

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

**Seventy-ninth Session
March 6, 2017**

The Senate Committee on Government Affairs was called to order by Chair David R. Parks at 1:10 p.m. on Monday, March 6, 2017, 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 David R. Parks, Chair
Senator Mark A. Manendo, Vice Chair
Senator Julia Ratti
Senator Joseph P. Hardy
Senator Pete Goicoechea

GUEST LEGISLATORS PRESENT:

Senator Aaron Ford (Senatorial District No. 11)
Senator Pat Spearman (Senatorial District No. 1)

STAFF MEMBERS PRESENT:

Jennifer Ruedy, Policy Analyst
Heidi Chlarson, Counsel
Debi Szaro, Committee Secretary

OTHERS PRESENT:

Ronald P. Dreher, Peace Officers Research Association of Nevada
Holly Welborn, Policy Director, American Civil Liberties Union
Wendy Stolyarov, Libertarian Party of Nevada
Javier Trujillo, City of Henderson
Patrick Moers, Chief of Police, City of Henderson
Alexander Perez, Chief of Police, Las Vegas Police Department, City of North
Las Vegas
Mary C. Walker, Storey County

Senate Committee on Government Affairs
March 6, 2017
Page 2

Adriana G. Fralick, Carson City
Dagny Stapleton, Nevada Association of Counties
Warren Hardy, City of Mesquite
Matthew Morris, Fire Chief, City of Henderson
Willie McDonald, Fire Chief, Las Vegas Fire and Rescue, City of Las Vegas
Robert Roshak, Executive Director, Nevada Sheriffs' and Chiefs' Association
Jim Halsey, Captain, Douglas County Sheriff's Office
John Saludes
Greg Cassell, Fire Chief, Fire Department, Clark County
Eric Spratley, Lieutenant, Washoe County Sheriff's Office
Scott F. Gilles, City of Reno
Tom Robinson, Deputy Chief, Reno Police Department
Chuck Callaway, Las Vegas Metropolitan Police Department
Rick McCann, Director, Nevada Association of Public Safety Officers
Wes Henderson, Nevada League of Cities and Municipalities
Barry Smith, Nevada Press Association
Kevin Ranft, American Federation of State, County and Municipal Employees
Local 4041
Sean Sullivan, Washoe County Public Defender's Office
John Piro, Clark County Public Defender's Office
Mike Eifert, Nevada Telecommunications Association
Helen Foley, T-Mobile
Nick Vassiliadis, AT&T
Cheryl Blomstrom, Nevada Taxpayers Association
John J. Lee, Mayor, City of North Las Vegas
Ryann Juden, Assistant City Manager, City of North Las Vegas
Marilyn Kirkpatrick, County Commissioner, Clark County
Paul Moradkhan, Las Vegas Metro Chamber of Commerce
Brian McAnallen, City of Las Vegas
Deonne E. Contine, Executive Director, Department of Taxation
Kelly Langley, Supervisor, Local Government Finance, Department of Taxation
Aaron Katz

CHAIR PARKS:

I open the meeting with Senate Bill (S.B.) 176, will be presented by Majority Leader Aaron Ford.

SENATE BILL 176: Revises provisions relating to public safety. (BDR 23-666)

SENATOR AARON FORD (Senatorial District No. 11):

Senate Bill 176 expands the mandatory use of body-worn cameras for certain peace officers of the Nevada Highway Patrol to include certain officers of all law enforcement agencies. When I presented before this Committee in 2015, I began with a couple of videos. One video demonstrated how body-worn cameras could assist police officers in defending against wrongful allegations. The second video demonstrated how the police officers' wrongful abuse led to an appropriate prosecution by a civilian. I would like to begin my presentation with a review of a video presentation and the testimony of Junior Ford for S.B. No. 111 of the 78th Session, heard on March 11, 2015, by the Senate Government Affairs Committee. The young man who testified was my son, Aaron Ford II. Senator Goicoechea chaired the Committee. Young Ford is present in the back of this meeting room; he will not be testifying today. I think his testimony from 2015 is sufficient for purposes of our conversation today.

Body-worn cameras bring transparency and accountability to interactions between law enforcement and the community. Technology continues to evolve and improve. It is crucial that law enforcement modernize its tools for the safety of its officers and the public they serve. I would like to provide background on body-worn cameras and recent legislative actions in Nevada.

Senate Bill No. 111 of the 78th Session was enacted to require each uniformed officer employed by Nevada Highway Patrol (NHP) who routinely interacts with the public to wear, while on duty, a personal event recording device otherwise known as a body-worn camera. That initiative was a pilot program. The bill further required the NHP to adopt policies and procedures governing the use of the device and appropriated 1.2 million dollars over the 2015-2017 biennium to carry out the program. A second provision of the bill was to require the Director of the Department of Public Safety to report to the Advisory Commission on the Administration of Justice at a meeting on or after on July 1, 2016, concerning the progress of the NHP adopting the policies and procedures relating to the use of body-worn cameras. Senate Bill No. 111 of the 78th Session began as a broader bill that intended to require all officers who engage with the public to wear body-worn cameras. We were unable to allocate the sufficient funds or find an appropriate funding mechanism, so a compromise has NHP as the initial entity.

On September 27, 2016, James Wright, Director of the Department of Public Safety; Dennis S. Osborn, Chief of Nevada Highway Patrol; and the Sergeant

and Project Manager, Christian Laprairie provided positive testimony on the project. As a member of the Commission, I was pleased to hear of the progress made working with the American Civil Liberties Union (ACLU), the Nevada Press Association and law enforcement agencies to draft a policy for the use of body-worn cameras. Nevada Highway Patrol considered numerous diverse issues while drafting a policy and reviewed vendor issues including but not limited to the integration with cameras mounted on patrol vehicle dashboards, optimal angle width of video, battery life, height of officers, quality of video during nighttime conditions, data storage and data retention schedules.

On January 10, the State Board of Examiners approved a contract term for 5 years with Taser International, for \$1.2 million to provide body-worn cameras and in-car video services to the Department to assist officers in the field. The Board was informed the body cameras would be operational on all troopers by the end of this summer. Chuck Callaway, Las Vegas Metropolitan Police Department (LVMPD) and member of the Commission, was present at the meeting in September and shared that LVMPD has been working since 2013 to equip officers with body-worn cameras.

I would like to note the key provisions in S.B. 176. Section 1 requires all law enforcement agencies to require their uniformed peace officers who routinely interact with the public to wear such cameras while on duty. Video recordings are to be retained by the law enforcement agency for not less than 15 days. Law enforcement agencies must establish disciplinary rules for peace officers who intentionally manipulate a video recorded by such cameras. Section 2 addresses definitions for "portable event recording device" and "vehicular event recording device." Section 3 permits all counties, including Clark County, to impose a surcharge to be used for the enhancement of the telephone system, for reporting an emergency in the county and for purchasing and maintaining the portable event recording devices and vehicular event recording devices, if authorized by the board of county commissioners.

The maximum amount of the surcharge which can be imposed is increased from \$.25 to \$1 each month for each access line to the local exchange of a telecommunications provider. It also effectively increases the surcharge for each trunk line to the local exchange of a telecommunications provider, as State law requires that, equal to ten times the amount of the surcharge for each access line to that local exchange. State law requires a board of county commissioners to adopt a five-year master plan relative to, and prior to, the imposition of the

surcharge. This measure amends the requirement for a master plan to include the enhancement of the telephone system for reporting emergencies in the county or for the purpose of purchasing and maintaining portable event recording devices and vehicular event recording devices. That master plan must include an estimate of any applicable costs and all proposed sources of money for funding those costs for review at least annually by the board of county commissioners for the duration of the imposition of the surcharge.

Statute requires certain advisory committees be created by ordinance by the board of county commissioners in any county that has imposed such a surcharge. Subsections 1 and 2 of Section 4 require that members of such advisory committees "include the Chief law enforcement officer or his or her designee from each office of the county sheriff, metropolitan police department and police department of an incorporated city within the county," in addition to the other members currently provided for in State law. Statute also requires a board of county commissioners, if they impose such a surcharge, to create a special revenue fund for the deposit of the money collected.

Subsection 3 of Section 4, expands the use of the special revenue fund to include the purchase and maintenance of portable event recording devices and vehicular event recording devices, paying costs associated with the acquisition, maintenance, storage of data, upgrade and replacement of equipment and software necessary for the operation of such devices or systems. It may be difficult to gauge exactly how much will be needed for these devices and how quickly the systems become operational.

