

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

**Seventy-ninth Session  
March 22, 2017**

The Senate Committee on Government Affairs was called to order by Chair David R. Parks at 1:13 p.m. on Wednesday, March 22, 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 Nicole Cannizzaro, Senatorial District No. 6  
Senator Aaron Ford, Senatorial District No. 11  
Senator Ben Kieckhefer, Senatorial District No. 16

**STAFF MEMBERS PRESENT:**

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

**OTHERS PRESENT:**

Mary C. Walker, Carson City; Douglas County; Lyon County; Storey County  
Dagny Stapleton, Nevada Association of Counties  
Nick Marano, City Manager, Carson City  
Wes Henderson, Executive Director, Nevada League of Cities and Municipalities  
Robert Roshak, Nevada Sheriffs' and Chiefs' Association  
Austin Osborne, Administrative Officer, Storey County

Senate Committee on Government Affairs  
March 22, 2017  
Page 2

Ron Dreher, Peace Officers Research Association of Nevada  
Peter Guzman, President, Latin Chamber of Commerce  
William Stanley, Southern Nevada Building and Construction Trades Council  
Danny Thompson, Laborers International Union Local 872/AFL-CIO; International  
Union of Operating Engineers Local 3  
Rob Benner, Building and Construction Trades Council of Northern Nevada,  
AFL-CIO  
Greg Esposito, Plumbers and Pipefitters Local 525; Plumbers, Pipefitters and  
Service Technicians Local 350  
Nick Vassiliadis, Southwest Regional Council of Carpenters  
Rusty McAllister, Nevada State AFL-CIO  
Brian McKee, Plumbers, Pipefitters and Service Technicians Local 350  
Pricilla Maloney, American Federation of State, County and Municipal Employees  
Local 4041, Retiree Chapter  
Joanna Jacob, Nevada Contractors Association  
Sean Stewart, Nevada Contractors Association  
Alexis Motarex, Nevada Chapter, Associated General Contractors of  
America, Inc.  
Jeffrey Haag, Administrator, Purchasing Division, Department of Administration

CHAIR PARKS:

We will start with the work session on Assembly Bill (A.B.) 2.

**ASSEMBLY BILL 2**: Revises provisions governing the Patriot Relief Account.  
(BDR 36-134)

JENNIFER RUEDY (Policy Analyst):

A brief explanation of A.B. 2 is in the work session document ([Exhibit C](#)).

SENATOR HARDY MOVED TO DO PASS A.B. 2.

SENATOR RATTI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR PARKS:

We will move to the next bill in the work session, Senate Bill (S.B.) 21.

**SENATE BILL 21**: Abolishes the Nye County Water District. (BDR S-478)

MS. RUEDY:

I will present S.B. 21 as described in the work session document ([Exhibit D](#)).

CHAIR PARKS:

We have received many letters from people in Nye County regarding S.B. 21: a letter from Joni Eastley stating a neutral position on the bill ([Exhibit E](#)); a letter from Kristian Bentzen supporting the bill ([Exhibit F](#)); a letter from David Caudle on behalf of family and friends supporting the bill ([Exhibit G](#)); a letter from Gregory T. Hafen II, Pahrump Utility supporting the bill ([Exhibit H](#)); a letter from John F. Bosta containing comments on the bill ([Exhibit I](#)); a letter from M. Kent "Tim" Hafen opposing the bill ([Exhibit J](#)); a letter from the Round Mountain Town Board opposing the bill ([Exhibit K](#)); written testimony from Kenny Bent supporting the bill ([Exhibit L](#)); a letter from the Tonopah Town Board opposing the bill ([Exhibit M](#)); a letter from the Beatty Town Advisory Board opposing the bill ([Exhibit N](#)); and a letter from the Railroad Valley Advisory Board opposing the bill ([Exhibit O](#)).

SENATOR GOICOECHEA:

This was Nye County's bill. The vote to abolish the Nye County Water District was reaffirmed on February 21 by the Nye County Board of Commissioners. It is appropriate to do what the Nye County Board of Commissioners wants.

SENATOR GOICOECHEA MOVED TO DO PASS S.B. 21.

SENATOR RATTI SECONDED THE MOTION.

SENATOR RATTI:

I am going to vote in favor of this bill. However, I am concerned with how water is going to be managed moving forward. We had testimony from the Nye County Board of Commissioners stating it takes back that responsibility and I appreciate that. I am not proposing any amendments.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

Senate Committee on Government Affairs  
March 22, 2017  
Page 4

CHAIR PARKS:

We will move on to the next bill in the work session, S.B. 176.

