

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Eightieth Session  
April 23, 2019**

The Committee on Government Affairs was called to order by Chair Edgar Flores at 9:40 a.m. on Tuesday, April 23, 2019, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/App/NELIS/REL/80th2019](http://www.leg.state.nv.us/App/NELIS/REL/80th2019).

**COMMITTEE MEMBERS PRESENT:**

Assemblyman Edgar Flores, Chair  
Assemblyman William McCurdy II, Vice Chair  
Assemblyman Alex Assefa  
Assemblywoman Shannon Bilbray-Axelrod  
Assemblyman Richard Carrillo  
Assemblywoman Bea Duran  
Assemblyman John Ellison  
Assemblywoman Michelle Gorelow  
Assemblyman Gregory T. Hafen II  
Assemblywoman Melissa Hardy  
Assemblyman Glen Leavitt  
Assemblywoman Susie Martinez  
Assemblywoman Connie Munk  
Assemblyman Greg Smith

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

Senator Ben Kieckhefer, Senate District No. 16



**STAFF MEMBERS PRESENT:**

Jered McDonald, Committee Policy Analyst  
Asher Killian, Committee Counsel  
Connie Jo Smith, Committee Secretary  
Trinity Thom, Committee Assistant

**OTHERS PRESENT:**

Jamie Rodriguez, Government Affairs Manager, Office of the County Manager,  
Washoe County  
Victor M. Salcido, representing Incline Village General Improvement District

**Chair Flores:**

[Roll was taken, and Committee rules and protocol were explained.] I will open the hearing on Assembly Bill 279, which revises provisions relating to general improvement districts.

**Senate Bill 279: Revises provisions relating to general improvement districts.**  
**(BDR 25-246)**

**Senator Ben Kieckhefer, Senate District No. 16:**

I will try to be brief. The bill is simple in its form. Senate Bill 279 requires general improvement districts (GIDs) to follow the same rules that are currently in place for cities and counties when they dispose of real property. This bill stems from an incident that happened with the Incline Village General Improvement District, IVGID, as it is called, which is a GID on the north shore of Lake Tahoe in my district that covers Incline Village and Crystal Bay.

During the past couple of years, there was a time when the staff of IVGID disposed of a couple of parcels of real property without public process, without public notification, and did so without any formal public approval process. So it came as a surprise to members of the public when it was revealed that these two parcels were sold. They were small, insignificant parcels, but within Incline Village, those parcels have significant weight. I will give you a bit of history to explain that. Incline Village General Improvement District was created by Washoe County under *Nevada Revised Statutes* (NRS) Chapter 318 in 1961. It was organized at that time to develop sewer and water systems to the new community that was being developed on the north shore of Lake Tahoe.

In 1965, Washoe County amended the IVGID ordinance to expand to recreational facilities to be included within its responsibilities. In 1968, IVGID purchased for the first time Burnt Cedar Beach from the Crystal Bay Development Company, which was the private entity that held most of the land on the north shore of Lake Tahoe after it acquired that property from George Whittell. When that beach was acquired, there was a deed restriction placed on it that limited access to that beach to members of IVGID as the district was originally constituted at the time of the acquisition.

Over time IVGID expanded its recreational facilities. It has multiple beaches, a couple of golf courses, a ski mountain, gym, and numerous recreational facilities. Membership in IVGID gives you access to those beaches, as well as significantly discounted greens fees, lift tickets, and things like that. That is all part of what you get as a member of IVGID, and when you pay what is currently an \$830 annual recreation fee, it is a fee that is split for beach maintenance and recreational facilities, but it currently amounts to \$830 per year. That privilege is contingent upon the ownership of land within the GID. So the purchase of these parcels that was done without public notification or comment was significant because it provided these new owners who purchased undevelopable slivers of land access to all of these rights that are encumbered upon the property based on certain deed restrictions and membership in the GID. Needless to say, it made certain people uncomfortable that this was a transaction that took place outside the public purview.