A provision in subsection 4 of section 4 requires the board of county commissioners, in a county whose population is 100,000 or more, to reduce the amount of the surcharge by the amount necessary to ensure that the unencumbered balance in the fund at the end of the following fiscal year does not exceed \$5 million. There are similar provisions in State law to manage the balance of the fund in the smaller counties with a threshold of \$1 million for counties with a population between 45,000 and less than 100,000 and a threshold of \$500,000 for counties with a population under 45,000.

Section 5 of the bill repeals *Nevada Revised Statutes* (NRS) 480.365 that only required the NHP to use the devices, as this bill would require all law enforcement to do so. Section 6 makes the bill effective upon passage with

approval to get started on regulations and other necessary administrative tasks, and on January 1, 2018, for all other purposes.

Funding body-worn cameras for law enforcement officers is a challenge that jurisdictions at the local, State and federal levels continue to grapple with. I think that 911 fees will be a sufficient and appropriate funding source for this public safety enhancement. The Chairman of the Federal Communications Commission is required to submit an annual report regarding the collection and use of 911 fees to Congress based on annual reports submitted by each state, the District of Columbia, U.S. territories and tribal authorities. The Eighth Annual Report to Congress on State Collection and Distribution of 911 and Enhanced 911/E911 Fees and Charges, dated December 30, 2016, notes that the eight states of Illinois, Iowa, New Hampshire, New Jersey, New York, Rhode Island, Washington and West Virginia plus Puerto Rico use these 911 fees for purposes other than 911/E911. I was able to discern from their state reports that none of them used the fees specifically for body-worn cameras. New York's report shows a distribution to law enforcement for police operations, and both Illinois and Rhode Island's reports show distributions to their general funds. Being a State Legislator, I find solutions to problems do not create more problems.

Body-worn cameras are an effective law enforcement tool, but I do not believe in unfunded mandates. I reviewed the fiscal notes on this bill from the Department of Public Safety; Cities of Henderson, Las Vegas, Reno and Sparks; and Churchill, Clark, Douglas, Humboldt, Pershing, Washoe and White Pine Counties. Most show no fiscal impact, and Washoe County's revised fiscal note indicates with the \$.75 increase in the 911 funding, additional revenue of approximately \$4.8 million could be raised, eliminating the fiscal impact on the County. I urge your support of this legislation to modernize law enforcement's tools in all of our communities for the safety of its officers and the public.

My Proposed Amendment 3136 to Senate Bill 176 ([Exhibit C](#)) makes changes relating to the scope and the implementation of the bill by first adding to the list of law enforcement agencies whose uniform officers are required to wear body-worn cameras, a city or town that employs marshals, specifically Las Vegas. Las Vegas requested to be included in the bill. A representative from such a city or town that employs marshals serves within the advisory committee that helps develop the plan for the emergency reporting system has been included in the amendment. The proposed amendment also delays the effective date that law enforcement agencies must have their officers wearing

body-worn cameras from January 1, 2018, to July 1, 2018, to coincide with the fiscal year and to allow time for the law enforcement agencies subject to this bill to acquire body-worn cameras and adopt policies and procedures for their use. These policies do not change the current bargaining requirements for discipline; they only relate to the use of the body-worn cameras.

SENATOR PAT SPEARMAN (Senatorial District No. 1):

A 12-month field experiment was conducted beginning February 13, 2012, with the Rialto Police Department in California to measure the magnitude of the effect of wearing highly visible, portable high-definition cameras by law enforcement officers interacting with the public. Taser International provided the cameras for the experiment. The experiment reflected that technology itself might be the most important factor to deter escalation during public and police interactions. Whether the potential escalation is abusive behavior toward police or unnecessary use of force by police, the knowledge the events are recording creates self-awareness of all participants during an interaction. Most important, the study found that body-worn cameras decreased use of force by police. Unfortunately, it is easy to google numerous incidents involving law enforcement and gunfire.

During the past 12 months, there were 3 Nevada incidents. On January 3, there was a shooting in North Las Vegas where a 10-year veteran of the police department responded to a domestic violence call. The officer accidentally discharged his weapon and shot a man in the foot. On August 26, 2016, a Nevada Highway Patrol trooper pulled over a vehicle on the south side of Boulder Highway south of U.S. 95, and one of three people ran from the car. Gunfire was exchanged, and the suspect was dead at the scene. The trooper was wearing a protective vest and a metal badge which were struck by the gunfire and the trooper survived. May 19, 2016, two men died at the Silver Nugget Casino in North Las Vegas. One man was beaten to death, and the suspected perpetrator of the homicide was shot and killed by police. My knowledge is there were not video recordings of these incidents, but the evidence could have provided invaluable insight. The use of force by law enforcement can be necessary to protect themselves and the public, and sometimes it is not necessary.

Body-worn cameras provide another technological tool to de-escalate tense interactions between law enforcement officers and the public. The cameras provide evidence when situations become deadly. On behalf of my constituents

in North Las Vegas, we welcome cameras on all law enforcement officers. Law enforcement officers want these cameras too. For the hard-working men and women who put their lives on the line everyday to protect our communities, these cameras are a tool we owe them to keep them safer and to help perform their jobs more effectively. Having this additional technology affords the officer an opportunity to justify whatever action taken to either calm the situation or, if the situation warrants, the de-escalation.

SENATOR RATTI:

I am in favor of body-worn cameras as a cosigner on S.B. 176. What is important to me is that the cameras make it to the city level and the funding source makes it to the city level. I am more familiar with Washoe County, but if Washoe implements the 911 fee, how do we ensure Reno and Sparks also have the adequate resources to implement the body-worn camera legislation?

SENATOR FORD:

The bill calls for a continuation of a commission that meets to determine the appropriate distribution of the funds collected at the county level to ensure a pass-through to the jurisdictions within a particular county. The City of Sparks and others have seats on those commissions.

SENATOR GOICOECHEA:

The funding mechanisms concern me on this bill. If we implement the \$1 service fee on the trunk lines, it should come from this body. I think the county commissioners will be nervous about imposing a \$1 fee on their constituents, especially in smaller counties. Will it generate enough funding in Eureka or Lincoln counties with a population of 10,000 people or less?

SENATOR FORD:

In further testimony, the Nevada Association of Counties (NACO), which incorporates the counties, is in full support of this bill. The money may or may not be sufficient to cover the expense. It certainly will help. I do not know how much Lyon County or other counties will need. The purpose of the county commission is to ascertain if it uses this as a funding mechanism, what is going to be needed to cover the costs. They may only need to charge 50 cents if that will cover the cost of the operation and maintenance of the body-worn cameras.

SENATOR GOICOECHEA:

My concern is that the dollar will not be enough. Some counties have a population of 5 million, 1 million or 500,000. You are not going to generate \$500,000 in Esmeralda County.

SENATOR FORD:

Being a member of a body that has 21 members, I am familiar with another bill, Senate Bill 88, which allows counties of the size you speak about to seek an allocation from the Interim Finance Committee (IFC) Contingency Fund as well. This is not intended to be a foolproof measure of covering costs. Some argue the costs should be borne by the counties because the officers are county costs, county police officers as opposed to the State paying for them in entirety. I looked high and low for alternatives; raising property taxes or some form of sales taxes were ideas presented. I thought it was a good idea to be supported by law enforcement and by the Nevada Association of Counties. There is an appropriate use and nexus of these funds. With support from NACO, those counties that you mentioned would testify in support of the bill.

SENATE BILL 88: Revises provisions relating to the Contingency Account in the State General Fund. (BDR 23-105)

SENATOR GOICOECHEA:

When the Nevada Association of Counties testifies, I will ask how they are going to pay for it.

SENATOR HARDY:

The county is required to impose the fee. The city is required to have the cameras. If a county is not participating, how does the city ensure it meets the requirement? Does a city have the ability to impose the fee itself if the county does not?

SENATOR FORD:

They do not have the authority to impose the fee. The fee is an imposition that must come from the county commission. It is not intended to be a foolproof measure, it is an alternative measure. If the county opts to not increase the surcharge, then it will need funds from elsewhere to pay as well as cities and municipalities that fall within their county jurisdiction.

Senate Committee on Government Affairs
March 6, 2017
Page 10

SENATOR HARDY:
How does that work?

SENATOR FORD:
Lobbying is a term of art used around here. I suggest these municipalities lobby their county commissions to institute the surcharge.

SENATOR HARDY:
Given the cost for storage of data and how long we will store the data, this does not change anything or add anything or require anything specific?

SENATOR FORD:
A few changes made to the bill via the amendment I proposed related to the addition of the word "intentional" for example, but not many others. The substance of the bill is compromised in a positive sense. The Nevada Press Association testified in support and testified against because of the money. Everyone agreed to the language from 2015 before we narrowed it down to the NHP, and it is the exact language brought forward this time. There is no question or concern about the agreed-upon language. That language will be the quintessential example of compromise of legislation.