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

SENATOR AARON FORD (Senatorial District No. 11):

I want to clarify the amendment I submitted on S.B. 176. The City of Las Vegas requested that the amendment be included.

The term "marshals" does not include court bailiffs. We are using the phraseology used by the City of Las Vegas to include those who are responsible for handling, for example, the Fremont Street Experience. Those are the marshals we intend to include with that amendment.

MS. RUEDY:

I will comment on S.B. 176 as contained in the work session document (Exhibit P).

Senate Bill 176 mandates that all law enforcement agencies require their uniformed peace officers, who routinely interact with the public, to wear a portable event-recording device or camera while on duty. It authorizes the counties to impose a surcharge to be used for the enhancement of the telephone system for reporting an emergency in the county. In addition, the surcharge can be used for the purpose of purchasing and maintaining portable and vehicular event-recording devices if authorized by a board of county commissioners.

SENATOR MANENDO MOVED TO AMEND AND DO PASS AS AMENDED  
S.B. 176.

SENATOR RATTI SECONDED THE MOTION.

SENATOR HARDY:

The bill says "if." The counties with smaller populations probably do not have the ability to do everything, so it is an "if." If the county commission rules that the county can do it, then it has to do it. Is that what this means?

CHAIR PARKS:

That is my understanding.

Senate Committee on Government Affairs  
March 22, 2017  
Page 5

HEIDI CHLARSON (Counsel):

Senator Hardy, is your question whether this is optional or mandatory? It is mandatory for peace officers to wear body cameras. It is not a "may," it is a "shall."

SENATOR HARDY:

The word "if" in section 3 in the work session summary still requires authorization if authorized by the county commission.

Ms. CHLARSON:

Can you point me to the place in the bill?

SENATOR HARDY:

It is in section 3 of the work session summary on line 4 that ends with the word "if."

Ms. CHLARSON:

Your question is related to the fee. Peace officers are required to wear the body cameras. The fee is optional.

SENATOR HARDY:

The county pays for it through the fee. If the county does not collect enough money through the fee, then it is still mandatory that peace officers wear body cameras no matter how small the county is.

Ms. CHLARSON:

That is correct.

Ms. RUEDY:

Senator Ford discussed the proposed amendment, which clarifies the term "marshals." The amendment also has a provision that will push the effective date out from January 1, 2018, to July 1, 2018. That is on page 4 of Proposed Amendment 3136, [Exhibit P](#).

SENATOR HARDY:

How are the small counties going to pay for it? Is there a mechanism identified to do that?

SENATOR FORD:

It is by design that this bill is in work session on the same day that another bill will be heard that may provide the relief you are concerned about.

Senator Kieckhefer's bill, S.B. 88, will allow smaller counties that otherwise would not have an opportunity to fund this to seek contingency funds from the Interim Finance Committee (IFC).

SENATOR HARDY:

If the IFC is not as generous as it always is to all requests, then we are still under a mandate without a funding mechanism.

SENATOR FORD:

This is a mandate. Optional ways to pay for it also exist. I suggest that you do not remove the alternatives from the mandate. That is not how I view it. However, the mandate does exist.

SENATOR GOICOECHEA:

I was concerned when I first read the bill, even though it is enabling, because the board of county commissioners will impose the tax. However, there was no opposing testimony. I did not hear an uproar from the boards of county commissioners. I am supporting the bill.

SENATOR FORD:

Senator Goicoechea, you are correct. The Nevada Association of Counties, which obviously includes the smaller counties that you are concerned about, has supported the bill.

SENATOR MANENDO:

Maybe this will encourage some of the local governments to look at available grants. Sometimes people do not look for those things. However, they are out there. Nevada misses many grant opportunities.

In addition, sometimes you need to go out and do some fundraising. There are people who step up and donate. I suggest that people reach out and find ways to do things.

Senate Committee on Government Affairs  
March 22, 2017  
Page 7

SENATOR HARDY:

I am going to vote for the bill with the stipulation the other bill passes before this one does so there will be a way to fund it.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR PARKS:

That concludes our work session. We will open the hearing on S.B. 88.

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

SENATOR BEN KIECKHEFER (Senatorial District No. 16):

Following the end of the 78th Session, I discussed the potential fiscal ramifications of State-mandated law enforcement body cameras with Mary Walker and some county commissioners. At that time, I served as the Chair of the Senate Committee on Finance. I agreed to sponsor a bill, through the Committee, for those local governments to find a way to access the IFC Contingency Account in the event that a mandate on those counties came down from the State. You just heard the bill that does such a thing.

The funding mechanism in the bill you just approved would be, in some counties, adequate to cover the cost of implementing that mandate. In some rural counties with smaller populations, that funding mechanism would not be sufficient to meet the implementation of that mandate. They have plenty of other budget problems as it is.

