

**MINUTES OF THE
SENATE COMMITTEE ON JUDICIARY**

**Eightieth Session
February 14, 2019**

The Senate Committee on Judiciary was called to order by Chair Nicole J. Cannizzaro at 8:05 a.m. on Thursday, February 14, 2019, 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 Nicole J. Cannizzaro, Chair
Senator Dallas Harris, Vice Chair
Senator James Ohrenschall
Senator Marilyn Dondero Loop
Senator Melanie Scheible
Senator Scott Hammond
Senator Ira Hansen
Senator Keith F. Pickard

STAFF MEMBERS PRESENT:

Patrick Guinan, Policy Analyst
Nicolas Anthony, Committee Counsel
Eileen Church, Committee Secretary

OTHERS PRESENT:

Barbara Cegavske, Secretary of State
Kim Perondi, Deputy of Commercial Recordings, Office of the Secretary of State
Scott Anderson, Chief Deputy, Office of the Secretary of State
Dan Musgrove, Nevada Healthcare Reform Coalition
Catherine O'Mara, Executive Director, Nevada State Medical Association
James E. Dzurenda, Director, Department of Corrections
Bill Quenga, Acting Deputy Director, Prison Industries, Department of Corrections
Harold Wickham, Deputy Director of Operations, Department of Corrections

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Paul Corrado
Trey Delap, National Alliance on Mental Illness
Robin Reedy, National Alliance on Mental Illness
Marcos Lopez, Americans for Prosperity

CHAIR CANNIZZARO:

I am going to open the hearing on Senate Bill (S.B.) 45.

SENATE BILL 45: Revises provisions governing business. (BDR 7-471)

BARBARA CEGAVSKE (Secretary of State):

Senate Bill 45 relates to our Commercial Recordings Division. I would like to have Kim Perondi, Deputy of Commercial Recordings, give an overview of why we requested the bill and what it would accomplish.

KIM PERONDI (Deputy of Commercial Recordings, Office of the Secretary of State):

On behalf of the Secretary of State's office, I have submitted an amendment ([Exhibit C](#)). This bill has two components. First, a revision to *Nevada Revised Statutes* (NRS) 76 relating to the State Business License. Second, a revision to other chapters under Title 7 of NRS relating to the provisions governing records required to be maintained by business entities.

Section 1 of this bill would revise NRS 76.100, subsection 7, paragraph (b) to clarify the provisions in which a person is deemed to not be conducting business and therefore not required to obtain a State Business License. Paragraph (b) includes subparagraphs which define "deemed not to conduct a business." These subparagraphs are if the business: (1) is not organized pursuant to Title 7 of NRS; (2) does not have an office or base of operations in this State; (3) does not have a registered agent in this State; (4) does not pay wages or other remuneration to a natural person who performs in this State any of the duties for which he or she is paid; and (5) is conducting activity in this State solely to provide vehicles or equipment on a short-term basis in response to a wildland fire, a flood, an earthquake or another emergency.

We believe the original intent of subparagraph (5) was for it to be incorporation as in subparagraph (4), rather than an "and" allowing the exemption for an emergency scenario without regard to subparagraphs (1) through (4). Using the word "and" makes the conditions all-inclusive, creating only one scenario under

which a person is considered to not be conducting business. The revisions presented here would break those scenarios up.

Section 1 of this bill would also revise NRS 76.100, subsection 7, paragraph (b) by allowing the Secretary some discretion in determining whether a person is not conducting a business in this State and therefore not required to obtain a business license.

NRS 353.007, subsection 1 states, "a person shall not enter into a contract with the State of Nevada unless the person is a holder of a state business license issued pursuant to chapter 76 of NRS."

NRS 353.007, subsection 2 states, "a person who is not a holder of a state business license may enter into a contract ..." and then those same conditions apply as mentioned earlier.

Nevada Revised Statutes 76.100 defines conducting business and not conducting business for the purpose of obtaining a license, and NRS 76.105 describes exemptions to the State Business License. Because these references are ambiguous, State agencies rely on our office to provide a determination whether a contractor is required to have a State Business License. In most scenarios, the answer is yes, the business needs a license.

