for the insurance and custody. It is more flexible and requires fewer man-hours to do now than it did before for the same benefit from investment.

Chair Goicoechea:
It would bring the same benefit with less time?

Mr. Kramer:
Yes, and less oversight from the county financial management people.

Chair Goicoechea:
They are just as insured?

Mr. Kramer:
I do not know.

Mike Hix:
I work for First Independent Bank in Reno. We have five branches in the Reno-Sparks area and one branch each in Fallon and Carson City. First Independent is a division of Western Alliance.

I have worked in the banking industry for 35 years serving deposit and lending customers. I have experienced the benefits of the CDARS program. Having weathered the recession, we would often encounter customers who were unsure about the safety of their deposits. The CDARS program allows us to

place the deposits with other FDIC-insured financial institutions throughout the United States, ensuring that their larger deposits were covered under this insurance program beyond what a single institution could cover.

Typically, a single institution can only cover up to $250,000 on each customer. The CDARS program allows the municipalities and States to receive full FDIC coverage by working with one institution which can place those dollars with other FDIC-insured institutions outside the State. We support this bill.

Daniel Dykes (Nevada Bankers Association; Nevada State Bank):
I have worked in the Nevada banking industry for 39 years. Over the past decades, there has been much change in the banking industry and the government. With bankers working with their clients and partners in government, we have allowed these advances to make a positive set of changes to create a more efficient system.

Senate Bill 448 would allow state and local governments to access a network that has been available to the private sector for a number of years. If a governmental body deposits $1 million into a small local bank, it would seem on the surface as if this deposit would greatly benefit both the bank and the community by providing a large deposit, most of which the bank could use to make loans to local residents and businesses. In reality, the bank would only be able to lend $250,000 of that money and would have to buy collateral securities from the bond market for the other $750,000 and post the funds into an account of the name of their new government client. The net benefit to the community is marginalized by the requirement to post the collateral for uninsured deposits. This requirement for posting collateral is essential in protecting tax dollars; but we have not gained access to a redeposit option that would make a significant change in how much benefit is gained when a local government makes a $1 million deposit into a local bank.

In the scenario, the local bank would not need to purchase additional collateral securities and would instead redeposit what would have been uninsured funds into the network and receive a like sum of dollars back in a reciprocal deposit; $750,000 is taken out of the $1 million deposit to put into the network to gain deposit insurance. The reciprocal deposit plus $750,000 is made through the network back to the local bank that does not have collateral requirements. Banks generally lend about 70 percent of their deposits and loans.

If this bill passes, the local bank would receive a total of $700,000 in loanable funds as compared to the $250,000 in the scenario I illustrated. We support this bill. It will benefit local governments and banks of all sizes by providing a safe and efficient window to achieve higher levels of deposit insurance to state and local governmental bodies. Our local government banks should be afforded this proven option for attaining high levels of insurance.

Mr. McMullen:
We submitted an additional amendment (Exhibit U). This would ensure that the collateralization requirement would fall away in favor of this plan so people would not be paying double protection.

Ms. Gianoli:
We dealt with a similar bill in 2013. Our treasurer, Tammi Davis, reviewed it then and has reviewed it again. Because it is enabling, we do not have any concerns.

Chair Goicoechea:
I agree because it is an enabling bill. However, some rural counties have large ending fund balances because of the Net Proceeds of Minerals Tax, and they assume because they keep their balances local, they are helping their economy—but apparently they are not.

I will now close the hearing on S.B. 448 and open on S.B. 481.

SENATE BILL 481: Prescribes certain requirements relating to the receipt, maintenance and disclosure by a county or incorporated city of certain information of a public utility. (BDR 20-1114)

Randy Robison (CenturyLink):
This bill would prohibit local government entities from collecting, digitizing and aggregating our information regarding the location of our facilities and critical infrastructure for the purposes of building a digital model of our infrastructure. That can be referred to as 3D mapping, electronic mapping or digital mapping. We take the security of our data and the location of our facilities seriously. We have people who protect it around the clock every day. If that was out of our control and aggregated within a local government subject to records requests and other priorities besides protecting our data, it could pose a security risk. For people who are competitive in our industry, that information is proprietary.