Senate Bill 88 is the culmination of my work with Ms. Walker to alleviate those concerns. The bill allows counties with populations less than 100,000 to apply to the IFC Contingency Account. It is a pool of General Fund resources allocated to the IFC for distribution throughout the Interim on an as-needed basis. These funds will help finance the infrastructure, fiscal assets, storage and implementation of this mandate as it comes down.

There is no requirement that the IFC approve any request that comes out of this process. My fear is that we may have many exercises in severe frustration if the IFC does not look favorably upon the requests. However, it meets the intent of

what was discussed in terms of an opportunity for counties to come and plead their cases.

It was not intended to be a panacea for the counties. It should not alleviate all of their responsibilities from financing and implementing the bill. However, it will provide an opportunity to come to the State that mandated they do something and to say they need financial help.

SENATOR GOICOECHEA:

Would counties be required to implement the \$1 fee in order to satisfy the IFC? For example, in Esmeralda County only \$2,000 would be generated from the fee. Does the bill require that the fee be implemented in order to qualify for IFC assistance?

SENATOR KIECKHEFER:

The bill is silent as to the necessity for implementation of the fee. It was written independently of S.B. 176, this bill you just processed. However, it would be a difficult sell for a county to come to the IFC asking for the whole amount when it did not try to use the other resources available.

MARY C. WALKER (Carson City; Douglas County; Lyon County; Storey County):  
I have submitted written testimony supporting S.B. 88 ([Exhibit Q](#)).

SENATOR HARDY:

What is the estimated cost for those counties other than Washoe and Clark Counties? Do they have enough to get a \$1 surcharge to pay for it?

MS. WALKER:

A few of the rural counties submitted fiscal notes regarding the \$1 surcharge and their costs. None of the smaller jurisdictions submitted fiscal notes. This will be very similar to many of the grants we do. They will pass or not pass on the strength of their arguments. We are looking at the smallest of the rural jurisdictions.

SENATOR HARDY:

I do not see a fiscal note on it. Is this \$2,000, \$10,000, \$500,000, \$3 million?



MS. WALKER:

There is no estimate because we do not know which counties would be asking for grants. I would be happy to work with the counties to develop a grant process. Until they actually come in with a grant, we do not know the cost.

SENATOR HARDY:

What is the cost for a camera for one police officer?

SENATOR KIECKHEFER:

The fiscal notes are actually relevant to S.B. 176, which you just processed. The fiscal notes on that bill offer a wide array of costs. Some of the local governments, in preparing those fiscal notes, were clearly trying to offset the ability to increase their revenue through the surcharge. For example, a fiscal note from the City of Sparks looks like it is a positive \$127,000 in fiscal year 2018-2019. The fiscal note from Humboldt County indicates that it would cost \$87,000 in the first year, \$67,000 in the second year and \$72,000 in future biennia. That fiscal note does not indicate whether it incorporates the offsetting 911 surcharge.

The fiscal notes that have been prepared by local governments are all over the place. Therefore, it is hard to determine for how much they would be applying.

SENATOR HARDY:

I am just curious about what it costs for one camera so I can multiply that by how many police officers there are in Lincoln County, White Pine County, Humboldt County and so forth.

CHAIR PARKS:

From my perspective, is this something that the smaller agencies could piggyback onto some other agency, such as the Department of Public Safety? It seems to me that the big cost is maintaining the files. If a smaller agency has information to download, it could use a process to download that information to the Department of Public Safety. The Department of Public Safety could maintain or manage the files for it. We might want to consider that suggestion. Has there been any discussion related to that?

MS. WALKER:

Yes, there has. Our local governments have talked about how they can use the Department of Public Safety or other venues to come up with the most

cost-effective process. At this point, much research still needs to be done. There is no conclusion. What you are suggesting is a good avenue.

SENATOR KIECKHEFER:

Regarding Senator Hardy's question, Clark County's fiscal note indicates a cost of \$1,285 per camera.

CHAIR PARKS:

While that is a substantial price for the equipment, the long-term cost to manage and maintain the files is greater.

DAGNY STAPLETON (Nevada Association of Counties):

We support this bill. Senate Bill 88 is an additional mechanism for smaller counties to seek the funding they will need to complete the implementation of body cameras. Counties support the policy of employing body cameras. The mandate that has been proposed is accompanied by a funding mechanism. However, there may be a lag time for some counties to put that mechanism in place as well as accruing the funds to cover the costs of the cameras. The mechanism in S.B. 88 could fill that gap and be critical for them to meet the deadline to implement this and secure the funds they need.

