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Office of the Governor

June 1, 2017

The Honorable Aaron Ford
Nevada State Senate Majority Leader
The Nevada Legislature
401 South Carson Street
Carson City, NV 89701

RE: Senate Bill 469 of the 79th Legislative Session

Dear Leader Ford:

I am herewith forwarding to you, for filing within the constitutional time limit and without my approval, Senate Bill 469 ("SB 469"), which is entitled:

AN ACT relating to local governments; revising the percentage of the budgeted ending fund balance of certain local governments that is excluded from collective bargaining negotiations; and providing other matters properly relating thereto.

The Great Recession caused Nevada to experience one of its worst economic downturns in our State's history. Record unemployment, bankruptcies, and foreclosures devastated Nevada families, schools, and government services.

One of the many lessons learned from the Great Recession is insuring that local governments have adequate reserve funds to mitigate against inevitable economic downturns. Such savings reduce cuts to essential services, ease reductions to public employee salaries and benefits, and help avoid layoffs.

The State was no stranger to the negative impacts brought by the Great Recession. Furloughs, salary and benefit reductions, position eliminations, reductions in building and maintenance and K-12 education funding, and cuts in essential services and higher education were only some of the consequences of the economic downturn.

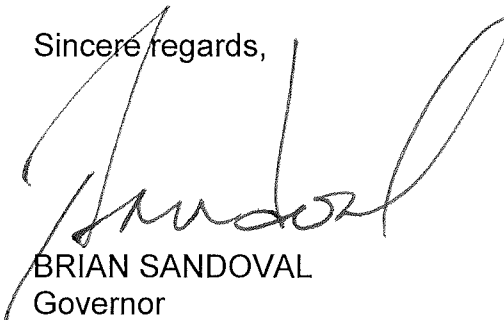
State and local governments should not spend all available funding while the Nevada economy improves and must anticipate inevitable economic downturns. For example, at the end of the next biennium, Nevada's savings account, the "rainy-day fund," will have approximately \$206 million in it. In the past three budget cycles, this fiscal life preserver has been depleted to

reductions in the state budget. Now, the proposed budget includes a meaningful balance for the next "rainy day."

Local governments should have similar financial flexibility when it comes to planning for the next rainy day. During the 2015 Legislative Session, the Legislature passed Senate Bill 168 on a bipartisan basis, with 41 Members of the Assembly voting yes, and no Members voting nay. This important reform increased a local government's ability to reserve funds. With that reform, local governments were allowed a budgeted ending fund balance of not more than 25% that would be set aside for economic downturns and not subject to collective bargaining. SB 469 would undo that prudent, bipartisan compromise from 2015 without any evidence that such a rollback is necessary or appropriate.

For these reasons, I veto SB 469 and return it without my signature or approval.

Sincere regards,

A handwritten signature in black ink, appearing to read "B. Sandoval", is written over the typed name and title. The signature is fluid and cursive, with a large loop at the end.

BRIAN SANDOVAL
Governor

Enclosure

cc: *The Honorable Mark Hutchison, President of the Senate (without enclosure)*
 The Honorable Jason Frierson, Speaker of the Nevada Assembly (without enclosure)
 The Honorable Barbara Cegavske, Nevada Secretary of State (without enclosure)
 Claire J. Cliff, Secretary of the Senate (without enclosure)
 Susan Furlong, Chief Clerk of the Assembly (without enclosure)
 Brenda Erdoes, Esq., Legislative Counsel (without enclosure)