

**MINUTES OF THE  
SENATE COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Eighth Session  
April 22, 2015**

The Senate Committee on Government Affairs was called to order by Chair Pete Goicoechea at 1:34 p.m. on Wednesday, April 22, 2015, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 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:**

Assemblyman Derek W. Armstrong, Assembly District No. 21  
Assemblyman Ira Hansen, Assembly District No. 32

**STAFF MEMBERS PRESENT:**

Jennifer Ruedy, Policy Analyst  
Heidi Chlarson, Counsel  
Suzanne Efford, Committee Secretary

**OTHERS PRESENT:**

Priscilla Maloney, American Federation of State, County and Municipal Employees, AFL-CIO Retirees  
Tina Leiss, Executive Officer, Public Employees' Retirement System  
Justin Harrison, Las Vegas Metro Chamber of Commerce  
Kelli Baratti, Manager, Operations Section, Division of Emergency Management, Department of Public Safety



Dave Fogerson, Deputy Fire Chief, East Fork Fire and Paramedic Districts;  
Deputy Emergency Management Director, Douglas County  
Aaron Kenneston, Emergency Manager, Washoe County  
Ryan Sommers, Assistant Fire Chief, North Lake Tahoe Fire Protection District  
Nancy Boland, Chair, Board of Commissioners, Esmeralda County  
Dagny Stapleton, Nevada Association of Counties  
Charlie Donohue, Administrator, Division of State Lands and State Land  
Registrar, State Department of Conservation and Natural Resources  
Clayton Chappell, Lieutenant Colonel, Construction & Facilities Management  
Officer, Nevada National Guard, Office of the Military  
James Smack, Chief Deputy Controller, Office of the State Controller

**Chair Goicoechea:**

We will open the hearing with Assembly Bill (A.B.) 180.

**ASSEMBLY BILL 180:** Revises provisions governing the biennial audit requirements for the Public Employees' Retirement System. (BDR 23-569)

**Assemblyman Derek W. Armstrong (Assembly District No. 21):**

Assembly Bill 180 makes changes to the Public Employees' Retirement System (PERS). This is the only bill that PERS asked me to support this Session.

This bill is the result of certain accounting practices that have occurred. I want to make sure that PERS benefit recipients can rely on the numbers and accounting practices. Since 2000, issues such as the Enron Corporation scandal and the Bernie Madoff scandal cause questions about accounting and the legitimacy of numbers.

The company that audits PERS, CliftonLarsonAllen, recently settled a lawsuit for \$35 million for failing to catch an embezzlement. The purpose of this bill is to prevent something like that from happening for taxpayers and PERS recipients.

Section 1, subsection 2, paragraph (b), changes language to "The independent certified public accountant performing the audit of the System must be selected by a process for open bidding or requests for proposals that is conducted not less than once every 4 years." The PERS does a request for proposal (RFP) every 5 years. Since this is a biennial audit, 4 years is appropriate because it would encompass two audits.



When the bill first came out, PERS had no issues with the language. I worked with PERS on the language changes because I had unintentionally altered its bidding process which was not my intent for the bill.

The second sentence in section 1, subsection 2, paragraph (b) is "The Board shall not consider any bid or proposal submitted by a person who was selected to provide the audit of the System in the immediately preceding cycle of selection." Changing auditors is a best accounting practice which is done frequently in the private sector. This language allows that process to occur, and the current auditor is not allowed to conduct biennial audits for the next 4 years. A new set of eyes is reviewing the books which increases the transparency of the numbers.

**Chair Goicoechea:**

The PERS has been going to open bidding and an RFP even though it is in the 5-year process. Everything is the same except that the accountant in the current auditing cycle cannot conduct the next auditing cycle. It has to be every 4 years instead of every 5 years.

**Assemblyman Armstrong:**

That is correct. There were questions about the number of companies submitting RFPs and the reduction in the quality of the audit. In 2013, the last RFP process, 11 auditing companies submitted RFPs and CliftonLarsonAllen was selected.

The question of whether these were Nevada or national companies was brought up in the Assembly. Only one company was a Nevada company, Kafoury, Armstrong and Company. National firms generally do governmental audits because of the size and scope.