NICK MARANO (City Manager, Carson City):

We support not only the deployment of body cameras but also this bill and S.B.176.

I can shed a little bit of light on the cost. There is a large difference in the systems. We have already deployed body cameras for our Department of Alternative Sentencing. The solution that I have discussed with Sheriff Ken Furlong is easier. It does not require the officer to cable into a computer at the end of the day. It is cloud-based storage.

We estimated \$400,000 a year for the purchase and the maintenance of the system for the Carson City Sheriff's Office. That would be about half if we fully implement the increase in the 911 surcharge. The 911 surcharge only generates about 80 percent of the revenue needed to run our 911 system.

Senate Committee on Government Affairs  
March 22, 2017  
Page 11

WES HENDERSON (Executive Director, Nevada League of Cities and Municipalities):

We support S.B. 88. Unlike S.B. 176 where the funding mechanism relies on a board of county commissioners, this bill allows a police department of an incorporated city to apply to the IFC. If the county does not implement the surcharge, it still has the means to obtain funding for the cameras.

SENATOR RATTI:

If the county chooses not to implement the 911 surcharge, then can the police departments apply to the IFC for funding? There was a question earlier about whether the bill required a county to implement the 911 surcharge to show that it is making an effort. A town or a city in a county that does not implement the 911 surcharge has no say as to whether that is done.

MR. HENDERSON:

That could actually be an argument for a city to go to the IFC if a county commission does not impose the fee. The city would not have a funding mechanism available.

SENATOR RATTI:

Is it correct that the bill has a 100,000 population cap?

MR. HENDERSON:

Yes, that is correct.

SENATOR RATTI:

Are there incorporated cities in counties with populations less than 100,000?

MR. HENDERSON:

There are 14 incorporated cities, including Carson City which is both the county and the city, in counties with populations under 100,000.

ROBERT ROSHAK (Nevada Sheriffs' and Chiefs' Association):

We support S.B. 88. Some of the smaller counties are going to need help funding the cameras. Many of the counties are working on grants. However, these types of grants are limited by how many are available throughout the Country.

Senate Committee on Government Affairs  
March 22, 2017  
Page 12

AUSTIN OSBORNE (Administrative Officer, Storey County):

We support S.B. 88. We are a small county of about 4,010 people and 185 businesses. We would benefit by having the ability to draw from this fund to help pay for this mandate. We have not implemented the 911 surcharge yet. It would not be a significant, positive economic outcome for the County. We do not have the resources to implement it.

SENATOR PARKS:

Have you determined what you might generate from the 911 surcharge?

MR. OSBORNE:

I would like to get back to you on that. I do not have a number.

SENATOR RATTI:

Did you say there would be negative economic consequences if you implemented the 911 surcharge?

MR. OSBORNE:

The negative effect would be in the staff resources necessary to implement and monitor it.

SENATOR RATTI:

Have the Storey County Commissioners taken up a position that they will not implement this fee?

MR. OSBORNE:

No, they have not.

SENATOR HARDY:

What is the cost for Storey County?

MR. OSBORNE:

We estimate approximately \$36,000 for the cameras and another \$36,000 for data storage. We have also looked at the potential for replacement, but that is beyond the initial step.

RON DREHER (Peace Officers Research Association of Nevada):

We support S.B. 88. Our organization, as well as many of the law enforcement coalitions in the State, represents these small cities and counties. For example,

Yerington has a population of five police officers. You can understand that the fiscal concerns have always been an issue with the body cameras. We support them 100 percent. It is just the funding for them.

This bill provides an alternative source for funding. The county commissioners should at least vote on the 911 surcharge before they go to the IFC. That is an avenue to provide fiscal resources for the smaller agencies that do not have the 911 surcharge. Battle Mountain only has a few sheriffs. Winnemucca has a very small police department. Humboldt County has a sheriff's office. As we go through county by county, we see this. It is an opportunity, and we want the officers to have body cameras.

However, if you take it a step farther from what Senator Hardy brought up, \$1,000 per camera is just the beginning. The counties must comply with S.B. 176 storage recommendations. What happens when someone waits until the fifteenth day and files a complaint against the officer because that data has been purged? We need to have that storage.

Many things have costs. We want to store the data in order to protect the officers. We want the cameras and their data protected. We want the best cameras. We do not want some cheap thing that has to be replaced every now and then. There are funding sources for that. I hope that the State will provide IFC money to these smaller agencies to support that.

MR. HENDERSON:

I want to correct an answer I gave earlier. There are 11 incorporated cities, not including Carson City, in counties with populations less than 100,000.

CHAIR PARKS:

We will close the hearing on S.B. 88 and open the hearing on S.B. 317.