There are rare occasions when the scope of the contract does not match up with the conditions described in either reference—for example, a contract drawn up between the Department of Health and Human Services and the University of Southern California for zero dollars to provide a college intern for Nevada's early intervention program. The college is a nonprofit organization but is not organized here, does not have a registered agent here and does not pay wages to the person performing here. Another example would be the Division of Child and Family Services that contracted with a therapist in the State of Arizona to counsel a youth under Nevada's program who was placed in Arizona for safety reasons. The therapist is doing business and being paid in Arizona.

I met with the Governor's Office of Finance to discuss these proposed changes. Most often, a question whether a license is required arises when an agency is writing a contract or when the Governor's Finance Office is vetting the contract for approval for placement on the State Board of Examiners' agenda.

Section 9 of this bill makes a conforming change to NRS 353 consistent with our proposed changes to NRS 76. However, there are a couple of corrections we would like to request that do not change the intent, they just clarify the language.

On page 4, I am asking to strike the addition to paragraph (2), that reads, "the business for which the person is responsible satisfies all of the criteria set forth in subparagraph (1) and is" That still leaves an all-inclusive condition. We would like to strike some words so subparagraph (2) reads, "the person is conducting activity in this State solely to provide vehicles or equipment on a short-term basis in response to a wildland fire, a flood, an earthquake or another emergency."

On page 10, section 9, subsection 2, should read, "a person who is not a holder of a state business license may enter into a contract with the State of Nevada if, pursuant to subparagraph (2) of paragraph (b) of subsection 7 of NRS 76.100, the person is not required to obtain a state business license."

SENATOR HARRIS:

My question centers on the change from registered office to custodian of records. Are businesses commonly aware of what we mean by custodian of records as opposed to registered office? It seems like it is a well-defined term. Custodian of records might be a little more amorphous. I just want to ensure that businesses will not have trouble trying to comply with the law with this conforming change.

MS. PERONDI:

Sections 2 through 8 of this bill revise the requirement for business entities to maintain certain information at a registered office or principal place of business with its custodian of records. The exact same provisions for limited liability companies and limited partnerships were approved in S.B. No. 41 of the 79th Session. This bill would make those revisions to other business entity types, including LLPs, foreign LLPs, limited liability limited partnerships, foreign business trusts, professional entities and professional associations, for the sake of consistency.

In answer to your question, I do not think there is a definition of a custodian. However, it is not any different than the standard definition of a custodian. The registered agent is referenced in NRS 77 that defines the responsibilities and

does not talk about maintaining officer information other than what is in the statute. This allows registered agents to still maintain that if they are acting as the custodian; but if they have a true custodian of records, they can use it there.

SENATOR HARRIS:

I want to ensure we are not moving from a term that businesses understand—like what a registered office is—to custodian of records. If I start a small business, do I need to get a custodian of records? Or is that not a real concern with businesses? Would they be well-equipped to comply with this law?

MS. PERONDI:

The best advice we would give them is to consult with their legal counsel. This change makes it consistent among all of the business entity types. Right now, it is different, so I can understand where there would be questions.

SENATOR PICKARD:

A custodian of records is a term of art within the law. The custodian of records is the person who is responsible within a business context; this comes out of the evidentiary side of things where in order to meet a hearsay objection, you can get a business record that is developed and retained within the course and scope of that businesses' operation. Custodian of records is merely the person who keeps the records for the organization, and that is pretty well-defined.

SCOTT ANDERSON (Chief Deputy, Office of the Secretary of State):

A custodian of records could be somebody within the business entity, or it could be the registered agent. It just depends on what the business setup is and what arrangements you have made, either with someone within your organization or with a registered agent.

SENATOR DONDERO LOOP:

On page 4, line 19 of the bill says, "The Secretary of State determines that the person is not conducting a business in this State." How is that determined? While it is easy to say one might have an address in Arizona, many people do multistate or—so how is that determined? Billing comes out of different states, etc.?