SENATOR HARDY:
We will still have more costs involved with the storage of the data because the scope of the solution has become larger?

SENATOR FORD:
Yes. The storage requirement is necessary, but the fees from the surcharge can be used to cover the storage costs as well.

SENATOR HARDY:
Is the discussion about fees and taxes a two-thirds vote?

SENATOR FORD:
I mentioned a surcharge, not taxes. It is a majority vote bill because it enables the county to consider the bill. It is not a mandate to impose the surcharge.

SENATOR HARDY:
It does not mandate to impose it, but it mandates them to have the cameras?

Senate Committee on Government Affairs
March 6, 2017
Page 11

SENATOR FORD:

It does. It is not a two-thirds vote bill.

SENATOR HARDY:

That is an unfunded mandate if the county does not impose the fee.

SENATOR FORD:

The county has options to fund it.

VICE CHAIR MANENDO:

Law enforcement can apply for a grant. There are ways to obtain other resources as well to aid with funding the initiative.

SENATOR FORD:

White Pine County has gone out and obtained grants in anticipation of S.B. 176. In 2015, I said I was going to pursue this bill. The counties and police officers were aware of the importance of the bill and have taken the initiative to obtain funding for these body-worn cameras in the event that monies do not come from the counties or elsewhere.

VICE CHAIR MANENDO:

They can also accept donations. We have raised money for canine vests and thousands from the private sector. The labor union has donated money for vests. There are options out there to help fund the initiative.

SENATOR FORD:

Everyone understands the efficacy of the body-worn cameras to prevent bad allegations but also to prevent abuse. The labor union donated \$10,000 to LVMPD for body-worn cameras. There are several options other than the surcharges to fund these body-worn cameras. I hope the counties, cities and officers are looking into those as well.

SENATOR HARDY:

The bill can state in the language to authorize gifts, grants or donations to fund the commission. The commission needs to work on a fiscal option. That is usually the language inserted to authorize the county or city. It is not a debate about the effectiveness of the initiative as much as how we are to fund it.

SENATOR SPEARMAN:

If the counties and municipalities need to decide what they want to do, I would suggest to view it from the standpoint of the officer. We have good public servants who wear the badge. Recent events in this Country have made it questionable on what they do. I see this piece of technology as a way to save a life, save a career, save a reputation. Looking through that lens with all the funding options available, it is prudent for county commissioners to figure out if it is something they want to do, but to look at it as an investment to protect the lives of the public servants who are always ready to protect us. This is something we need and must do. Law enforcement deserves no less.

RONALD P. DREHER (Peace Officers Research Association of Nevada):

We support Senate Bill 176. All law enforcement individuals I have spoken with are interested in the body-worn cameras. The issues of storage and dollars and cents are concerns. We will work with Mike Ramirez from the Las Vegas Police Protective Association and the Las Vegas Metropolitan Police Department as they have policies we will be reviewing. As we merge these policies and procedures into the agencies that do not have body-worn cameras, like Reno, this is a welcoming way to get on board with the initiative.

HOLLY WELBORN (Policy Director, American Civil Liberties Union):

We are pleased this bill will meet the localities' funding concerns making body-worn cameras a policy of the State. The ACLU takes a dim view of the proliferation of surveillance cameras in the American public, but body-worn cameras are different because of the potential to serve as a check against potential abuses of power. The implementation of S.B. No. 111 from the 78th Session has been successful. We believe the framework designed in this legislation is sufficient for protecting privacy rights and allowing the public to view footage through our public records laws. I would like to note that in the special Session for the stadium bill, I advocated for some of the dollars to go toward body-worn cameras. At that time, we stated we have a great relationship with our law enforcement community that works very hard. The body-worn camera policies and the use-of-force policies of the Las Vegas Metropolitan Police Department are what the ACLU nationwide have called some of the best in the Country. I hope that relationship grows statewide.

WENDY STOLYAROV (Libertarian Party of Nevada):

Law enforcement officers are our employees, and it is their duty to serve and protect us, the citizens of Nevada. We therefore have a right to monitor them

while they are on duty to ensure accountability for their actions. We believe S.B. 176 will improve transparency and accountability in the criminal justice process as noted in my testimony ([Exhibit D](#)).

SENATOR HARDY:

The gaming enforcement people, constables, Bureau of Land Management (BLM) employees, game wardens, are they all considered agencies that would be under the initiative of this bill?

HEIDI CHLARSON (Counsel):

The introduced version of the bill, in section 1, has a definition of a law enforcement agency. The BLM and the constables are not included. In order for body-worn cameras to be required, it must be required for law enforcement agencies listed in the bill.

SENATOR HARDY:

The gaming people are not considered enforcement?

MS. CHLARSON:

They are not unless they work for the sheriff's office, the Las Vegas Metropolitan Police Department, a police department of an incorporated city, the Nevada Highway Patrol or, pursuant to the amendment, a city or town that employs marshals.

JAVIER TRUJILLO (City of Henderson):

I support the legislation for body-worn cameras and the funding mechanism put in place. The 911 communication system enhancements are vitally important for the entire State.

PATRICK MOERS (Chief of Police, City of Henderson):

Senate Bill 176 mandates police officers to utilize body cameras and creates enabling language for the Clark County Board of Commissioners to fund the body cameras and allow funds for Next Generation 911 (NG911) communications. Elected officials have a strong desire for police officers to wear body cameras. I support expanding the use of body cameras with the understanding that adequate funding is available to support the initiative.

Since 2009, Henderson has owned vehicle mobile audio video, known as MAV. The initial cost for MAV was \$1.5 million for 150 systems. Ongoing costs of

maintaining, repairing and replacing is significant, especially when there is not a dedicated funding stream, which competes with hiring personnel. We have had great success with the program which increased accountability and transparency. Technology plays a key role impacting how first responders do their work. As a comparison on how often we upgrade our personal phones, the expectations are that police systems last decades. We must expect to supply our first responders with systems and funding to ensure the best technology is available since lives are at stake. We have an in-car system. We would like to have one solution where both in-car and body cams can communicate. Senate Bill 176 is providing a funding mechanism for police agencies to address the evolution of technology to use in police and first responder environments.

A large challenge for Henderson is providing funding to help evolve to Next Generation 911, also known as NG911. The traditional 911 system is a landline to landline system; E911 is an enhanced 911 system allowing cell phones to be triangulated and has been utilized for the past 20 years. Next Generation 911 is the newest system that builds on previous generations and allows greater speed, ability and accuracy to effectively handle incoming and outgoing multimedia communications. Phones are powerful tools. There are communities which accept 911 text messages designed for the hearing impaired, so that a telecommunications device for the deaf is not necessary. If a crime is in progress and someone needs to be silent or is capturing video or photos of the event in progress, videos and photos can be sent to a 911 dispatch center and forwarded to the officers on the street immediately. The NG911 is a total system, more than a dispatcher on the end of the line. The systems include the police officers radio, the vehicle radio and laptop ability to receive details of the emergency call and mapping systems allowing the officer to be in route to the citizen quicker. Next Generation 911 funding is important because the existing system will become obsolete as early as 2019.

The companies that developed the components of the aging system are out of business or no longer support it. The end of life for Henderson's computer-aided dispatch system, also called CAD, means multimillion dollars to replace, taking a toll on both parts of the budget. The one-time cost to replace, upgrade and implement all necessary components required to properly take and respond to someone calling 911 is approximately \$17 million, and recurring costs are in the multimillions each year. This is to only address our current system. There are no system or dispatch center redundancies in Clark County. We have an alternate

center. If a water pipe broke, we would be able to send the dispatchers to another location. That system is what we call a slave to the other system. If the system goes down, both locations are down. A backup center would operate independently. There are no independent centers in southern Nevada. The systems are all related. If a system goes down, all of Nevada goes down. In February 2016, the Las Vegas Metropolitan Police Department's dispatch center experienced a complete outage caused by an equipment failure. The dispatchers were physically relocated to Henderson to take LVMPD calls with Henderson's help. The equipment failure was not a system failure, wherein the entire Las Vegas Valley would have been down; however, recovery to relocate the dispatchers to Henderson was action taken due to not having a backup center. The importance of a backup system will aid if a disaster such as an earthquake takes the system down. How would we maintain public safety in the 911 arena? If a disaster were to occur, everyone in Clark County would hear a busy signal when they called 911.