**SENATE BILL 317**: Revises provisions relating to preferences in bidding for certain contracts for businesses based in this State. (BDR 27-936)

SENATOR NICOLE CANNIZZARO (Senatorial District No. 6):

Senate Bill 317 establishes a preference in bidding for certain contracts for State purchasing and revises the current preference in bidding for contracts for certain public works projects for Nevada-based businesses.

Why is S.B. 317 important? This issue came to me because of a conversation I had with a friend of mine who is an unemployed construction worker. He is waiting to get a job to provide for his family. He has watched from the sidelines as out-of-state businesses continue to edge out many of our Nevada-based businesses for purchasing and public works contracts. This leaves too many Nevadans out of work. Because of this conversation, I looked for ways in which we could promote Nevada-based businesses in our public works and State purchasing contracts.

Nevada has a long history of providing bidder preference for public works to Nevada-based businesses. Senate Bill No. 204 of the 63rd Session required a public body to give preference to a bidder domiciled in Nevada over a bidder domiciled in another state. This preference has been amended numerous times.

The Great Recession hit Nevada's construction sector particularly hard with over 60 percent of all construction jobs eliminated from June 2006 through December 2010. Former Assemblywoman and Assembly Speaker Marilyn Kirkpatrick sponsored A.B. No. 144 of the 76th Session, which was referred to as the "Nevada Jobs First" bill. After no fewer than 15 hearings in different Committees that Session, the bill was passed with only one nay vote in both Houses.

Assembly Bill No. 144 of the 76th Session added 5 criteria that must be met to qualify for the 5 percent bidding preference on State and local public works projects to ensure the preference was being used by Nevada-based businesses.

Sections 1 through 8 of S.B. 317 add new provisions to *Nevada Revised Statutes* (NRS) 333, which is the purchasing chapter for the State. It creates a preference of 5 percent for a bid or proposal for a State purchasing contract submitted by a Nevada-based business.

The definition of a Nevada-based business is found in section 3 of the bill. It is similar to that found in the existing preference for public works projects in NRS 338.0117. Specifically, a business must certify that at least 50 percent of the workers employed for the State purchasing contract will hold a valid Nevada driver's license or identification card; all vehicles used primarily for the State purchasing contract be either registered in this State or partially apportioned to the State; and certain records will be maintained and made available for inspection within this State.

Section 5 creates the 5 percent preference for a Nevada-based business for a State purchasing contract and provides that this preference may not be combined with any other preference.

I have proposed a conceptual amendment to section 6 of S.B. 317 ([Exhibit R](#)). Section 6 talks about penalties and restrictions upon a business that makes certain material misrepresentations.

Section 7 also deals with some of the penalties. In addition, it provides for certain criminal penalties, which are also addressed in the conceptual amendment, [Exhibit R](#).

Section 8 authorizes the Purchasing Division to adopt the necessary regulations to implement this preference.

Sections 9 and 10 make conforming changes to the bid advertisement requirements and to factors to be considered when awarding contracts.

Sections 11 through 15 amend NRS 338, which is for public works. Section 11 makes it a misdemeanor to fail to comply willfully with the requirements to receive a bidding preference.

Sections 12 through 16 revise the bidding preference that a contractor, applicant to serve as a construction manager at risk or the design-build team who meets these requirements receives for certain public works contracts from 5 percent to 10 percent.

Section 16 proposes the same increase bidding preference in NRS 408, which is highways, roads and transportation facilities, for bids submitted to the Department of Transportation.

Section 17 makes the measure effective on July 1.

The conceptual amendments have come about through the course of some of my discussions. I had an opportunity to review NRS 338. A provision in NRS 338 applies to penalties for any business that would misrepresent. A business pays a portion of the bid in civil penalties, and in addition, it would be prohibited from bidding on future contracts for a period.

The conceptual amendment strikes section 7, which applies to NRS 333, in its entirety. Section 11, page 7, lines 37 through 38 and subsection 8 would also be stricken. Those sections provide for criminal penalties. Substantial civil penalties have developed over time through the course of this type of legislation. Those might be more appropriate. We are working on them.

We have also considered strengthening the certification process for the certificate issued by the State Contractors' Board, which was detailed in section 12. This would ensure that the bidding preferences are legitimately going to Nevada-based businesses and putting more Nevadans to work.

We would align section 6 of the bill with NRS 338, which applies to public works. The exception to this would be the maintenance of a list by the Purchasing Division similar to the one maintained by the State Contractors' Board listed on pages 7 and 8 of the bill. That is part of the conceptual amendment.