MS. PERONDI:

Title 7 of NRS requires domestic and foreign business entities to register here as a Nevada business. Some of those first conditions I mentioned in NRS 76 talk about that. If any of those things apply, they are doing business here per that definition. Our concern is in the rare situation that they are not registered here but may be somewhere else. We are trying to make it easier to make that determination.

SENATOR DONDERO LOOP:

Would their registration determine that? I was wondering about the word "determined" because it seems like somebody is just making a decision some place.

MS. PERONDI:

We look at invoices, we look at business locations and we look at whether people are being paid here, if they are marketing themselves here. We will investigate that to make those determinations.

DAN MUSGROVE (Nevada Healthcare Reform Coalition):

I represent the Nevada Healthcare Reform Coalition that would like to amend NRS 89.050 and 89.055 ([Exhibit D](#)) similarly to what this Committee did with S.B. No. 163 of the 79th Session. Last Session, it was brought to the attention of the Committee—and it has been a standard in this section of law—that professionals stay in their own lane. They only concentrate in their area of expertise. Last Session, you allowed medical doctors and psychologists to co-own a practice and provide a more collaborative type of care to their patients. We would like, under that same provision of law, to add chiropractors because a number of chiropractors and medical doctors are working together to provide a more holistic collaborative type of care to their patients. They seem to have excellent success when they work together. Right now, one of them has to own the practice and the other becomes an employee just based on the law. During last Session, you put in some excellent provisions that make sure those practices are kept separate, so we would ask that this Committee consider adding chiropractic to that section of law—specifically NRS 89.050 and also the same provisions that held in NRS 89.055 under prohibited acts by an owner.

I have brought a second amendment to add language from the Texas legislature that had a bill passed in 2017 that allowed for chiropractors and medical doctors to co-own practices. Texas had an excellent paragraph that we would

like to have adopted here in Nevada. I call your attention to "Proposed Amendment to SB45 - #2" ([Exhibit E](#)). That additional language says that in a jointly owned health care entity,

The authority of each of the practitioners is limited by the scope of practice of the respective practitioners and none can exercise control over the other's clinical authority granted by their respective licenses, either through agreements, bylaws, directives, financial incentives, or other arrangements that would assert control over treatment decisions made by the practitioner.

In my conversations with Committee members, they agreed the additional language was positive in making sure everyone stays in their own lane. They can do the best job they can for their patients working collaboratively, but one doctor is not telling another doctor what is appropriate in terms of care.

MR. ANDERSON:

We are neutral on this amendment. It does not affect the processes or the filings in our office. However, as we have discussed with Mr. Musgrove, if this amendment has any chance of jeopardizing our bill, the amendment would be pulled from this bill.

CHAIR CANNIZZARO:

Are there no concerns about the language of the amendment or what it is seeking to include?

MR. ANDERSON:

No. We understand this is similar language to what was passed for other medical professionals.

SENATOR OHRENSCHALL:

Section 6, on the bottom of page 7, replaces the language "registered office" with "principal place of business in this State or with its custodian of records." If this foreign business trust is using a registered agent, would they still be allowed to do so under this proposed change?

MR. ANDERSON:

It is up to the entity to determine who is going to hold those records. This just allows these records to be held with a custodian of records and not just with a registered agent or one specific person.

CATHERINE O'MARA (Executive Director, Nevada State Medical Association):

We are neutral on S.B. 45, but we have comments on the amendment. If you accept the amendment, we request that you accept both pieces of the amendment, including the second section that Mr. Musgrove read into the record.

Physicians frequently refer patients to chiropractors. The Association is neutral as to whether our doctors would enter into these agreements. But in terms of enabling them in the statute, we are neutral. Our major concerns are ensuring that each practitioner stay within the scope of his or her own practice and that it is clearly communicated to the patient. We prefer to add in the language from the Texas statute. We were involved in the passage of the bill last Session that put a lot of these protections in place. The rationale is you do not want a business decision to get in between the clinician and care of a patient.