Senate Bill 176 is necessary to achieve the transparency and accountability police agencies desire to provide to the public through body cameras. The policy and a funding directive for our 911 emergency system needs to be addressed in order for a citizen in need to contact 911. I have spoken to individuals discussing why these two components, body cameras and NG911, belong in the same funding mechanism of this bill. We have experienced vendors that have entered the market by integrating body cameras into 911 systems. If a citizen dials 911, the call is received by a dispatcher and the officer is sent to the location. As the officer reaches the designated area, the body camera can be automatically turned on to record. The dispatcher has the ability to drive GPS to Visualizer circles around a home and control a body camera. The emergency 911 system requires upgrading or the integration with body cameras cannot happen. I support S.B. 176 and the attempt to connect and fund both body cameras and NG911.

ALEXANDER PEREZ (Chief of Police, Police Department, City of North Las Vegas): The North Las Vegas Police Department supports S.B. 176. The key component is the technology update that is essential to move forward and stay up to date with technology. The CAD phone system is undergoing a software upgrade, costing \$1.5 million dollars. This does not include hardware changes at this time, where it may be fiscally achievable. Another critical part is redundancy in the emergency management aspect to work across the Las Vegas Valley. Communication is of utmost importance. In order to work with law

enforcement, the technology needs to be in place. Time is critical when saving lives. We have piloted a body-worn camera program with support from my Department, the command and the unions. If the funding mechanism comes into play, we are in favor of the initiative and look forward to deployment. Transparency is important. The initiative will be great for law enforcement and the community.

SENATOR HARDY:

When we look at the concept of the body cameras and interoperability and consider how to fund it, has there been any discussion about the More Cops Tax? If those monies can be used when a county does not choose to impose the 911 surcharge but searches for other means to fund the initiative, is the More Cops Tax money available to do something like that?

MR. MOERS:

It is an appropriate consideration for agencies under the More Cops, but it is a Clark County safety initiative. It would be allowable for a piece of equipment, but for agencies outside of More Cops, funds would not be afforded.

MARY C. WALKER (Storey County):

We support S.B. 176. The bill has a mandate but includes an ongoing funding source for the 911 system and the body cameras. Without the funding, smaller local governments will not have the resources to implement the devices, nor will the rural counties have sufficient funding to upgrade and maintain the 911 systems. We previously worked with Senator Ben Kieckhefer to develop a bill to allow rural counties to go through the State contingency account, first the State Board of Examiners then the Legislature, to obtain grants to pay for the mechanism. The comment from Senator Goicoechea was important. There are less-populated counties which will not be able to generate funds to pay, but Senate Bill 88 would provide the funding sources for smaller jurisdictions. We are willing to donate our time to helping smaller jurisdictions put together a grant application and go through the process and also help the Governor's Office to develop that process.

ADRIANA G. FRALICK (Carson City):

The consolidated municipality of Carson City is in full support of S.B. 176. The deputies in the Sheriffs' Office do not have cameras. The surcharge generates about \$225,000 dollars per year. It would take approximately \$400,000 dollars

for the sheriffs to have the cameras. We support the funding mechanism for counties to use to purchase the cameras.

DAGNY STAPLETON (Nevada Association of Counties):

Nevada Association of Counties (NACO) supports this bill. More than half of the 17 counties of Nevada have implemented body cameras. All our members support the policy of employing body cameras on uniformed law enforcement officers.

SENATOR GOICOECHEA:

Are the boards of county commissioners opposed to imposing a dollar fee on landlines and cell phones? I question the cell technology aspect too because the mobile provider may be in another jurisdiction than where the call is placed. Who gets that money? In some areas, the funds generated will be huge. Families with four cell phones may see a minimum of an annual \$50 surcharge. The fee will impact some families. I express my concern for the boards of county commissioners. I think there will be a lot of push back from constituents because it will be a significant increase.

MS. STAPLETON:

The counties are required to make the determination to enact the surcharge fee. The conversation by the board of directors was consensus that county commissioners were in support of S.B. 176. There was also discussion regarding rural counties needing to upgrade 911. We cannot speak to what individual counties are going to do.

WARREN HARDY (City of Mesquite):

Mesquite was one of the first communities in Nevada to fully implement body-worn cameras. It is safe to say our experiment has concluded and was phenomenally successful. We are a small community of 25 police officers so it is less expensive, but per capita spending is still a burden on the City of Mesquite. We initially experienced opposition from police officers and the union, but that has long since dissipated and everyone is in support. It encourages good behavior. It is a check and balance of the officer. Our complaints and requirements for internal investigations have shrunk dramatically since the implementation of body-worn cameras. When individuals who have come in to file a complaint hear we indicate that we have the camera coverage, in many cases, they will walk away or change their mind. Sometimes, they see the footage and it was not what they thought it was or remembered. It has been

tremendously successful in regard to complaints. Body cameras tell the full story, and all interactions with the public are recorded. We do not have body cameras in our jails but have cameras throughout for the same reason: to protect our officers. Police Chief Troy Tanner is in full support of this legislation.

MATTHEW MORRIS: (Fire Chief, City of Henderson):

I support S. B. 176 and the importance of a communications system, updating technology with capabilities to manage, support and keep current with updates. That system, including radios and mobile data terminals, affords the ability for agencies, police, fire and public safety agencies to be interoperable and to share communications at critical times of an emergency such as day-to-day operations as well as a large-scale event. This bill creates the opportunity for a funding mechanism that will adequately support our ability to maintain that infrastructure, the communications centers and the redundancy that Chief Moers testified to. I provided the fire service perspective of importance to this initiative. I am in full support of this bill.

WILLIE McDONALD (Fire Chief, Fire and Rescue, City of Las Vegas):

Our department is in support of S.B. 176. We receive communication services from regional dispatch centers along with Clark County Fire Department and North Las Vegas Fire Department. We are a secondary public safety entry point. We link to LVMPD and North Las Vegas police and NHP. We depend and work with those agencies daily. The ability to communicate and partner with those agencies will be greatly enhanced by the 911 surcharge. We are concerned about maintaining our backup systems. We really do not have a backup center as we are working with our partners to provide that. The 911 surcharge will assist the department with the outdated communications system.

ROBERT ROSHAK (Executive Director, Nevada Sheriffs' and Chiefs' Association):

This bill will give the agencies a start to help get the funding. The funding may not encompass all but does assist them. Quite a few counties that have moved forward may need this assistance. Lincoln County had a body camera system but the company no longer manufactures it, so they are attempting to piecemeal, and this funding will help them. We support this bill.

JIM HALSEY (Captain, Douglas County Sheriff's Office):

The entire Douglas County office supports this bill. We did a feasibility study last year regarding implementation of body-worn cameras and find there is enough impeccable data from people who have testified and studies that reflect

the same results. Officers and citizens tend to be on their best behavior when they know they are being recorded. The feasibility study projected the one hump to get over was how to fund this. This potential funding source may provide the opportunity. Ultimately, it will be up to the county commissioners if they decide to use this funding source to provide the means.

JOHN SALUDES:

According to former President Barack Obama's "Final Report of the President's Task Force on 21st Century Policing," the use of body cameras by law enforcement is increasing as a means to improve evidence collection, to strengthen officer performance and accountability, and to enhance agency transparency. Body cameras can create concerns about the public's privacy rights and civil liberties. My testimony supports S.B. 176 ([Exhibit E](#)).

GREG CASSELL (Fire Chief, Fire Department Clark County):

I echo the sentiments of support given by my fellow fire service leaders in their testimony that the 911 surcharge will help our community to not only expand what we currently have but to plan and prepare for 911 calls and communications in interoperability between all responders, police, fire and Emergency Medical Service. There are vulnerabilities in our systems, and this money will aid to shore the systems up and expand on them in the future with regional goals of communications centers and expanded services.

ERIC SPRATLEY (Lieutenant, Washoe County Sheriffs Office):

Everything has been stated on our position. We support Senate Bill 176.

SCOTT F. GILLES (City of Reno):

Reno supports this bill as good public safety legislation. The council and our chief of police support it also. We appreciate the sponsors' creativity in the funding mechanism; however, we have concerns about how the funding mechanism does work. We believe it is a tool to fully fund this project if it is utilized. The Cities of Reno and Sparks have control over the surcharge. I expressed the concern for further language that helps alleviate some of the concerns or tightens up the funding mechanism for more certainty going forward.

TOM ROBINSON (Deputy Chief, Reno Police Department):

What happens in the event revenue from the charges is not enough to fund the program for each individual agency? That would be a concern for us. Our

Department is facing budget deficits as most law enforcement agencies throughout the State and all our financial resources go toward officers and existing technologies. Radios and cameras need replacement frequently. We need to replace old technology like police cars and pistols, but we have concerns about the funding mechanism not being able to fund the entire program for Reno because I do not think we will have the budget funds to cover the deficit. Otherwise, we support the bill.