The fiscal notes on this legislation have not yet been submitted, so I cannot comment on the fiscal impact. Although, I am sure that will be part of the discussion at some point.

These preferences would not jeopardize any potential federal funding because that has come up as a concern. However, the following language is included in the bill:

If any federal statute or regulation precludes the granting of federal assistance or reduces the amount of that assistance for a particular public work because of the provisions of this subsection [relating to a preference in bidding on public works or a preference when competing for public works], those provisions of this subsection do not apply insofar as their application would preclude or reduce federal assistance for that project.

This bill would not limit certain federal funds if a bidding preference system were not permitted. That language is found in section 12, subsection 10; section 13, subsection 10; section 14, subsection 3; section 14, subsection 7; section 15, subsection 3; and section 16, subsection 2.



Some additional research was done regarding reports submitted to the Legislature for July 1, 2015, through March 21, 2017, relevant to the bidding preferences for public works and the report required pursuant to subsection 7, NRS 338.0117. Some of those reports must detail when this bidding preference is being used. I can supply this information to the Committee. For the City of Las Vegas, in that period, July 1, 2015, through March 21, 2017, there was one project with a cost of \$608,806 awarded in fiscal year (FY) 2015. In the Washoe County School District, there was one project with a cost of \$394,000 in 2014. In the City of Sparks, one project had a cost of \$512,444 in 2014. The Nevada Department of Transportation had one project with a cost of \$2,177,777 in 2015. The State Public Works Division, Department of Administration, awarded 3 contracts totaling over \$2 million from FY 2012 through FY 2016. The Clark County School District had 67 projects ranging from \$9,800 to \$28.8 million.

The bidding preference, as it is being applied, is working to provide projects to Nevada-based businesses. Therefore, it directly benefits Nevada workers. That is primarily what this bill does. How can we ensure that we are doing more to put Nevadans to work so that people like my friend Joe can find work and support their families? That is my priority. It came to my attention through the course of my discussions with my friend. It is something that I have taken on as a project at the Legislature.

There is a bill that has been introduced in the Assembly. It is the same as the first print of S.B. 317 and has not been scheduled for a Committee hearing yet. We are working through details on both bills. That bill was identical to what we are talking about here, so I cosigned onto that bill. I urge your support of this legislation to give Nevada-based businesses a slight advantage in obtaining purchasing and public works contracts. It is important. If you look at some of the data, it is providing some of those jobs that we have been looking for.

SENATOR HARDY:

Does the second bullet point in your conceptual amendment, [Exhibit R](#), mean that you put NRS 338 in that long litany of sections that you read out?

SENATOR CANNIZZARO:

That list that I read out deals with language relating to federal projects and whether this bidding preference would have an effect on whether a project partially uses federal funds if it is not permitted pursuant to federal law. This

amendment relates back to ensuring that the businesses that are obtaining that certificate from the State Contractors' Board are actually Nevada-based businesses.

We have been looking at some language. I am still in discussions with interested parties about how we can ensure that the process is tightened up. We want to ensure that bidding preferences are actually going to Nevada-based businesses that employ Nevada workers and not to a business that comes to the State, gets the certification and applies for the bidding preference.

SENATOR HARDY:

Is the conceptual amendment to strengthen the certification process a work in progress?

SENATOR CANNIZZARO:

That is correct.

CHAIR PARKS:

Are you going to put together a mock-up of the amendments with the amended language?

SENATOR CANNIZZARO:

Yes, I am. This bill was introduced on Monday for a hearing today. We are still in the process of working out the amendments so this is something that will benefit businesses. I will be happy to provide the Committee with any updated information on how those amendments finally come out and also provide a mock-up of what we intend to do.

PETER GUZMAN (President, Latin Chamber of Commerce):

We support this bill. It looks out for Nevadans, Nevada companies and puts Nevadans first. That is what we are all about and what we all should be about.

WILLIAM STANLEY (Southern Nevada Building and Construction Trades Council):

For too long, we have watched public works projects be awarded to out-of-state contractors who then import workers from other states. This bill goes one step further. It talks about local purchasing.

We know that when out-of-state contractors are awarded public works projects, the best terms and conditions they receive come from their suppliers from their home states.

We see semitrailers from the contractor's home state parked on construction sites full of building material. We have not only lost the profit that the contractor may have made on the project, we have lost the wages that would have been earned by the Nevadans on that project. In addition, we have lost the sales tax on the building materials that were transported into our State in those semitrailers. That is one of the few revenue sources we have in this State.

Senate Bill 317, for the first time, takes another step to protect not only Nevada workers but to protect vendors that are the support mechanism for the construction industry. On behalf of me and those I represent, we support this bill for those reasons.