We are not interested in partnerships with just anyone. There has to be some standards. There has to be similar ethics and similar licensing and an understanding and appreciation of what each practitioner can do based on training and certifications as that is in the best interest of our patients.

We are neutral on the amendment. Please accept the entire amendment if you do process it, and we are neutral on the Secretary of State's bill.

SENATOR PICKARD:

I confirm that I understood what you just said because I remember the testimony from last Session, and I was under the impression that the Association was pretty firm on not wanting this cross-ownership. I agree the Texas piece of the amendment makes a lot of sense because, as I understood the prior testimony, we do not want chiropractors telling medical doctors what to do.

MS. O'MARA:
Right.

SENATOR PICKARD:

With the second piece of the amendment, you are okay with the totality of the change?

MS. O'MARA:

Correct. When this bill, last Session, was finally negotiated out to the form that you see in this statute, we were neutral and removed our opposition.

CHAIR CANNIZZARO:

I will close the hearing on S.B. 45 and move into the presentation.

JAMES E. DZURENDA (Director, Department of Corrections):

The Department's presentation ([Exhibit F](#)) describes where the Department of Corrections (DOC) is going, how it relates to the criminal justice system and how it relates to reducing victims in our communities.

We need to provide offenders with tools and skills to enable them to get jobs when they are released into the community.

We have seven major facilities. They include camps that train and teach offenders to fight forest fires, release centers that get them prepared to go back into the community and general skills that can teach them on how to survive and be successful.

We provide mental health care, custody treatment and supervision. The goal is to reduce the population. If we can get them to be successful by what we do in the prison system, we can reduce crime. Reducing crime can bring the prison population down and save money.

When I came into this position two and a half years ago, a company called JFA Associates was hired by the State to go over inmate projections and our population. It was projected that we would have 1,000 more inmates today than we did two and a half years ago. It projected that we needed a new building, Building A, in the new prison that would house the rise in our number of inmates.

There are evidence-based programs that are proven through national studies over a three-year period that will change a behavior. The behavior could be a substance abuse disorder, mental health or anger management issues. The

studies showed 51 percent or more of offenders who participate in these programs will change behaviors when they are released.

When I first came to the agency, we did not have evidence-based programs. We were doing programs that were not working. I eliminated the nonevidence-based programs and introduced 40 different evidence-based programs that will make a difference. We have already noticed a decline in our population.

Another important part is justice reinvestment. What I am doing with the evidence-based programs and the reduction in our population does fit in with justice reinvestment. It looks at what we do when we reduce our population and the money that you save from either closing units or facilities. What happens with that money? Justice reinvestment moves that money to a specific area of concern in the communities like those with special needs in the school system.

They started justice reinvestment in the New York State prison system in 1985 and introduced evidence-based programs. The prison system has reduced 10,000 offenders and 80 percent of the money saved went into special education school systems.

In 1985, the homicide rates in New York City, with 8 million residents at that time, were at 2,700. Today, the population is 1 million more and New York City (NYC) had the same number of homicides as the City of Las Vegas. That is not a coincidence—NYC had less than 300 homicides with 9 million residents in 2017.

Those are the effects you see long term with justice reinvestment. If we allocate that money appropriately and put it into the resources needed, you will see the long-term benefits that happen to our State and our communities.

The reentry piece we have in Corrections is to do a better job with connecting with community resources. When I first came to this agency, we had two community resource programs connected with the prison system in Las Vegas. Today, we have over 45 programs Statewide to help offenders be more successful.

On Slide 7, the orange line is the JFA Associates projection. That is the adjusted line. When I first got here, that line was much higher—it showed over

1,000 more offenders than we have today. The Associates are adjusting the analysis based upon what we are doing in the prison system with evidence-based programs and community connections.

The biggest concern I have today is with our female offender population. The numbers are higher than the national average. Sixty-six percent of our offenders in our women's facility have never been arrested for violent crimes. Prisons should be for the most dangerous in the community.