The bill before you today copies and pastes the language from the city and county statutes regarding the disposal of public property and places it into NRS Chapter 318 to ensure that the same public process is followed when any GID in this state disposes of public property.

With that, I would be happy to answer any questions.

**Chair Flores:**

We will open it up for questions.

**Assemblywoman Bilbray-Axelrod:**

Thank you for bringing this bill. I am a big believer that the more daylight we have in these transactions, the better. I am wondering if we should have included special improvement districts as well. When you were researching this bill, did you find that this issue from Incline Village happened in other improvement districts?

**Senator Kieckhefer:**

I did not find any other instances where this was a problem. The unique circumstances that surround the property rights in Incline Village elevated some of this to a higher interest level among some of the public. I think it jumped out. It was revealed through media reports originally. I did not see any additional instances where this was a problem. *Nevada Revised Statutes* Chapter 318 is a law of general applicability, so what we apply to one GID needs to apply to all of them. I think that is a fair process for GIDs to follow, so it would apply to all, although I have not heard of other instances that created a problem.

**Assemblyman Leavitt:**

Logistically, were the two parcels that were acquired sold below market value?

**Senator Kieckhefer:**

I do not believe an appraisal had been done, or I have not seen evidence that an appraisal had been done. It is hard to know. The parcels were themselves undevelopable. So placing a fair market value on them would be difficult. There was some disagreement over whether or not the parcels should have been sold based on the fact that they had been transferred from

Washoe County to the GID with the understanding that they were going to be maintained as open space. Certain people within Washoe County government maintained that they should not have been transferred at all based on an understanding that they were transferred to the GID in the first place to be maintained as open space. It is a separate issue and not one that I am trying to weigh in on or deal with. I do not know what fair market value is or was at the time and what they were sold for. I did not research that before this Committee hearing; I apologize. The language that is in front of you today would require them to go through the appraisal process that would establish that fair market value for any future transactions.

**Assemblyman Leavitt:**

When I was looking through the need for two appraisals and the use of the highest appraisal, what was the reasoning behind the need for two appraisals, and then the requirement that they use the higher of the two, rather than an average?

**Senator Kieckhefer:**

The language was copied and pasted from existing statute for cities and counties. I wanted to keep it as simple as possible. I will say that I serve on the Senate Government Affairs Committee, and we have passed a bill out of that committee and, I believe at this point, off the floor of the Senate that makes changes to this process for cities and counties. Chair Flores may decide to wait for that bill to come into this Committee and review that process to see whether that may be a more simplified and streamlined process that GIDs may also be subject to, but there are some changes moving forward in this process for cities and counties.

**Assemblyman Ellison:**

This would be for the whole state. This pertains to residential and commercial, whatever they are going to do, right?

**Senator Kieckhefer:**

Absolutely—all real property.

**Assemblyman Ellison:**

In rural Nevada, trying to get a commercial appraiser out is unbelievable sometimes. You just cannot get one. You can find one who is licensed in Nevada or in Utah or maybe get one out of Reno, but the cost in getting them there to do commercial appraisals is unbelievable. We had that problem with the county; they finally had to remove that second appraisal on some commercial projects. Can you elaborate on that, because I think that would have an impact?

**Senator Kieckhefer:**

Currently cities and counties are required to keep a list of approved appraisers who they are then eligible to use for any sales or property transfers. This would follow that same process. Cities and counties already have to maintain those lists. It would be my belief that GIDs within those same geographic areas could look to those lists as areas for guidance.

If I may correct the record, Mr. Chair, there are two exemptions within this process that pertain to all real property. The bill certainly relates to all real property. If you look at section 6 of the bill, page 5, there are two exceptions for this process. One is if a small piece of undevelopable land is being transferred to an adjoining property owner, and the other is if a piece of land is being transferred to a government agency for a public purpose. I wanted to make sure I clarified the record.