DANNY THOMPSON (Laborers International Union Local 872/AFL-CIO; International Union of Operating Engineers Local 3):

I was here when that first bidder's preference was enacted. It has worked well over the years. In the recent downturn, the construction industry was literally destroyed. Construction jobs in Nevada, when the Department of Employment, Training and Rehabilitation put out the report in the days of City Center, ranked No. 2. Construction literally fell off the list. It did not exist after the recession started. We are not back from that yet.

It is always disheartening, if you are a taxpayer and you work in the construction industry, to go out and see a job that has been lent to an out-of-state contractor. The contractor brings in out-of-state workers and every Friday afternoon, when they go back to their home states, they have a bag of dirty clothes and their paychecks in their pockets that were paid with your tax dollars. That is adding insult to injury to Nevada workers. Unemployment is still greater than 50 percent in the construction industry. Contractors are struggling. Anything you can do to help fix that problem is appreciated. That is why we want to thank Senator Cannizzaro for bringing this bill forward. It is a step in the right direction. This is the right thing to do for an industry that is trying to get back on its feet.

SENATOR MANENDO:

I was on the Senate Select Committee on Economic Growth and Employment that heard A.B. No. 144 of the 76th Session. We are not out of the woods yet. You are right. As I remember, we heard the same type of testimony not only from labor unions but also from people who said they want to work. People who live out of state were bumping them out of jobs. We understand that they have to provide for their families too, but we have to take care of our own first.

It is in statute that we cannot go higher than 50 percent. We argued that point six years ago, and I still want to argue that today. I wish we could change it because we could go much higher than 50 percent. I remember those days, and we are going to keep fighting. I commend the sponsor of the bill. We had deeply passionate hearings in those days.

ROB BENNER (Building and Construction Trades Council of Northern Nevada, AFL-CIO):

We support S.B. 317 for all of the reasons we have just heard.

GREG ESPOSITO (Plumbers and Pipefitters Local 525; Plumbers, Pipefitters and Service Technicians Local 350):

About 3,000 craftsmen around the State work on the construction projects we are talking about here. I represent about 500 craftsmen who have had to travel out of state in order to find work. It is very disheartening when every day we get calls from members driving around town asking why a Utah company is on a job and how is it that a California company is doing this work.

We have 400 workers separated from their families because they have to work somewhere else in order to make ends meet. We would love to bring them home. That is one of my biggest purposes.

This bill is a step in the direction of putting Nevada's families back together so there is work where we live.

NICK VASSILIADIS (Southwest Regional Council of Carpenters):

We support this bill and add a general "me too" to everything that has been said. It is important to give Nevada businesses preference when it comes to these kinds of projects.

Senate Committee on Government Affairs  
March 22, 2017  
Page 21

RUSTY McALLISTER (Nevada State AFL-CIO):

We support S.B. 317. I will echo the comments made by earlier testifiers. We want to make sure that the new Nevada includes Nevadans.

BRIAN MCKEE (Plumbers, Pipefitters and Service Technicians Local 350):

We support this bill. I have been a union member for 19 years and have been on the road too.

PRICILLA MALONEY (American Federation of State, County and Municipal Employees Local 4041, Retiree Chapter):

We have all suffered together with what has been going on with the recession. Our brothers and sisters in the trades have been there for us with our public employee issues; therefore, we are here today to support them and help them get back to work. We support S.B. 317.

JOANNA JACOB (Nevada Contractors Association):

I want to thank Senator Cannizzaro for talking with us and identifying us as major stakeholders when it comes to bidder's preference. We have worked on this through the years. In 2013, we worked on a consensus bill for about 8 to 10 months with contractors and purchasing agencies in southern Nevada to make the bidder's preference work for the businesses that were going to benefit from it and make it a workable process.

That is when we last worked on the Jobs First legislation. It was very productive. You see the results today in the changes in NRS 338. We would like to participate in conversations concerning this issue.

SEAN STEWART (Nevada Contractors Association):

We have been involved in this for a long time. It is important that our contractors are doing this work. We want our employees doing this work. We share the Senator's concerns, and we appreciate her listening to us. This bill will come out in a form that will help everyone.

We have some concerns. However, we are working on those with Senator Cannizzaro and will address those as we go.

ALEXIS MOTAREX (Nevada Chapter, Associated General Contractors of America, Inc.):

We are neutral on this bill. We appreciate the Senator working with us. We appreciate the changes in the conceptual amendment; however, we do have concerns with the 10 percent bidder's preference in NRS 338. Many of our members work over the border in California, in Truckee, Portola and at Lake Tahoe. This could possibly trigger California's reciprocity language for their bidder's preference and put our members at a disadvantage.