Slide 10 gives a breakdown of race and ethnicity and the length of time these offenders are spending in prison.

We have a small population of juveniles. The juveniles in our system fluctuate weekly, depending on birthdates and when we get them in. We have a housing unit that can accommodate 20 juveniles. Every time we have more than 20 male juveniles, we have to house them somewhere else. We have to house them in housing units like hospital units because we cannot combine them with our adult population, based on federal laws that require us to separate sight and sound.

When I first came to the agency, we had over 1,300 veterans incarcerated in the prison system. We had the most amount of incarcerated veterans per inmate population than any other prison system in the United States.

I teamed up with the Department of Veterans Services and its Director and arranged for their staff to work in our prisons. They are providing veterans services, proper care and treatment before inmates are released to help them transition back into the community. Based on these services, our numbers of veterans incarcerated went down dramatically.

Two years ago, we received a Second Chance Act reentry grant for \$3 million. It has really changed the face of what we are doing in the agency. This grant was offered to all states around the Country and only given to six states. Unfortunately, the U.S. Department of Justice's Office of Justice Programs gave it to the six worst states in reentry.

Today, we are now the face of success with the Second Chance Act reentry grant. We are the top one, according to the Department of Justice (DOJ), as the most successful in reentry over a three-year period. The State is doing the

training now for the future Second Chance Act reentry grants because we became so successful that the DOJ wants us to show other states how we did this.

My long-term goal is to centralize more mental health care. I took all the seriously mental ill out of segregation and moved them to a centralized area in the Northern Nevada Correctional Center (NNCC) where there are more resources. Having them spread out throughout the State is not helping with our mental health treatment. Consolidation is a big area where we will be more successful with reentry of those who need mental healthcare. I have also solicited, through a capital improvement project, to build a new mental health facility at NNCC that can provide more resources for the mentally ill.

We use a formulary for psychotropic medications. The No. 1 formulary issued medication is Prozac. Prozac is common in the community and the prison system, and we found that it made 45 percent of our offenders more violent. Our clinicians may change medications to reduce the violence. The problem we experience is when the inmate is released back into the community and the doctor may put him or her back on Prozac. This is common because we do not have electronic health records in the prison system and are unable to share medical records with an inmate's outside medical provider.

BILL QUENGA (Acting Deputy Director, Prison Industries, Department of Corrections):

Prison Industries is Statewide and totally self-funded. We provide marketable job skills for all offenders throughout the State. We work with the community and local manufacturers, businesses and the colleges to bring in skills and tradesmen. Last June, we started working with a company building wooden trusses. The inmates have an opportunity to learn a skill, work with this company and earn a wage. All the trusses they are building stay within the State. Our mission is to provide these inmates with job skills, so they can become successful citizens upon release.

SENATOR OHRENSCHALL:

How many inmates are participating in the Prison Industries program?

MR. QUENGA:

We have 524 inmates working in the Prison Industries statewide. Approximately 35 of those are female inmates out of Florence McClure Women's Correction Center (FMWCC).

SENATOR OHRENSCHALL:

What kind of industries are they involved in?

MR. QUENGA:

At NNCC, we have a furniture shop, welding shop, upholstery shop, auto body paint and powder-coating, print and embroidery. Outside the Stewart Camp we have a horse-gentling program and do horse adoptions. We have partnered with the Bureau of Land Management and currently have 800 horses. We also have a composting company that employs approximately 19 inmates in Wyoming and Las Vegas.

At the High Desert State Prison, we have a card-sorting operation. At the Southern Desert Correctional Center, we have auto restoration and card-sorting. At FMWCC, we have Jacobs Trading Company, which sorts merchandise returns, repackages the items and sells them.

At the Lovelock Correctional Center, we have a sewing operation that manufactures all of the inmate clothing. We have also partnered with private companies to produce their products.

MR. DZURENDA:

Educational and vocational training is what makes the inmates more successful when they leave the prison.