**Senator Lipparelli:**

Does anything in this bill prohibit the more frequent removal of an accountant, if necessary?

**Assemblyman Armstrong:**

No, the bill would not prohibit that.



**Priscilla Maloney (American Federation of State, County and Municipal Employees, AFL-CIO Retirees):**

Anything that adds to a narrative in Nevada that PERS is sound, well run and transparent would help put some oil on the waters because for the last few years the narrative was about controversy. Therefore, we very much appreciate the sponsor for bringing this bill forward because these provisions are useful and helpful.

**Tina Leiss (Executive Officer, Public Employees' Retirement System):**

The Public Employees' Retirement Board voted to support this bill. The Board, by policy, does annual audits even though statute requires biennial audits; and, by policy, the Board does an RFP every 5 years. The Board has no concerns about changing that to every 4 years or with changing auditors.

**Justin Harrison (Las Vegas Metro Chamber of Commerce):**

We support this bill. We appreciate the additional transparency and accountability brought to PERS with A.B. 180.

**Chair Goicoechea:**

We will close the hearing on A.B. 180 and open the hearing on A.B. 90.

**ASSEMBLY BILL 90 (1st Reprint):** Establishes the Nevada Intrastate Mutual Aid System. (BDR 36-391)

**Kelli Baratti (Manager, Operations Section, Division of Emergency Management, Department of Public Safety):**

Mutual aid and resource coordination fall under my area of responsibility. I have submitted my written testimony ([Exhibit C](#)) and my printed presentation ([Exhibit D](#)).

**Senator Hardy:**

Who pays for the gas?

**Ms. Baratti:**

It is done on a reimbursement basis. If a request is made for a resource to respond, the agency or jurisdiction requesting the resource pays the bill.



**Chair Goicoechea:**

Some rural communities have exchange aid agreements. The last thing they want is to be forced into signing a mutual aid agreement that requires reimbursement. In most cases, they are comfortable with the closest jurisdiction responding. Eureka County has been able to skate for years. The City of Carlin has much equipment and a working relationship with Eureka County. The City of Carlin does not want to bill Eureka County for every incident it responds to north of Interstate 80 and vice versa. Eureka County responds into southern Elko County toward Jiggs, and Jiggs volunteers come south into White Pine County.

The way I read this, unless a resolution is passed that voids it, they have to reimburse. Is that correct? Section 17, subsection 2 states, "Any participant may elect to withdraw from participation in the System by (a) adopting a resolution declaring ... " that they do not want to play. This requires that entities with good working relationships to put that resolution in place. Is that correct?

**Ms. Baratti:**

Respectfully, no, sir. We are talking about apples and oranges. Speaking specifically to those areas, which is the lifeblood of our State, fire departments live and breathe by their mutual aid agreements. The opt-out clause is used if a jurisdiction decides this is not going to work for it. This does not affect local, well-greased working relationships. We were careful about and protective of that because the State of Nevada Fire Mutual Aid agreement allows for that. Whether the agreements are a handshake or written, we do not want to get in the way of those. That is what makes this work.

**Chair Goicoechea:**

I appreciate that because many of them are not formal memorandums of understanding. It is just how it has worked for years, and that is how they want it to work.

As Senator Hardy said, who is going to pay for the gas? The last thing we want is for the City of Carlin to say that another jurisdiction owes it 10 gallons of gas because it went to Dunphy. We just cannot go there.

That satisfies me. There is enough flexibility here to continue doing what is right.



**Dave Fogerson (Deputy Fire Chief, East Fork Fire and Paramedic Districts;  
Deputy Emergency Management Director, Douglas County):**

This is a great bill for all of us from the fire service side and from the emergency management side.

On the fire service side, I can exchange fire engines, ambulances, fire trucks and anything I need any time of the day by our fire mutual aid agreement. However, if that general improvement district down the street has a backhoe I need to borrow, I cannot borrow it from them. This bill allows us to borrow all hazard resources necessary to manage the disasters occurring in rural and suburban Nevada.

The public has 911. The government has the Nevada Division of Emergency Management (NDEM). We have had a great relationship because of that and NDEM's understanding of its support role and not its command role in providing the help we need.