JEFFREY HAAG (Administrator, Purchasing Division, Department of Administration):

I have caselaw that I have submitted in my written testimony ([Exhibit S](#)) that I recommend you research.

It is our desire, within the Department of Administration, to continue dialog with all stakeholders who have voiced their opinions today. The goal is to create legislation in a way that accomplishes the good deeds intended to ensure businesses help within Nevada. We do not want to unintentionally disadvantage those Nevada companies regarding other bidding opportunities outside of the State. The preference laws could inadvertently affect our ability to continue to capitalize on federal funding.

SENATOR RATTI:

It sounds as if we have been doing this for a while for contracting; however, for purchasing we may be building a new process. The bill has an effective date of July 1. How long would it take your Department to get up to speed to be able to issue competitive bids for purchasing that include these criteria?

MR. HAAG:

That is a difficult question to answer because the devil is in the details. The complexity of the criteria to which we will gauge the preference and how we will apply this concerns me the most. There is some subjectivity as to how the criteria are written. I have concerns about how my team would draft regulations to ensure the accuracy or the practical application of those criteria. I would anticipate that, at a minimum, it would take us six months to draft the regulations around these requirements.

Starting a process to evaluate this through every solicitation process would take place in a 100 percent manual environment. This law would have to be

administered, adhered to and enforced manually. Starting up that process would be time-consuming and would require resources that we do not have.

SENATOR CANNIZZARO:

Senate Bill 317 addresses an important issue and something that we should be undertaking to evaluate. To that end, I am working with all of the stakeholders interested in this legislation to come up with something that will provide more work for Nevadans and not unfairly affect anyone involved in the process. Preference laws have been on the books in Nevada for quite some time. They have been working to provide some work to Nevadans. That is an important thing to evaluate in the context of all of this. Continuing to make work available for Nevadans who are providing for their families is a step in the right direction.

I will keep everyone updated on the discussions on the amendments, and I will provide any mock-ups so that we can get this bill moving.

SENATOR RATTI:

Coming from prior local government experience, one of the challenges we often faced was to have local bidder preference but not necessarily have a path forward to do it. I appreciate it and it will make a difference.

I would like you to review the implementation time line. I remember experiences in the past when we changed bidding processes but did not get the word out to the bidding community in time. We ended up with some awkward situations with bids being set aside because they did not follow the new rules. I want to make sure that when we get to the solution you are going to bring forward, there is adequate time for the community doing the bids to get it right so they are likely to be successful.

Senate Committee on Government Affairs  
March 22, 2017  
Page 24

CHAIR PARKS:

We will close the hearing on S.B. 317. Having no further business to come before the Senate Committee on Government Affairs, we are adjourned at 2:31 p.m.

RESPECTFULLY SUBMITTED:

---

Suzanne Efford,  
Committee Secretary

APPROVED BY:

---

Senator David R. Parks, Chair

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



<b>EXHIBIT SUMMARY</b>				
<b>Bill</b>	<b>Exhibit / # of pages</b>		<b>Witness / Entity</b>	<b>Description</b>
	A	2		Agenda
	B	5		Attendance Roster
A.B. 2	C	1	Jennifer Ruedy	Work Session Document
S.B. 21	D	1	Jennifer Ruedy	Work Session Document
S.B. 21	E	2	Senator David R. Parks	Letter from Joni Eastley
S.B. 21	F	1	Senator David R. Parks	Letter from Kristian Bentzen
S.B. 21	G	2	Senator David R. Parks	Letter from David Caudle
S.B. 21	H	1	Senator David R. Parks	Letter from Gregory T. Hafen II / Pahrump Utility
S.B. 21	I	3	Senator David R. Parks	Letter from John F. Bosta
S.B. 21	J	1	Senator David R. Parks	Letter from M. Kent "Tim" Hafen
S.B. 21	K	2	Senator David R. Parks	Letter from Town of Round Mountain
S.B. 21	L	2	Senator David R. Parks	Written testimony from Kenny Bent
S.B. 21	M	2	Senator David R. Parks	Letter from Town of Tonopah
S.B. 21	N	1	Senator David R. Parks	Letter from Beatty Town Advisory Board
S.B. 21	O	1	Senator David R. Parks	Letter from Railroad Valley Advisory Board
S.B. 176	P	7	Jennifer Ruedy	Work Session Document
S.B. 88	Q	1	Mary Walker / Carson City; Douglas County; Lyon County; Storey County	Written Testimony
S.B. 317	R	1	Senator Nicole Cannizzaro	Conceptual Amendment
S.B. 317	S	2	Jeffrey Haag / Purchasing Division, Department of Administration	Written Testimony