CHUCK CALLAWAY (Las Vegas Metropolitan Police Department):

I support S.B. 176 primarily for the body camera portion. I am neutral on the funding source because the Las Vegas Metropolitan Police Department already has 98 percent of the officers equipped with body cameras. We started a pilot program in 2013 by obtaining a grant from the Department of Justice. As a result of the pilot program, we initiated a budget process to equip our officers and put forth the infrastructure to establish a camera program. I appreciate the comments made by the American Civil Liberties Union. We have established a model policy for body cameras as our Department was one of the first large police agencies in the Country to establish a body-worn camera process. We have approximately 1,700 officers in uniform interacting with the public while wearing cameras.

We will never have 100 percent compliance of our uniformed officers wearing cameras for several reasons. The time frame for officers who transfer from a plainclothes assignment to a uniform assignment requires a week of training in order to be issued a camera. There are officers deployed overseas in a patrol position for the military but not on the street, so they do not get assigned a camera. Officers assigned at the airport do not wear a camera; however, the airport buildings are under constant video. These reasons will never allow the Department to be 100 percent compliant with the initiative.

I have a comment on a document from the Nevada Attorneys for Criminal Justice (NACJ) regarding the 15-day minimum requirement for storage. Our policy is we store the data until the case is adjudicated. When an officer's shift is routine without significant happenings, the camera footage is stored for the normal purge process of 30 days, if there are no complaints against the officer or anything arises that deems turning the camera footage to another area of storage until the case is investigated or until there is an outcome.

RICK McCANN (Director, Nevada Association of Public Safety Officers):

Law enforcement and our members support Senate Bill 176. Law enforcement will be a leader implementing this process wearing body cameras. This will be beneficial for law enforcement and the public; however, we encourage that the departments, if the new bill is passed, to develop policies to ensure they deal with the mandatory subjects of bargaining. The officers' input is relative to the policies concerning implementation and disciplinary action. There is also concern for privacy of individuals when officers enter a private residence. The officer turning the camera on and off is a concern. The officers' safety and privacy issues need to be considered in implementing policies when they are in pursuit of their mission.

WES HENDERSON (Nevada League of Cities and Municipalities):

We support Senate Bill 176, given that a funding mechanism is involved with the bill. I appreciate the questions from the Committee regarding what happens if a county does not enact the funding provision of the bill and the impact on a city police department. Senator Ford suggested we lobby those counties to try to make sure they enact a fee and distribute the money down to the city level, otherwise we will be seeking funding for those counties.

SENATOR GOICOECHEA:

Elko County has approximately 45,000 people and 4 city jurisdictions. I am concerned if it will be enough to reach the police departments.

MR. HENDERSON:

I do not have those numbers; I do not know if they were calculated. You are absolutely correct. There are three municipal police departments in Elko County. The City of Wells contracts with the Sheriff's Office. I understand your concern about generating enough revenue.

BARRY SMITH (Nevada Press Association):

The transparency and accountability aspects of this legislation have been expressed. The Press Association is in full support of S.B. 176. The language is a practical way to implement access to the videos and storage requirements.

KEVIN RANT (American Federation of State, County and Municipal Employees Local 4041):

Senate Bill 176 is a solid bill and good public safety bill. We strongly support this bill.

Senate Committee on Government Affairs
March 6, 2017
Page 22

SEAN SULLIVAN (Washoe County Public Defender's Office):

We are in full support of Senate Bill 176. We have filed a friendly amendment ([Exhibit F](#)) but are withdrawing the amendment as this bill makes good policy sense. It preserves the integrity of the entire system for all parties concerned.

JOHN PIRO (Clark County Public Defender's Office):

We support Senate Bill 176.

MIKE EIFERT (Nevada Telecommunications Association):

The Nevada Telecommunications Association (NTA) is not opposed to the idea of uniform officers who routinely interact with the public being required to wear body cameras. Society has voiced its concerns. Technology is advancing, and the devices have potential to protect our law enforcement agencies and the public. The NTA does oppose the use of the 911 surcharge to fund the mandate sought in S.B. 176. The 911 emergency service has a clear nexus: the telephone. Everyone uses the telephone to make a 911 call. What we see lacking in S.B. 176 is a nexus between telephones and cameras; it does not exist.

When budgets are tight, the NTA realizes the effort to creatively fund services that are in the public interest. Surcharges of late have been targeted to fill the gap. The Teletypewriting Device surcharge was established by telephony equipment and frame relay for the hearing impaired in A.B. No. 200 of the 78th Session, which expanded the scope to include anything that the hearing impaired could use. Assembly Bill (A.B.) 111 seeks to use the universal service charge to fund Internet broadband access for low-income individuals. The legislative intent when this universal energy surcharge was established was to provide assistance to low-income families to pay for electric and gas bills. Nevada Telecommunications Association does not see the nexus between broadband and the gas bill.

ASSEMBLY BILL 111: Authorizes the Division of Welfare and Supportive Services of the Department of Health and Human Services to use money in the Fund for Energy Assistance and Conservation to assist certain low-income households in paying for Internet service. (BDR 58-641)

Nevada is not the first state to contemplate the use of 911 taxes for purposes not intended by the Federal Communications Commission (FCC) when it established 911 service in 1968. Several states convert money for the

surcharge. A 2015 report documents the states' use of 911 surcharges and the states that divert funds from the 911 fund. The NTA filed a cover letter with a position paper from FCC Commissioner Michael O'Reilly, titled "States Must Stop Raiding 9-1-1 Fees" ([Exhibit G](#)). I applaud testimony I have heard earlier regarding the City of Mesquite, the City of Las Vegas and the White Pine Sheriff's Office, all of which sought grants for the implementation. Some agencies use monies collected from drug seizures to purchase and maintain the equipment. These are an elegant nexus to the funding solution to use body cameras. The NTA does not oppose body cameras; we believe another funding source needs to be pursued.

SENATOR GOICOECHEA:

How would you bill a cell phone carrier if the provider is in Reno but you live in Eureka County? Who is going to get the dollar surcharge fee?

MR. EIFERT:

The way it works is the counties interface with the carriers in their areas. The money is collected through the carriers that work in that area and is deposited to the 911 fund. I could have a cell purchased in Las Vegas, subsequently live in Reno and opt to keep the number, although the area code is traditionally thought to be Las Vegas. I do not know whether the solution to that is with the mobility of America, but I am willing to go to the industry members and reach out to the wireless community to obtain an answer.

SENATOR GOICOECHEA:

I also question state lines. When a person moves from one state to the other and keeps the previous state's area code. The surcharge would be avoided if an out-of-state line dials 911. It is not a lot of money at \$12 per line a year.

MR. EIFERT:

You are absolutely correct; it could be any state in the Union. When you focus in on a funding source that is singular, like a telephone surcharge, you could impact communities. When I say that, I mean low income and elderly. Twelve dollars per year does not seem a lot to many people in this room, but to an elderly person on fixed income who is scraping just to have a lifeline button in case of emergency, \$12 is significant.

MS. CHLARSON:

Page 4 of the original Senate Bill 176, section 3, which amends *Nevada Revised Statutes* 244A.764.3, states the surcharge will be imposed on the "mobile telephone service provided to each customer of that service whose place of primary use is in the county." To answer Senator Goicoechea's question, we need to find out from the mobile telephone companies how they determine where the place of primary use is when you have a number that is not of the same area code or area as the county. I am not sure how the mobile companies determine this. By the language in the bill, there has to be a determination of where the place of primary use of that cell phone is. If it is in the county where the board of county commissioners have imposed a surcharge, then those companies would be paying that fee.

HELEN FOLEY (T-Mobile):

I am not in opposition to S. B. 176. T-Mobile cannot look at anyone's bill and determine the primary use area, but the surcharge would be placed on the person's bill in the county of residence at the billing address. However, the mobile company does not know the usage. Someone could be living out of state most of the time or living in another county. I use my phone in Carson City but my bill goes to Las Vegas, and that bill would have the charge.

SENATOR GOICOECHEA:

Assuming Clark County does not impose the \$1 fee, maybe only \$.25 because of the population, then I would contract and have the billing address in Clark County, just playing the devil's advocate.

SENATOR MANENDO:

It appears to be a lot of effort for a person to go through to save a couple pennies.

MS. FOLEY:

T-Mobile and a few other service providers, maybe Charter and others, will not be adding the surcharge to the bill to maintain our reputation. It is broadband and everything for \$40. T-Mobile does not list all the surcharges. The bill allows you to pass it along to the customer, but T-Mobile will not be doing that.