I ask for your support of this bill and for a do pass in the work session.

**Senator Hardy:**

This does not give you the power to take the backhoe; however, if you say mother may I, then yes you may borrow our backhoe.

**Chief Fogerson:**

Absolutely. It is still a Can I borrow it? Yes, you can, and if there needs to be a discussion about price, there will be a discussion about price too.

**Chair Goicoechea:**

You would not negotiate the price up front; you would negotiate it afterwards.

**Aaron Kenneston (Emergency Manager, Washoe County):**

I support A.B. 90. It makes our processes more efficient, allows resource sharing to save lives and protects the property of our citizens and guests.

**Ryan Sommers (Assistant Fire Chief, North Lake Tahoe Fire Protection District):**

I support A.B. 90 and appreciate the legislation that has taken place to enhance services to the State.



**Chair Goicoechea:**

I will close the hearing on A.B. 90 and open the hearing on A.B. 202.

**ASSEMBLY BILL 202**: Makes various changes relating to the acquisition of land by a county. (BDR 20-570)

**Assemblyman Ira Hansen (Assembly District No. 32):**

As many of you know, 85 percent of the land in Nevada is owned by the federal government—mostly by the Bureau of Land Management and the U.S. Forest Service. In some counties, the federal government owns more than 90 percent of the land. The federal government's ownership of the land limits economic development and is harmful to many of our smaller counties. Unfortunately, there are rare opportunities for a county to acquire land from the federal government.

The purpose of A.B. 202 is to provide additional opportunities, when available, for counties to acquire land from the federal government. The land can then be used for economic development and other purposes. Assembly Bill 202 gives counties the ability to apply for and accept grants of rights-of-way, permits, leases and patents over, upon, under or through any land or interest in land owned by the federal government.

Under *Nevada Revised Statute* (NRS) 244.277, a county can only accept or apply for land under three specific federal laws: Title V of the Federal Land Policy and Management Act; the Recreation and Public Purposes Act; and the Southern Nevada Public Land Management Act.

This bill removes the three limiting land acts under which counties can apply for land from the federal government. Under section 1, subsection 1 existing language is stricken and authorizes the counties to apply for and accept grants of rights-of-way, permits and leases owned by the United States pursuant to "any applicable federal law or regulation ... , " not just the three listed in statute.

Transitory language in sections 2 and 3 of the bill enable Mineral County to acquire roughly 2 1/2 acres from the State of Nevada. Under provisions of the bill, Mineral County will pay for any costs associated with the transfer.



This is a straightforward bill. It involves those two issues; however, it will allow counties to acquire federal land that may fall out of the purview of those three federal statutes. That is the purpose of the bill.

**Senator Hardy:**

Are the three acts federal or state?

**Assemblyman Hansen:**

They are federal acts listed in our statutes. If the land is offered and does not fall under one of those acts, we would be prohibited from accepting the land under NRS. That is all we are changing. These three acts still apply, but any additional acts that the federal government may use to offer the land to a county or the State would be allowed under A.B. 202.

**Senator Hardy:**

Would this take a federal act for us to be able to accept more land?

**Assemblyman Hansen:**

No, the restrictions are on our side. We are simply removing that cap.

**Senator Hardy:**

Therefore, we are opening the door to the federal government to give us more land.

**Assemblyman Hansen:**

I am anticipating millions of acres at any time.

**Senator Lipparelli:**

Why is the historical limitation in the statute? Why were those three the only acts that would allow for that transfer of land?

**Assemblyman Hansen:**

I do not know. Perhaps legal counsel could address that. I do not know the history behind them.

**Chair Goicoechea:**

For clarification, under NRS 244.277, the only way we could access land is under those three federal acts.



**Assemblyman Hansen:**

That is my understanding. This bill was requested by Esmeralda County because it encountered this restriction.

**Chair Goicoechea:**

Section 3 of the bill says, "The real property that the State Land Registrar is authorized to transfer to Mineral County ... ." Is this 2 1/2 acres held by the State under a right-of-way?

**Assemblyman Hansen:**

Correct. Section 1 deals with the federal restriction and sections 2 and 3 deal with a specific land transfer for Mineral County. Mineral County has been in possession of some State land for some time. Section 1 of the bill does not apply directly to sections 2 and 3.