One of the big things we started doing differently was teaming up with our local trades unions. In Las Vegas, where they are building large stadiums such as the Oakland Raiders Stadium, people are coming from San Diego, Atlanta and Dallas to fill these jobs. We are trying to team up with local trades unions to get offenders trained for these high-paying jobs, so they can be employed and become self-sufficient when they are released.

We have simulators to teach inmates how to run backhoes, forklifts, cranes and bulldozers. Trades unions and the Clark County School System come into the

prisons to teach the inmates these skills. Once they obtain those skills, they secure jobs within the community.

We have also been very successful with our beautician and cosmetology programs at FMWCC. We have been monitoring those who have gone through our beautician and cosmetology school in the last two years. They have had 100 percent success with no return rates on those offenders who were discharged in the community.

In the last three Sessions, we have worked to ensure legislation around obtaining proper identification. Last Session changes came out directing the Department of Corrections to confiscate all types of identification of an offender before release if the identification could not be verified. There are many obstacles we encounter when trying to verify an inmate's identity. We would like to issue an unverified ID which could be issued when the inmate is discharged. Without some type of identification, offenders are unable to obtain housing, community resources or even drugs for treatment.

SENATOR HAMMOND:

The ID question goes back to 2011 when we passed something that mandated that an ID be issued to anybody leaving the system. You have explained why we need to have ID and the obstacles in obtaining these IDs. Could you give us a percentage of inmates leaving the correctional facilities and not having ID in order to get a job or an apartment?

MR. DZURENDA:

More than 50 percent of our inmates go back into the community upon release with no identification.

SENATOR HAMMOND:

That is significant because to get a driver's license, there is other background information you have to give in order to get a Nevada State license. Is it possible for somebody who came in from another state to get a State ID or a Nevada driver's license when he or she is released?

MR. DZURENDA:

When we take offenders from other states, we do not release them in our State. They go back to the state they came from and are released from there. Twenty-eight percent of our offenders are from out of state.

SENATOR HAMMOND:

You are still mandated to make sure that they have identification before they get out?

MR. DZURENDA:

No. We are mandated to take it away from them if we cannot verify it. We do not give inmates any identification out the door of any type if we do not have verification.

SENATOR HANSEN:

You had a chart on the recidivism rate, and it looked like a good percentage of the people who go back into the system are from parole or probation violations. Does that mean that they have committed a violent crime, or are they just technical violations?

MR. DZURENDA:

No. Those numbers are a combination of rearrests and technical violations.

SENATOR HANSEN:

I thought these guys were not recommitted for a serious offense but in some cases a technical violation. It is not as bad as releasing somebody and then we find that person committing another serious crime.

Last Session, we had a bill where we added computers. Has that been successful? How many computers are in the system? Have you been successful in reintegrating these folks into the more modern computer world as well as the physical labor side of things?

MR. DZURENDA:

No. It has not been totally successful. The College of Southern Nevada is utilizing tablets in our prison. We are watching other states to see if they are experiencing any problems doing this. In Colorado, every single inmate is issued a tablet when they arrive. In our reentry facilities, we do allow computers, tablets and cell phones to enable inmates to connect with potential employers.

SENATOR HARRIS:

I have a question about inmate safety. I have always thought that going to prison should not mean that you are more susceptible to being beat up or subject to a sexual assault. Could you speak a little bit about what the

Department is doing in that arena? Do you have any data on violent offenses inside of the prison system?

MR. DZURENDA:

The data you are requesting is submitted monthly to the Governor's staff and at the Board of State Prison Commissioners hearings.

Last Session when we were overcrowded, we did get space for offenders out of state. To reduce the amount of extortion and gang membership, we sent the worst offenders to Arizona. That helped dramatically reduce the amount of violence in our prison system.

The other thing we did that reduced violence was to train the staff on autism, Asperger's syndrome, dyslexia and low IQs. We are teaching the inmates why they are vulnerable to be exploited by gangs and identifying resources in the community to help them.