SENATOR MANENDO:

I plan to spend some time in the T-Mobile arena.

NICK VASSILIADIS (AT&T):

Although AT&T is neutral on the bill, the concern is the funding mechanism and the nexus between the two, and we have shared our concerns with the sponsor of the bill. The Senator continues to have an open-door policy, so we are comfortable that we will work with him throughout the duration of this process. I have submitted a letter from Randy Brown, AT&T, relating to 911 funds ([Exhibit H](#)).

CHERYL BLOMSTROM (Nevada Taxpayers Association):

We are neutral on the policy but do have concerns regarding the language in S.B. 176. Since it is an authorizing piece of legislation, we would like to see the business impact statement explicitly attached to this bill so if the county commission chooses to adopt this ordinance, it would need to provide that notification to their businesses in its communities. We would like to see a 10-year reauthorization due to technology changes. We have concerns that it is expanding beyond the original purpose of the bill. Clark County's fire entities talked about interoperability. Las Vegas Metropolitan Police Department talked about the need for its mobile audio-visual equipment to communicate with body cameras, which is an important component of a body camera. There is a triangulation of views and a better protection for the officer and the public. Needs will be placed on the 911 system that will require funding. We share that with an abundance of caution.

SENATOR FORD:

I will address some concerns that were raised in opposition and in neutral. Senator Goicoechea inquired as to commissions not raising the money to fund the initiative. I understand that concern. This is neither intended to be a panacea nor a guarantee; it is an option.

Body cameras are an important tool and technological component to today's law enforcement arena. I looked to provide options for counties and municipalities to fund the body cameras. There was an outpouring of support from the counties, cities, police departments and fire departments. Fire departments also utilize 911 fees because they recognize the effort to provide opportunities for funding of this bill. White Pine County reached out, got a grant and used funds initially from arrests, which also is an alternative. I commend those who find alternative ways to fund the body cameras. That does not mean it is inappropriate to use 911 fees. I understand the position paper ([Exhibit G](#)) is from the FCC. I was approached Friday evening about the existence of such a paper from one

commissioner, not from the FCC, and there is a difference of opinion as to the appropriateness of utilizing the 911 fee beyond the communication system. Illinois is using 911 fees for general funds, period; New Hampshire for general funds and public safety funds; Puerto Rico, Rhode Island and New York for general fund monies. At a minimum, we can see a nexus between utilizing 911 fees and public safety needs. Henderson gave the best example. Henderson is talking about utilizing 911 fees to tap into the body camera during an arrest so they can have a better understanding of what is going on. If that is not a prime example of a nexus associated with the body camera and 911, then frankly I do not know what is.

I heard mention of Assembly Bill 111, as an example of the burden fees. I am not sure what the nexus is among A.B. 111, the public safety issue and concern with body cameras, so I cannot address that concern. On the question regarding how to ascertain which county gets money based on a prefix of a cell phone, I remind the Committee that 911 fees already exist and the counties already collect those. However, the phone carriers are collecting 911 fees based on a prefix and residence, and that will continue going forward. That is not a new component to this bill. It is not a new policy base consideration for this Committee.

Chuck Callaway brought up the 15-day storage requirement from the NACJ. I did not receive that letter complaining about the 15-day minimum relative to the time frame utilized for retention of the film. I will note that the 15 days are a minimum requirement, not a maximum. Departments already utilize more than 15-day minimums, so I do not anticipate that being an issue.

I appreciate the opportunity to speak about the importance of 911 fees being utilized for body cameras as well as the expansion of NG 911, which is utilized by police departments and fire departments. I commend this bill for your consideration, I hope it receives a favorable work session in short order.

CHAIR PARKS:

I have 10 documents in support of S.B. 176 to put into the record ([Exhibit I](#)), and I have 3 documents opposing S.B. 176 to put into the record ([Exhibit J](#)).

I will close the hearing for Senate Bill 176. I will open the hearing for S.B. 78.

SENATE BILL 78: Revises provisions relating to local government financial administration. (BDR 31-403)

JOHN J. LEE (Mayor, City of North Las Vegas):

We recognized in North Las Vegas that the city was taking huge amounts of money out of the utilities fund and beefing up its general fund. Former Assembly Government Affairs Chair, Marilyn Kirkpatrick, recognized the problem. It is similar to forcing a tax on people through their utilities. We had proposed A.B. No. 471 of the 76th Session. The City came forward and admitted what they were doing, and we gave them a period of ten years to wean off withdrawing from the utilities fund and moving monies to the general fund. The bill passed, but the recession continued and North Las Vegas went deeper and deeper into this fund transfer. I became Mayor and realized this was something we needed to continue to work on, allowing North Las Vegas to operate solo. It was unknown how long the recession would last and how long the financial damage inflicted upon the City would take to repair because we were not aware that North Las Vegas was hiding its budget transactions. Assembly Bill No. 471 of the 76th Session passed with one option for a deadline of 2021. We are working out of the situation by repairing issues, but the 2021 deadline is costing us financially and the local governments in southern Nevada, angst.

If we attempt to refinance bond charges, which will result in a lesser interest rate, the counties reference A.B. No. 471 of the 76th Session, stating we will be out of business in 2021. We respond that we have a great plan and are moving forth with the Local Government Finance Committee but they reference the 2011 bill, stating the Legislature is going to take North Las Vegas over due to the funding situation. If we could have another pathway set up, future counselors will have a chance to start buying down this assumed debt. We feel it is strength for the future of the City and the Local Government Finance Committee. As our bond ratings go up due to this cliff's removal, we think it will help all bond ratings in southern Nevada. As we rise, other agencies will rise with us.

RYANN JUDEN (Assistant City Manager, City of North Las Vegas):

I have briefed all of the Senate Government Affairs Committee members on S.B 78. This is very important bill for North Las Vegas. The impact the passage of this bill will have on the City could make it one of the most important bills for North Las Vegas. In 2011, A.B. No. 471 of the 76th Session passed and state

movement of enterprise fund dollars into the general fund to shore up the general fund was now prohibited and illegal. The bill gave entities performing the transfer ten years to resolve it. The discussion regarding the grace period would be necessary. Due to recognition by Chair Kirkpatrick that there were entities performing the transfers, the Legislation established the ten-year period.

Senate Bill 78 has an elegant approach to ensuring that the 2021 deadline remains in effect and this is a prohibited practice. If entities were performing the fund transfer in Year 2011, the practice must cease by 2021. The bill artfully creates a second pathway that requires a local government that is performing the transfers to create a plan for passage and submit the plan to the Committee on Local Government Finance (CLGF) for approval. We have had meetings with members of the Committee regarding this process. The Department of Taxation wanted to make sure that there was an expansion of the oversight, and North Las Vegas supports that notion. We want to ensure that the second pathway is underneath complete oversight. In 2011, when the Legislature passed the prohibition and created the ten-year grace period, it was the ultimate kick-the-can-down-the-road type of policy. Municipal government, especially North Las Vegas looked at the policy and responded we have nine and a half years to worry about it.

The policy did not require what this bill requires. At the very least, there is a minimum threshold of 3.3 percent the local government must be reducing on Payments in Lieu of Taxes every year. The Committee on Local Government Finance can determine whether it can be a higher percentage based on the financial condition of the city submitting the plan to the financial committee. It provides the teeth that were not there in the 2011 Session. It also recognizes the impact of the longer recession as well as the consequences of the tax caps and gives North Las Vegas the ability to cease the enterprise fund transfer. As the Mayor stated, the important thing this does, included in the brief ([Exhibit K](#)) is that approximately every six months, the bond rating agencies from Wall Street look at North Las Vegas. We have been fortunate because 2 years after we implemented our aggressive plan to turn the city around, we saw an uptick in our bond rating from a negative outlook in Year 2013. The analysts indicated in their assessments of North Las Vegas that the fiscal cliff has to happen by 2021. Wall Street analysts know the laws in Nevada. They recognize that in 2021, the City of North Las Vegas is going to have a \$23 million hole in the budget because of the amount of transfers from the enterprise fund into the utility fund, and they recognize it needs to be solved.

Statute dictates compliance by 2021. This law solves a challenge in current law, and we believe it is good public policy to turn around and not go into State receivership. It does not make sense. What makes sense is to look at the law and find ways to work with the City with State government oversight to ensure compliance. It is a unique opportunity to see legislative intent and improve upon what occurred in 2011.