**Chair Goicoechea:**

This is a right-of-way obtained by the State; however, it probably is not. It probably is real property from the State.

**Assemblyman Hansen:**

Some folks can answer that; however, I do not have the exact answer.

**Heidi Chlarson (Counsel):**

I would have to go back and look at legislative history on this statute to determine if testimony could explain why these limitations were put in statute. The statute in question was last amended in 2007. At that time, reference to the Southern Nevada Public Land Management Act of 1998 was added. It might have just been that at the time these three federal laws were relevant. However, it is a policy decision of the Legislators if they want to limit themselves in the statute or if they want to make it more general to apply to future federal laws that could be passed or enacted. Then the Legislature would not have to go back and revise its statutes to conform to federal law.

I would be happy to look at the legislative history and get back to you.

**Chair Goicoechea:**

The application here makes sense. Why would you limit yourself to those three acts because we can get into issues that are pre-1976? Then all of a



sudden, that land might have been held there and there would be no mechanism.

**Assemblyman Hansen:**

Correct. This is simply opening the door so that county commissioners do not have to come to the Legislature to request a variance when these rare opportunities occur.

**Nancy Boland (Chair, Board of Commissioners, Esmeralda County):**

I am here for section 1 of A.B. 202. I encountered this when the Bureau of Land Management came to us and offered us the possibility of fixing a long-standing land trespass in Esmeralda County by using a direct sale to the County. We would be able to reissue title to the people who are occupying the land.

In my review of NRS 244, I discovered this particular wording and realized that although the Federal Land Policy and Management Act allows the sale, Title V does not. Title V only pertains to rights of way.

I also realized that U.S. Representative Mark Amodei and U.S. Senator Dean Heller had just passed a few land bills conveying lands directly to counties. I contacted Assemblyman Hansen and asked if he could add something to this bill because it does not make sense to amend NRS with each new land bill passage. Elko County would not be able to get its motocross area that comes through on a land bill, and the Ivanpah airport that is supposed to be conveyed to Clark County might be in question. This is a good way of fixing the problem so we will not have to bother with it again.

I have submitted written testimony ([Exhibit E](#)).

**Chair Goicoechea:**

I agree with the bill and where we are headed; however, this is focused on rights-of-way, permits and leases. There has to be a mechanism somewhere else for direct sales because it occurs often. This is a good place to put this because it deals with NRS 244.277 and rights-of-way and the ability to transfer land.

Did the federal government require you to do a survey or any of those major expenses that are involved?



**Ms. Boland:**

That has been done repeatedly because there have several federal pieces of legislation. The federal government has tried to fix this, it has been surveyed and the cultural resource thing has been done to it. The federal government tried to make us a deal to solve a headache on both of our parts because it is difficult for the agency too.

**Chair Goicoechea:**

This is why we need to clean this up.

**Senator Hardy:**

Does the transfer of title under "patents over, upon, under or through any land or interest in land owned by ... " allow the federal government to give or sell us the land?

**Ms. Boland:**

Yes, as long as it is approved by the federal government to do so within a bill passed through Congress.

**Chair Goicoechea:**

Was there a piece of federal legislation that allows for the sale? Again, in this case it is State lands anyway. Right?

**Ms. Boland:**

That is in section 2 of the bill. I am talking about section 1. Section 1 only deals with land that is transferring from the federal government to a county. It would have no effect on land transferring from the federal government to the State of Nevada.

**Chair Goicoechea:**

Sections 2 and 3 deal with the one specific parcel of land in Mineral County.

**Dagny Stapleton (Nevada Association of Counties):**

The Nevada Association of Counties supports this bill. I am here specifically on behalf of Mineral County. Commissioner Jerrie Tipton of Mineral County has had conversations with the State about this and reached out to Assemblyman Hansen.