The intent of this bill is to address the idea of digitizing, aggregating and storing information on the location of our facilities somewhere outside our shop. The bill draft could be read to affect existing policy, the way we provide mapping information to local governments when they are doing public works. We want to make clear that we are not trying to change any existing policies, procedures or franchise agreements, we only address digital mapping and ask for the protections we need.

Frank Gonzales (NV Energy):
I serve on the Edison Electric Institute, National Response Executive Committee for the western United States. I serve as Commissioner on the Nevada Commission on Homeland Security. I am a retired brigadier general for the U.S. Army and I served as a State director for the Selective Service System.

NV Energy supports S.B. 481 because it would provide important protections against public disclosure of sensitive information about NV Energy's distribution transmission system. NV Energy has long cooperated with local governments by providing information of the locations of our facilities to comply with municipal plans and reviews and franchise agreements necessary toward planning public works projects for local governments. We will continue to do that.

However, we have received broad-ranging requests to get digitized information regarding our electrical system. A lot of that information is not public. Because of the sensitive nature of electric facilities throughout the U.S., the Federal Energy Regulatory Commission has adopted regulations for the critical infrastructure protection of key bulk electric systems within Nevada and the U.S. Our electrical system must be secured against cyberattacks and physical security threats. Allowing access to key information about our system would allow sensitive information to be used to disrupt our system reliability.

While the general location of our facilities is open and known to anyone who drives, public knowledge does not encompass which specific integrated facilities are critical and contain reliable operations of the grid and which, if compromised, could result in targeted disruption of service to large or sensitive customer loads or could trigger cascading outages that extend outside of Nevada. In the wrong hands, a large amount of information requested of NV Energy could be used by those intending to do maximum harm. Providing that information would allow dangerous individuals to determine which facilities provide the maximum vulnerability.

This bill recognizes the sensitive nature of detailed information about our facilities and the customers we serve. The bill in no way changes NV Energy's obligation and ability to provide local governments with timely information they need to monitor what is placed in their rights-of-ways and to plan public works projects. It does not change any franchise agreements. Passing S.B. 481 will ensure our critical infrastructure information does not fall into the wrong hands.

Chair Goicoechea:
Mr. Robison, did you have an amendment for this bill that incorporated some water purveyors?

Mr. Robison:
The amendment (Exhibit V) on behalf of Cox Communications, Charter Communications and the Las Vegas Valley Water District would include public water systems. Because of the way Cox Communications is set up, it needs some specific language that covers all its businesses.

Debra Gallo (Southwest Gas Corporation):
We do not support the online collection of all the detailed locations of our facilities. A single repository of records containing operational and pipeline integrity specifications significantly increases our infrastructure physical security vulnerability. We are concerned with the security of the sensitive information handling that would be provided and the cybersecurity of any online database to which all the information would be submitted and stored. Mishandling of sensitive information could result in unintended consequences with the potential to threaten the security of the communities we serve.

Detailed locations of our utility facilities stored within a single repository of data creates a vulnerability that does not exist now. This information is in multiple formats and sources now, but it is under control by the utility. This variation in distribution of this information minimizes systemwide vulnerability from targeted strategic physical infrastructure attacks. The U.S. Departments of Homeland Security, Transportation and Energy support our position on this.

Mr. Robison:
A city section and county section in the bill mirror each other. Some people have expressed concerns that the bill is too broad. We are focused on the idea of digital mapping, not the practices we have now for sharing our locations with local governments.

Michael Hillerby (Charter Communications, Inc.):
Exhibit V would add a public water system or video service provider to the list. In this case, the video service provider would be a company, such as Cox Communications or Charter Communications, Inc., that provides video service, telephone and Internet access. Our fiber optic locations, critical Internet infrastructure and telecommunications phone service for business and residential customers would be included in that information. That warrants similar protection to the other utilities.