MARILYN KIRKPATRICK (County Commissioner, Clark County):

On page 4 of the bill, section 1, subsection 11 states what was in place before. I believe you should not be using sewer utility funds for anything other than sewer funds. There were three entities using funds in that way and only one group is still in that scenario, North Las Vegas. We needed to give entities time to remove themselves from that practice. North Las Vegas is hustling to get back on track by leaving the water and the sewer utility funds intact to restaff and reboot the city itself. One problem is the bonding capacity. Some needs have been put away for a while and need to be addressed regarding the recession. We need to pay the debt regardless of who is holding the seat. Coming from the local government side, each time a new person comes in we cannot continue starting over and getting nothing resolved. That is truly why the situation progressed within the City. We agreed to a 3.3 percent minimum, which is page 5, section 1, subsection 11. We look at projected growth and a way to pay the debt while continuing to provide the services necessary to the residents. The Committee on Local Government Finance can watch over the budget and recommend a higher percentage to increase debt payback. Taxation has been part of the conversation, and it is important that remains in the conversation. In the last six months, the City of North Las Vegas has seen improvement as noted in ([Exhibit K](#)).

SENATOR RATTI:

The original concept is written as a ten-year period to make the sewer fund whole from the general fund transfers, is that correct?

MS. KIRKPATRICK:

The goal was to have North Las Vegas meet with the Committee on Local Government Finance on a regular basis to have its budget evaluated. In 2013, \$50 million was transferred from the sewer fund. In 2007, it showed a \$38 million transfer and requests for grants to repair sewer needs, so that is the reason.

SENATOR RATTI:

The cliff exists because of the ten-year deadline put into law?

MS. KIRKPATRICK:

Yes.

SENATOR RATTI:

The 3.3 percent would imply you have 30 years to make it correct because you are making 3.3 percent progress per year, is that also a correct assumption?

MS. KIRKPATRICK:

That is correct, but it does not preclude the Committee on Local Government Finance from asking for more, and it does not preclude the City Council from suggesting, within their annual plan, what that amount should look like.

SENATOR RATTI:

I am unclear on the one-time transfer over a series of years that created a debt. The debt is being paid back, but has the practice of transferring sewer funds to pay for ongoing operating costs stopped or is it a slow reduction? Are we still making the transfers year in and year out? Are we reducing the dependence on the water and sewer utility fund?

MS. KIRKPATRICK:

That is correct. North Las Vegas is still making transfers and reducing the dependence on the sewer fund. It is a slow reduction within the teeth of the law.

SENATOR RATTI:

In that way, we never pay it back. The general fund accrued all the expenses that originated as donations from the sewer fund. Over the course of time, do we just get to a place where we are no longer transferring?

MS. KIRKPATRICK:

We just want to keep our City first and foremost. We want services back that we have not been able to have. North Las Vegas had cut half of its staff trying to get off this and other debts in the last few years. We, as residents, have forgiven the actions and our City is growing again, but it is a good financial practice going forward to get off the reliance of transferring funds and to provide more services.

Senate Committee on Government Affairs
March 6, 2017
Page 31

SENATOR RATTI:

Is North Las Vegas at the property tax cap rate of \$3.66?

MR. JUDEN:

No. We are not at the tax cap rate. The new management team and the Mayor reviewed whether we could increase our taxes but declined to do so because the homes facing a tax increase would be in the mature area of town and take on an extremely aggressive tax. Our new homes were so far beneath the tax cap that raising the taxes would not have done anything. Though it would have raised a little money and possibly given some relief to the problem, it would have hurt the people who could least afford it. We thought it was not a good policy.

MS. KIRKPATRICK:

We were the highest-taxed citizens within Clark County as a whole and applaud taxes not being raised for the senior citizens of the community who already just make their payments required to live.

SENATOR RATTI:

Are you fully funding your sewer capital and ongoing maintenance?

MS. KIRKPATRICK:

The sewer fee increases 2 percent each time and funds the capital and ongoing maintenance.

SENATOR GOICOECHEA:

North Las Vegas has until July 1, 2018, to get a plan approved and you have a 30-year drop-dead date?

MS. KIRKPATRICK:

Yes.

PAUL MORADKHAN (Las Vegas Metro Chamber of Commerce):

The Metro Chamber offers support to S.B. 78. The Chamber commends the current City Council and Mayor for improving the financial situation in the City of North Las Vegas and think this initiative is another tool to help achieve the goals of financial stability. We see the oversight that will be supervised by the Committee on Local Government Finance as appropriate.

MS. BLOMSTROM:

We support Senate Bill 78. The technical ability of the Committee on Local Government Finance will be a tremendous asset to the planning, going forward and implementing what will be put in place. It will take North Las Vegas from an extraordinary place and put them back in a ordinary place which is a great place for government to be.

BRIAN MCANALLEN (City of Las Vegas):

This bill will help North Las Vegas with their challenges. We echo the comments of previous testimonies and understand that the City Council of North Las Vegas has done yeoman's work to improve the financial status of the city.

DEONNE E. CONTINE (Executive Director, Department of Taxation):

The Department supervises local government budgeting along with the Committee on Local Government Finance and has been working with North Las Vegas over the last several years as they sort over their budget issues. Kelly Langley will expand.

KELLY LANGLEY (Supervisor, Local Government Finance, Department of Taxation):

We recognize all that North Las Vegas has done to continue reducing expenses. It has provided monthly cash flow projects to CLGF as requested over the past two years. I spoke to Chair Marvin Leavitt of CLGF. Mr. Leavitt's primary concern with S.B. 78 is with some form of review by an outside party, and he suggests CLGF. The bill does state there is a review, but as written, it sounds like the review in 2018 to review this bill one time. Here is our payback schedule over the next 30 years. I apologize for the terminology. Because North Las Vegas is reducing its dependency on the funds, there is no payback. Mr. Leavitt requests the language be clarified. In order for North Las Vegas to continue providing necessary services to its constituents, these transfers need to occur. Consideration is underway to have North Las Vegas obtain approval for their annual transfer from the enterprise funds as part of the North Las Vegas budget process or appear at the CLGF meeting following the budget process to justify their ongoing need on an annual basis. This raises the concern that it does state a minimum of 3.3 percent beginning in 2021, but a lot can change. Assembly Bill No. 471 of the 76th Session addressed these enterprise transfers and the desire to have North Las Vegas no longer dependent to request the funds from enterprise funds over time from 2011 to 2021. The previous plan had the City deal with it in 2021 because at that point it was in

deep financial problems wherein, ultimately, the City would not address its dependency and look for additional legislative solutions to solve these problems.

SENATOR GOICOECHEA:

It looks like once the plan is approved on July 1, 2018, implementation of the plan and North Las Vegas will start moving forward from the 3.3 percent reduction. On or after July 1, 2021, transfers are subject to section 1, subsection 9. In 2018, when the plan is approved, please verify whether that will start the plan moving forward in the 30-year clock.

MS. LANGLEY:

That was our read on it as well. It is one thing to have a plan in 2018 that is approved by the Committee on Local Government Finance, but because we are monitoring North Las Vegas' recovery as well as its ongoing reduction and dependency on these enterprise funds, we would want that approval to be annual—although its plan in 2018 is approved—if the abatements impact their feasibility. We would want to reduce the North Las Vegas dependency on those funds as quickly as possible at more than the 3.3 percent annually. That is why we want the annual review by CLGF.

North Las Vegas had ten years to make the funds whole, it never was a payback. The transfer was not a loan that was going to be payed back. It only reduces the dependency on enterprise funds and the portion of which the transfer is not the allocatable charges. If the enterprise fund pays for interlocal fees and other things, these charges are above and beyond those fees. Chair Leavitt recognizes the situation that continuing transfers are in conflict with NRS 354.612, subsection 4, which states:

In establishing a proprietary fund, a local government shall, besides furnishing working capital for the fund, provide that one of its financial objectives is to recover the complete costs of operation of the activity being financed, including overhead, without producing any significant amount of profit in the long run.

One of our concerns is if the transfers of approximately \$25 million a year are in perpetuity over the next 30 years, North Las Vegas will reduce the dependency on transfers but in the meantime, these are actually funds being collected as fees. Fee-paying constituents are subsidized by taxpayers for the general fund.

SENATOR GOICOECHEA:

You are saying those fees are subsidizing the taxpayers, but we are in North Las Vegas. Technically, they are the same people.

MS. LANGLEY:

I agree with that. Entities that may be at the \$3.66 tax rate had not been doing transfers from the enterprise funds. North Las Vegas is not at the \$3.66 tax rate but is using fee-based funds for the transfers.

SENATOR GOICOECHEA:

Whether you raise the property tax or the water and the sewer utility fees, it is the same people generating the funds.