Sections 2 and 3 of the bill would allow a transfer of approximately 2 1/2 acres of land from the State to Mineral County. This parcel consists of an old National Guard Armory building that has not been used by the Guard for 15 years. The County has taken it over and uses it to provide services to the community. The County has been maintaining the building over the last 15 years, including a number of upgrades. The building is used for juvenile services, the juvenile court master and juvenile protection services. It also houses the County Parks and Recreation Department as well as some of the activities that the Department provides to the community. Mineral County wants to house a boys and girls club in this facility.

Over the past 15 years, in addition to general maintenance, the County has replaced the boiler system, the heating and cooling system and upgraded the gymnasium. It has cost the County \$600,000 to \$700,000. The County would like to have the building and the State would like to give it to the County. The language in A.B. 202 would allow that to happen.

**Chair Goicoechea:**

This is a National Guard facility, owned by the State of Nevada and used by Mineral County for the last 15 years. The County has been doing the upkeep and maintenance of the facility, and the State would like to grant it to the County for only those costs related to the transfer.

**Charlie Donohue (Administrator, Division of State Lands and State Land Registrar, State Department of Conservation and Natural Resources):**

I have submitted my written testimony supporting A.B. 202 ([Exhibit F](#)).

**Clayton Chappell, Lieutenant Colonel (Construction & Facilities Management Officer, Nevada National Guard, Office of the Military):**

We support this Assembly bill.

**Chair Goicoechea:**

I will close the hearing on A.B. 202 and open the hearing on A.B. 14.

**ASSEMBLY BILL 14 (1st Reprint):** Makes requirements for management of bad debts consistent among agencies of the Executive Branch of the State Government. (BDR 18-457)



**James Smack (Chief Deputy Controller, Office of the State Controller):**

I have submitted my written testimony summarizing and supporting A.B. 14, ([Exhibit G](#)).

**Chair Goicoechea:**

This bill would allow you to write off any bad debt as long as it is \$50 or less.

**Mr. Smack:**

That is correct.

**Chair Goicoechea:**

Any amount above \$50 would require the approval of the Board of Examiners.

**Mr. Smack:**

We would have to get approval from the Board of Examiners to write it off. We would submit the debt to the Board, and the Board would make the decision to write it off.

The State Gaming Control Board collects 99 percent of its debts. We get very little from the State Gaming Control Board to begin with so there will be little impact. The bill just brings everyone in line with the same process instead of having two agencies doing one thing and every other agency doing something different.

**Chair Goicoechea:**

This seems reasonable. Most of the \$50 debt would be significantly aged or uncollectable.

**Mr. Smack:**

It is impractical to spend money to collect debt that is \$50 or less. We can make the decision to write it off in-house; however, anything over \$50 must be approved by the Board of Examiners.

**Chair Goicoechea:**

I will close the hearing on A.B. 14 and open the work session on A.B. 333.

**ASSEMBLY BILL 333:** Provides for the consolidation of certain fire protection districts in certain counties. (BDR 42-650)



Senate Committee on Government Affairs  
April 22, 2015  
Page 14

**Jennifer Ruedy (Policy Analyst):**

The summary of A.B. 333 is contained in the work session document ([Exhibit H](#)).

SENATOR HARDY MOVED TO DO PASS A.B. 333.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

Remainder of page intentionally left blank; signature page to follow.



Senate Committee on Government Affairs  
April 22, 2015  
Page 15

**Chair Goicoechea:**

This meeting of the Senate Committee on Government Affairs is adjourned at 2:21 p.m.

RESPECTFULLY SUBMITTED:

---

Suzanne Efford,  
Committee Secretary

APPROVED BY:

---

Senator Pete Goicoechea, Chair

DATE: \_\_\_\_\_



<b>EXHIBIT SUMMARY</b>				
<b>Bill</b>	<b>Exhibit</b>		<b>Witness or Agency</b>	<b>Description</b>
	A	1		Agenda
	B	3		Attendance Roster
A.B. 90	C	4	Division of Emergency Management, Department of Public Safety	Written Testimony
A.B. 90	D	7	Division of Emergency Management, Department of Public Safety	Printed Presentation
A.B. 202	E	2	Nancy Boland	Written Testimony
A.B. 202	F	1	Charlie Donohue	Written Testimony
A.B. 14	G	1	Office of the State Controller	Written Testimony
A.B. 333	H	1	Jennifer Ruedy	Work Session Document