Kami Dempsey (Cox Communications):
I echo the rest of the testimony. We need to be a part of this for the protection of our communications and security.

Randy Brown (AT&T):
I echo the comments made so far.

Scott Leedom (Las Vegas Valley Water District; Southern Nevada Water Authority):
We have the same security concerns that others have expressed. We support this bill with the amendment.

Steve Walker (Truckee Meadows Water Authority):
I support the bill with the amendment.

Jeff Fontaine (Nevada Association of Counties):
We oppose this bill because it is too broad in reference to the public utilities within a county. There is a need to have information about where the lines are. We are willing to work with the sponsors to address that issue.

Chair Goicoechea:
The way the bill is written, you would not be able to access that information?

Mr. Fontaine:
I do not think so.

Chair Goicoechea:
I do not think that is the intent of the bill. When you put the whole package together and all of a sudden you have the whole system and the water starts here and it goes down this pipe, so if you shut this valve off … I do not know

how you are going to ... whether you actually talk about putting them in compartments or departments or how you do it so you can access ... but access to that system would not give somebody the knowledge of how to turn the whole system off or sideways.

Mr. Fontaine:
That probably is not the intent of the sponsors. Now, if you want to put a utility within a public right-of-way, you need a permit, and that information needs to be available.

Senator Hardy:
I do not want this information easily accessible to everybody on the Internet. The intent of the bill is to give the county a call-before-you-dig policy where somebody can receive a portion of the information instead of all the information.

Mr. Fontaine:
I would support that, but that is not what this language does.

Senator Hardy:
That is what I would like it to say.

Chris Figgins (Clark County):
We strongly oppose S.B. 481. It was stated that the purpose was to address digital mapping. That is only in section 1, subsection 1, paragraph (b) and paragraph (c) of the original bill. The rest of the bill would cause an extreme conflict with our practices in Clark County. Section 1, subsection 1, paragraph (a) says a county shall not "require a public utility to provide to the county any information relating to the physical location of the facilities or critical infrastructure ... ." We need to have that information before we construct our projects. In order to create designs, we need that information and we need it while doing construction. Clark County is not opposed to the paragraphs that mention the digital mapping, but the bill needs to be rewritten just to address those paragraphs. Section 1, subsection 1, paragraph (a) clearly states that utilities do not need to provide that information that we have to have.

The bill goes on to say it is not a public record except as otherwise provided, and the information may be disclosed only to an officer or employee of the county, state agency or independent contractor under contract with the county or state agency. That is also a problem for the county because under statute, in

order for us to bid the projects, we have to provide the plans and specifications that must be on file for inspection. That would include where we put the utilities so the bidders can make their bids based on what type of equipment they will need. The statute says give information to a person desiring to do the bid or any other interested person, whereas this statute tells us that it can only be given to an employee of the county or an independent contractor under contract. The statute also tells the county to indemnify it, and it is ridiculous to have the county be responsible because we have to abide by public records laws. The county does not oppose the issue with respect to digitizing. If that is the intent of the bill, language needs to be narrowed a lot.

If we cannot acquire this information, our projects will be delayed. If we have to design projects while we are out there because we run into utilities—which often happens but this bill would make that more frequent—more roadways will have to close down while we redesign. There will also be issues with construction and delay claims. We have delay claims now that are millions of dollars because of issues related to not knowing where utilities are located. I have been through hearings with the Pedernales Electric Cooperative. We have had issues with respect to where utilities are cut or damaged and pose harm to the public. We need this information to protect the public. This bill needs to be amended to address only digital mapping.

Senator Lipparelli:
The law has not caught up with technology. These corporatewide plans that have become digitized are the intellectual property of these firms, and the required disclosure of full maps is the concern. Is there a way to bridge the gap between compelling these organizations to disclose their confidential, proprietary information and your goal of expediency in working on projects?

