

**MINUTES OF THE
SENATE COMMITTEE ON TRANSPORTATION**

**Seventy-Eighth Session
May 21, 2015**

The Senate Committee on Transportation was called to order by Chair Scott Hammond at 8:37 a.m. on Thursday, May 21, 2015, in Room 2135 of the Legislative Building, Carson City, 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 Scott Hammond, Chair
Senator Don Gustavson, Vice Chair
Senator Patricia Farley
Senator Mark A. Manendo
Senator Moises (Mo) Denis

STAFF MEMBERS PRESENT:

Megan Comlossy, Policy Analyst
Darcy Johnson, Counsel
Martha Barnes, Committee Secretary

OTHERS PRESENT:

Sean Sever, Communications Director, Carson City, Communications Division,
Nevada Department of Transportation
Robert Nellis, Assistant Director, Administration, Nevada Department of
Transportation

Chair Hammond:

I will open the hearing on Assembly Bill (A.B.) 21.

ASSEMBLY BILL 21: Extends the maximum period of maturity for certain special obligation bonds issued to provide funding for highway construction projects. (BDR 35-375)

Sean Sever (Communications Director, Carson City, Communications Division, Nevada Department of Transportation):

Assembly Bill 21 passed unanimously out of the Assembly. We will open with a slide presentation ([Exhibit C](#)).

Robert Nellis (Assistant Director, Administration, Nevada Department of Transportation):

Assembly Bill 21 simply amends *Nevada Revised Statute* 408.273 to extend the maximum term bonds can be issued, from 20 years to 30 years, by the Department of Transportation (NDOT). The passage of this bill allows flexibility with the Department's future repayment schedule, protects the established credit rating and potentially lowers annual payments.

Slide 3 of [Exhibit C](#) indicates the existing bond payments, represented by the blue line, which includes \$100 million for the recent bond sale of Project NEON. The blue line is below the red line, which indicates the maintenance of our AAA credit rating. The graph indicates we are below the established threshold.

There is a \$500 million projected bond sale for Project NEON over the next 4 years. In the current biennium, there is a \$100 million bond sale projected in 2016 followed by a \$150 million bond sale in 2017. The mirror image of these amounts will return to the Legislature for approval in the next biennium, \$150 million in 2018 and \$100 million in 2019.

Once we add the bond sale to the debt payment curve, it will be represented by the blue line on the graph in slide 5 of [Exhibit C](#). We go from a \$60 million payment in 2016 to a payment of \$89 million in 2021, which is below the threshold to maintain our AAA credit rating. Our payment will drop down substantially in 2021. The bond payments will level out in 2027 through 2039. The projection was determined without a 30-year bond sale. The assumption is for the bond payments to be 20 years or less. We do not anticipate having to extend the maximum term.

Assembly Bill 21 is simply an enhancement to our bond program in order to take advantage of lower rates over the long term. It also provides an additional tool if the need arises in the future beyond Project NEON. We are required to receive approval from the State Board of Finance, the NDOT Board of Directors, the Interim Finance Committee and the Legislature if we were to exceed the

threshold in bond sales. The State Treasurer's Office supported this bill when it was heard by the Assembly Committee on Transportation.

Chair Hammond:

You just answered a question I had about the position of the Treasurer's Office on this bill. Is there anyone here from the Treasurer's Office?

Senator Denis:

How many other agencies that have bonds have changed to 30 years?

Mr. Nellis:

The other agencies all have the same ability to bond for 30 years or more now. *Nevada Revised Statutes* 349 allows special obligation bonds to increase to 50 years. We would be well below the threshold with our special obligation bonds paid at the 30-year level from the State Highway Fund.

Senator Denis:

Are you the first to make this change?

Mr. Nellis:

No.

Senator Hammond:

Would the regional transportation commissions be included in both northern and southern Nevada? Do they also have the ability to bond for 30 years?

Mr. Nellis:

Yes.

Senator Manendo:

I asked the same question and found the bill parallels what the agencies are already doing.

Senator Denis:

Does this give you the ability to go to 30 years, but not have to make the change?

Mr. Nellis:

Yes, just because we have the ability to bond for 30 years does not mean we have to do it. Part of the process before we bond requires us to check with the State Treasurer's Office to find the best term and savings for the State. On the last \$100 million bond sale, we could have gone to 20 years, but there was a sweet spot of bonding at the 12-year level that would save \$5 million. Even though we could go to 20 years, the best deal for the State was at 12 years.

Senator Denis:

Does the Legislature still have the ability to hear this issue through the Interim Finance Committee (IFC) or the Senate Committee on Finance if there are any changes?

Mr. Nellis:

Yes. With the approval of our current budget, we have a \$100 million bond sale for 2016 and a \$150 million bond sale for 2017. If we needed to bond more than that, which we do not anticipate, we would have to return to IFC for additional approval. Before we bond for anything, we still have to go before the State Board of Finance and through the Treasurer's Office as well as our own Transportation Board for approval.

Chair Hammond:

There are at least four levels of approval you need to obtain, which include the State Board of Finance, IFC, the Transportation Board and the Legislature.

Mr. Nellis:

Yes.

Chair Hammond:

I will close the hearing on A.B. 21.

SENATOR MANENDO MOVED TO DO PASS A.B. 21.

SENATOR GUSTAVSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Hammond:

There being no further business to come before the Committee, we are adjourned at 8:47 a.m.

RESPECTFULLY SUBMITTED:

Martha Barnes,
Committee Secretary

APPROVED BY:

Senator Scott Hammond, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster
A.B. 21	C	6	Sean Sever / Nevada Department of Transportation	Slide Presentation