MS. LANGLEY:

I understand your point, thank you.

SENATOR HARDY:

Are you suggesting the City of North Las Vegas change their property tax in order to do away with the enterprise fund dependency?

MS. CONTINE:

We are suggesting that the CLGF, with respect to Senate Bill 78, make clear in the language or legislative intent that the plan is first subject to an annual review or review by CLGF. It is not just CLGF that reviews the plan. Secondly, to the extent that the situation arises, that a reduction of more than the 3.3 percent be considered or recommended by CLGF; that the oversight portion of the bill is clear; that North Las Vegas is subject to the oversight of CLGF, so there is continued monitoring and implementing of the plan.

SENATOR HARDY:

Take the 3.3 percent. If North Las Vegas is capable of achieving more revenue, should it go toward paying down the obligation to the enterprise fund?

MS. LANGLEY:

There will be times in the budget process that North Las Vegas may have higher revenue in certain areas. We are not stating every dollar above and beyond that budget needs to go toward reducing the dependency on the enterprise funds, but we would want the opportunity to review that once a year to ensure it is in line with the goal to pay down a minimum of 3.3 percent with the funds the

City has so it can reduce the 3.3 percent. We recognize 3.3 percent of \$25 million is an \$825,000 annual reduction. One year they may have the ability to reduce it by \$3 million and impact the plan except in a positive way. We encourage the City to reduce transfers by more than the 3.3 percent to eliminate their dependency on those enterprise funds as soon as possible.

SENATOR HARDY:

Whether they do the fees or the property tax, what is it you will do in a year when you review the budget? Do you have the authority to do that? Whatever you review, will you take the City of North Las Vegas aside and state you have to do this or that? What is the authority?

MS. CONTINE:

It would be through the Committee on Local Government Finance, a body of government that cities appear before. North Las Vegas has appeared before it several times in the last several years. The Committee on Local Government Finance has authority to make recommendations, determine whether an entity needs to be on a fiscal watch and recommend to the Nevada Tax Commission when that entity should be taken over by the State. There is a lot of authority throughout the statute. What we are talking about in this context is having the review. It does not seem the bill indicates the ongoing review. We know there is this minimum of 3.3 percent, and North Las Vegas probably will not object to this to the extent we can be reducing the reliance on those funds sooner than the 30 years that Senator Ratti mentioned. The Committee would recommend that it looks at the additional finances and where else the City gets money. The CLGF may make recommendations. They have tools that may be harsher, but no one is looking to do that. It is just oversight, discussion and a public forum to have that issue brought up.

CHAIR PARKS:

Reports are submitted on a monthly basis from the City of North Las Vegas on their finances?

MS. LANGLEY:

We get cash flow projection reports. The court works directly with their budget, updating that to reflect the current actual month and reflecting changes that may affect their ongoing projection. We appreciate receiving that report from North Las Vegas.

SENATOR GOICOECHEA:

You are talking about review from the Committee on Local Government Finance? Would that be an annual reporting on the Committee's budget review of the City? Is that what you are talking about, not monthly reporting on the North Las Vegas budget status, correct?

MS. LANGLEY:

No. You are correct. The budget is approved annually, but then the City provides the budget. Referring to this 2021 cliff, North Las Vegas was providing us insight as to union negotiations and things that were coming up or most expected. North Las Vegas would update that for us.

SENATOR GOICOECHEA:

As we approve the plan in 2018, will there be annual reviews on the reporting?

MS. LANGLEY:

Correct, annual.

AARON KATZ:

I am a full-time resident of Incline Village. My testimony for this subject of interfund transfers goes beyond the City of North Las Vegas. It is something that has been occurring in Incline Village for over 40 years. Incline Village is not a city, county or town. We are in a limited purpose general improvement district. Legislation has an implication on Incline Village as much as every other local government in the State. I have submitted a written statement for the record ([Exhibit L](#)). We have a problem in Incline Village. The transfers we are talking about here are not from the general fund to supplement for-profit or sewer or utility-type services, it is the other way around. It is using a utility or other enterprise fund to subsidize the general fund.

Nevada Revised Statutes 354.613, once adopted, made the transfers unlawful, and you would think Incline Village would have stopped. Incline Village renamed the transfers, and double-downed and increased the amount of the transfers. In 2015, a local citizen discovered secret transfers going out of enterprise funds into other enterprise funds which were not being reported. If you read NRS 354.613, it applies to all transfers from an enterprise fund. Senior staff at Incline Village General Improvement District (IVGID) by renaming the fund to special revenue fund, continue to transfer, except NRS 354.613 does not apply because it only pertains to transfers from enterprise funds. I am here to alert the

Committee of this problem, this circumvention and the need to modify NRS 354.613 to include special revenue funds, or IVGID can flout the law without consequence.

What is a special revenue fund? Does the Committee know the difference between a special revenue fund and an enterprise fund? A special revenue fund cannot be used to account for revenues and transfers for things such as capital improvement projects unless there is a specific requirement those projects be paid for specifically out of the fund.

Incline Village General Improvement District is using a special revenue fund as if it were an enterprise fund. The IVGID is obtaining approval for a medium-type bond to pay for capital improvement projects. An enterprise fund is for the type of things to which special revenue funds do not apply. Who has authority to stop IVGID from doing this? Is it the Committee on Local Government Finance? No. Can the Department of Taxation? No. Incline Village General Improvement District is just free to do it to flout the law. I urge the Committee to investigate the problem.

In 1977, Bulletin 77-11 from the Legislative Counsel Bureau dealt with an investigation of general improvement districts and this report went back to the Legislature. We need another one of these investigations and reports presented to the next Legislative Session, so all these matters can be addressed with facts before the Committee [Exhibit L](#) provides more background on this.

SENATOR GOICOECHEA:

I am referencing NRS 354.613 to see how it applies to Senate Bill 78. You are looking at something beyond this bill which requires more investigation.

MR. KATZ:

I am looking for an augmentation to include special revenue funds as well as enterprise funds because other local governments around the State may just change the name of their funds and circumvent the protections of interfund transfers.

CHAIR PARKS:

I have worked in local government finance for nearly three decades and there is a distinct difference between debt funds, special revenue funds, interfund

transfers and enterprise funds as well as the general funds. We will take a look at it all.

MR. JUDEN:

We chose as a city to grow ourselves out of a problem we inherited and to attract new businesses for a larger tax base, so it would not be left on the residents to fix a problem they did not create. We look forward to working with the Department of Taxation and the CLGF to maintain the relationship. The bill requires the CLGF to approve the plan, not just review it. One of the things the Department of Taxation mentioned that we can put on the record or in the bill is to name the CLGF for approval of the plan. If the plan does not have the annual review or quarterly review, then North Las Vegas does not have to accept the plan and the plan does not fall under the language of this bill. Senate Bill 78 will solve the problems of North Las Vegas. It will remove the fiscal cliff. It will result in an increase in the bond rating. The bill preserves the 2021 deadline in place but creates a second pathway of compliance for North Las Vegas, and it has tremendous State oversight to ensure North Las Vegas continues to do the right thing.

SENATOR GOICOECHEA:

I agree they can adopt it in the plan.

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Senate Committee on Government Affairs
March 6, 2017
Page 39

CHAIR PARKS:

I have three documents in support of S.B. 78 to put into the record ([Exhibit M](#)). The meeting on Senate Bill 78 is now closed. The meeting is adjourned at 3:59 p.m.

RESPECTFULLY SUBMITTED:

Debi Szaro,
Committee Secretary

APPROVED BY:

Senator David R. Parks, Chair

DATE: _____

BILL	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	14		Attendance Roster
S.B. 176	C	5	Senator Aaron Ford	Proposed Amendment 3136
S.B. 176	D	1	Wendy Stolyarov / Libertarian Party of Nevada	Written Testimony
S.B. 176	E	1	John Saludes	Written Testimony
S.B. 176	F	1	Sean B. Sullivan / Washoe County Public Defenders' Office	Proposed Amendment
S.B. 176	G	4	Mike Eifert / Nevada Telecommunications Association	Cover Letter and FCC Position Paper on 9-1-1 Fees
S.B. 176	H	2	Nicolas Vassiliadis / AT&T	Letter from AT&T Director Randy Brown
S.B. 176	I	11	Senator David R. Parks	Documents in favor
S.B. 176	J	5	Senator David R. Parks	Documents in opposition
S.B. 78	K	6	Ryann Juden / City of North Las Vegas	Brief
S.B. 78	L	5	Aaron Katz	Written Testimony
S.B. 78	M	4	Senator David R. Parks	Documents in favor