Mr. Figgins:
If everything is removed from the bill except section 1, subsection 1, paragraphs (b) and (c), then we would not oppose it. We do not want to require utilities to provide government entities with these digitized documents. It sounds like that is not the intent of the bill, but that is what it does.

Denis Cederburg (Director, Department of Public Works, Clark County):
I agree with Mr. Figgins. As written, this bill would significantly impact the way we design, build and manage our public rights-of-way with utilities. We do not want their networkwide information; we simply want the project-specific

information. As written, the bill does not require utilities to give us project-specific information. The utilities do not want to change the way we have conducted business for over 30 years. I do not oppose their intent, but the bill is too broad and would impact our ability to provide cost-effective projects.

Mr. Figgins:
We have 580 miles of channels and underground storm structures, and we still have 226 miles of conveyance systems that need to be built. These are our rights-of-way. We not only have road services, many of our facilities are underground. We have to know where the utilities are so we can create the appropriate designs. The Clark County Water Reclamation District would like me to read this in opposition to the bill:

> The Clark County Water Reclamation District opposes the bill as being too restrictive and imposing. More new conditions as potential State laws beyond the federal Homeland Security guidelines are restrictive as protocols safeguarding critical infrastructure. This bill is too onerous and will prevent the transfer of the required existing infrastructure information for the good of the installation of new infrastructure. This bill is not necessary and we should continue to follow the Homeland Security critical infrastructure protocols associated with disseminating information as already recognized as confidential information. The Clark County Water Reclamation District already encounters challenges when designing, maintaining and repairing our collection system in order to serve the public. The measures will make the situation worse, not better. Utilities and government entities need to work better together.

Chair Goicoechea:
What happens in the scenario that you have information and a breach occurs? For instance, somebody from the County leaks something that is confidential or something that could give a company an advantage.

Mr. Figgins:
I do not know what you mean by "leak." We have to comply with the public records law.

Chair Goicoechea:
You do not view any of the utilities' records as being confidential?

Mr. Figgins:
That is not entirely true. We recently made a franchise relocation agreement with NV Energy, and in that agreement, NV Energy did not give us all its documents. We can see them, but NV Energy does not give them to us. This is not just for critical infrastructure—your definition of critical infrastructure is loose—it is for all facilities. We have worked with NV Energy staff members, and when they do not want us to know information, we can still work with them and not keep that information as a public record. The bill should be amended to consider critical infrastructure but not for all utilities. You can call before you dig and get this information. We need this information up front when we create the design. We cannot wait to call before we dig to find out where the utilities are.

Chair Goicoechea:
The utilities' focus is on the areas they consider confidential. It sounds like they are supplying them, but not supplying them to you in a digital format. The question this bill addresses is if you have everything submitted to you and some of it is confidential, how will you secure it?

Mr. Figgins:
I disagree. The drafters of the bill could add an exception to the public records law that would allow us to keep sensitive information and not have to disclose it. There are times when we issue encroachment permits. There are developers who like to look at the plans we put out. I do not think those are confidential records.

Chair Goicoechea:
I suggest you work with the sponsor to take care of your issues with the bill.

Steve Walker (Douglas County; Carson City):
We oppose this bill as written.

Danny Rotter (Public Works, Carson City):
I want to echo the comments from NV Energy and Clark County.

Kristina Swallow (Public Works Department, City of Las Vegas):
We oppose this bill and filed a fiscal note. Our fiscal note reflects costs incurred under today's system where we lack complete information on the location of utilities. If we had better information about the location of the utilities, we could save those funds and use them on other projects that would better benefit the members of our communities. The fiscal note today is reflective of the lack of better information and our current costs.

We need some clarification. Section 1, subsection 1, paragraph (c) references creating a digital model of the location of the facilities. When we prepare documents to build new infrastructure, whether it is a wastewater line or a flood control facility, we need to enter that data into our AutoCAD drawings, and we would need clarification to ensure that the definition of "digital model of the location of the facilities" could not apply to our CAD drawings, since that would slow us down in our development of plans and projects.