**Assemblyman Carrillo:**

My question touches on the same situation with getting the appraisers. In smaller towns, obviously everybody knows everybody. Is it just more regarding the relationships? I do not know if there is any type of conflict of interest. Who is going to know it? Is there something that states, hey, we know that John knows Mary, who is an appraiser for the area? How does one try to keep it on the legal side as much as possible without running into any type of interference?

**Senator Kieckhefer:**

Section 3 outlines some protections that are in place to ensure that conflicts of interest are mitigated through the appraisal process. For example, if you look at section 3, subsection 3, paragraph (c), an appraiser shall not perform an appraisal on any real property for the sale by the board of trustees if the real property is located in one of the smaller counties and the person is related to the appraiser, has an interest in the real property or an adjoining property, and the relationship between the appraiser and the person is within the second degree of consanguinity or affinity. Current statute tries to capture some of those situations. Even in larger cities in Nevada, everybody knows each other. There are some of those built-in protections already in place and, again, I was trying to copy the language that has been used in cities and counties throughout this state for years.

**Chair Flores:**

Committee members, are there any additional questions? [There were none.] I would like to invite anyone who would like to speak in support of Senate Bill 279.

**Jamie Rodriguez, Government Affairs Manager, Office of the County Manager, Washoe County:**

We are here today in full support of S.B. 279. We believe that this creates that same level of process and transparency for all governments that are selling property in this state. As stated in the presentation of the bill, the motivation for this came out of an incident that occurred within Washoe County. While we here are all aware that GIDs are freely elected boards and do not have oversight from the county, our residents are not. We received a multitude of calls on how we were going to address this issue. How were we going to fix it and ensure that it would not happen again? Again, we do not have that authority, so we are very appreciative of the bill sponsor for bringing this forward and creating that same level of process and transparency for all governments in this state.

**Chair Flores:**

Is there anybody else wishing to testify in support? [There was no one.] Is there anyone wishing to testify in opposition to Senate Bill 279? [There was no one.] Is there anyone wishing to speak in the neutral position to Senate Bill 279?

**Victor Salcido, representing Incline Village General Improvement District:**

We are testifying in neutral on this bill and wanted to make a point on the record, since it has been referenced that the motivation behind this bill was an incident in Washoe County concerning us. Everyone is in agreement, including the Senator, that Incline Village General Improvement District followed all procedures in the law as it stood. I know that this bill seeks to make changes to that. Again, we are in neutral in that position, but just wanted to state on the record that everything was followed as it stood at the current time.

**Chair Flores:**

Committee members, are there any other questions? [There were none.] Is there anyone else in the neutral position on Senate Bill 279? [There was no one.] Senator, do you have any closing remarks?

**Senator Kieckhefer:**

I would reinforce what Mr. Salcido said. In no way am I making any assertion that Incline Village violated any law or did anything improper in the disposal of that property as it was done at the time. This would be a prospective fix in how this would be handled on a go-forward basis. I appreciate the Committee taking its time this morning on a very busy day to hear this bill. I would be happy to answer any follow-up questions at a future time.

[[Exhibit C](#)] was submitted to the Assembly Committee on Government Affairs by Steven J. Pinkerton, District General Manager, Incline Village General Improvement District, on May 9, 2019, and is included in the minutes at the request of the Chair.]

**Chair Flores:**

I do not think we have any closing remarks for you. I would like to close the hearing on Senate Bill 279. Is there anyone wishing to speak in public comment? [There was no one.]

This meeting is adjourned [at 9:57 a.m.].

RESPECTFULLY SUBMITTED:

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Connie Jo Smith  
Committee Secretary

APPROVED BY:

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Assemblyman Edgar Flores, Chair

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

## **EXHIBITS**

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a letter dated May 9, 2019, to Chair Edgar Flores, Assembly Committee on Government Affairs, from Steven J. Pinkerton, District General Manager, Incline Village General Improvement District, in support of Senate Bill 279.