We want to work with the utilities to address these issues. The utilities put projects in our roadways; they need to know where other facilities are so they will not be in conflict; they need to ensure there is not an outage by one of their customers or a sister utility customer; they must protect the safety of the contractors working on the projects and the residents in the communities who are adjacent to those projects.

Robert Herr (City of Henderson):
We are neutral on S.B. 481. We understand the interest of the public utilities to keep the information relating to their critical infrastructure privileged and confidential. We understand the intent of this bill is not to change the way we do business with the public utility companies through our franchise agreements under our charter authority and responsibility to regulate the use of the public rights-of-way. The bill does not intend to supersede any conditions or provisions of the franchise rights-of-way or other similar occupancy agreements between the city and public utility companies.

We are in the final stages of updating our franchise agreement with NV Energy, and we deem this pending agreement as an existing agreement and thus unaffected by the bill. The public utility companies are willing to coordinate continued discussions with us regarding the standard of a compelling need for information as determined by the utility as compared to more of a reasonable need as mutually determined by the government entity and public utility. The

public utility companies will continue to work with us to revise the language regarding indemnification of the utility.

Our franchise agreements require the public utilities to provide copies of their as-built drawings in paper and electronic format, and we include requirements that the city shall hold information regarding their critical infrastructure confidential for public safety and security concerns in our agreements. An amendment could rectify our concerns.

Mr. Hicks:
The Southern Nevada Home Builders Association is neutral on this bill. We would like to be included in the bill as well. Many times, builders and developers have digitized infrastructure information. We are concerned that if this bill passes, local governments will require the digitized infrastructure from the builders and developers.

Chair Goicoechea:
I would recommend simplifying this bill down to the sections that everybody agrees on in section 1, subsection 1, paragraph (b) and paragraph (c).

Mr. Robison:
We will do that.

Chair Goicoechea:
The meeting is adjourned at 4:36 p.m.

RESPECTFULLY SUBMITTED:

_____
Nate Hauger,
Committee Secretary

APPROVED BY:

_____
Senator Pete Goicoechea, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	**Exhibit**		**Witness or Agency**	**Description**
	A	2		Agenda
	B	9		Attendance Roster
S.B. 241	C	18	Senator Michael Roberson	Proposed Amendment
S.B. 254	D	1	Mechanical Contractors Association of Las Vegas	Proposed Amendment
S.B. 254	E	1	City of Henderson	Proposed Amendment
S.B. 157	F	2	Jennifer Ruedy	Work Session Document
S.B. 268	G	5	Jennifer Ruedy	Work Session Document
S.B. 311	H	1	Jennifer Ruedy	Work Session Document
S.B. 318	I	1	Jennifer Ruedy	Work Session Document
S.B. 325	J	5	Jennifer Ruedy	Work Session Document
S.B. 471	K	1	Jennifer Ruedy	Work Session Document
S.B. 472	L	4	Jennifer Ruedy	Work Session Document
S.B. 473	M	1	Jennifer Ruedy	Work Session Document
S.B. 477	N	3	Jennifer Ruedy	Work Session Document
S.B. 312	O	6	Senator Ben Kieckhefer	Proposed Amendment 6311
S.B. 312	P	1	Reno-Sparks Convention and Visitors Authority	Proposed Amendment
S.B. 285	Q	1	Southern Nevada Rural Constable's Alliance	Proposed Amendment
S.B. 285	R	7	Southern Nevada Rural Constable's Alliance	Proposed Amendment
S.B. 285	S	1	Clark County	Proposed Amendment
S.B. 285	T	2	Clark County	Proposed Amendment
S.B. 448	U	1	Nevada Bankers Association	Proposed Amendment
S.B. 481	V	3	Cox Communications	Proposed Amendment