SENATOR DONDERO LOOP:

I share your concerns about education and technology with our prisoners. The education piece is so important. Having up-to-date textbooks and technology is only going to make those prisoners more successful.

SENATOR PICKARD:

Last Session, the Division of Parole and Probation suggested it was a little harsh in some of the technical violations and was working diligently to reduce those. Have you seen those technical violations reduced?

MR. DZURENDA:

They have reduced, and I have to give kudos to Parole and Probation as it has worked hard over the last year. Educating the Division as well to understand the impact that it makes in our communities with releasing offenders to the community with no supervision is more dangerous. Last Session, I explained that we had about 2,400 offenders in the prison system who were back on technical violations and not rearrests. Those numbers have gone down. The day reporting centers are showing more success because the inmates being released to those centers are being watched more.

SENATOR PICKARD:

When Chief Natalie Wood was here last week, she also said we need to expand day reporting centers because they have proven to be effective.

SENATOR OHRENSCHALL:

One of your slides mentioned 20 juveniles under the age of 18 who are at the DOC facility. I understand that under the federal Prison Rape Elimination Act (PREA), there has to be sight and sound separation between the juveniles and the adult inmates. What kind of programming do the juvenile inmates at the Lovelock Correction Center get? How often do they get out of their cells? I have heard they hardly get to be out because of the sight and sound separation requirements under PREA. What kind of schooling and therapy do they get, and how does it compare with what they might get in another kind of juvenile facility?

MR. DZURENDA:

The male juvenile population is housed at Lovelock Correction Center. Those in the housing unit get out of their cells more than the general prison population. They have more access to be outside together, they just do not have the same opportunities with getting into job skills or working in Prison Industries as those are places where they would be mixed with the adult population.

About two months ago, we started having a school teacher come into the unit. Before, the inmates were doing most of their work in their cell, and then they had someone come in and tutor them.

The biggest concern I have with the juvenile population are the female inmates. We have no room for any juvenile females. Any time we get a juvenile female inmate, we send her to the Department of Corrections in Arizona. It is not ideal, but it is better than keeping them here in isolation.

SENATOR OHRENSCHALL:

The teenage boys who are in Lovelock, what happens when they turn 18? Do they stay at Lovelock?

HAROLD WICKHAM (Deputy Director of Operations, Department of Corrections):

When juveniles reach the age of 18, they are given the opportunity to go into the general prison population. If they choose to do that, we typically move them to a different facility to give them a better intake. We also give them the

opportunity to stay at the current facility if that is appropriate for them, based on their classification, crime and other factors.

SENATOR OHRENSCHALL:

In the past, directors have talked about setting up a youthful offender program where a juvenile who turns 18 would not be placed in general population with people doing 20 years to life. Perhaps the inmate could be placed with younger offenders and work on finishing his or her diploma, GED or some type of vocational certificate. Do you know if DOC has plans in the works in the next biennium to get those 18-, 19- and 20-year-olds into something more rehabilitative versus just going to general population?

MR. DZURENDA:

When you are talking about the 16- to 18-year-old population, the majority of them are in special education as well. We have a professional physical therapist for their needs, and we do an individualized education program plan.

CHAIR CANNIZZARO:

I will open the hearing on Senate Bill 30.

SENATE BILL 30: Revises provisions governing the duties of the Director of the Department of Corrections to provide programs for the employment of offenders. (BDR 16-202)

MR. QUENGA:

Senate Bill 30 revises the provisions governing the duties of the Director of the Department of Corrections to provide programs for the employment of offenders in reference to Prison Industries. I have a bill explanation ([Exhibit G](#)).

Statute requires a company wanting to utilize Prison Industries to obtain a 100 percent surety bond—a personal guarantee of the annual value of the contract. Companies we have been entertaining want to do business with Prison Industries, but the 100 percent value of that surety bond, which is pretty expensive, drives potential businesses away that want to come in and provide jobs and skills.

We are asking that the bill reduce the personal guarantee bond of a company applying to utilize Prison Industries from 100 percent of the contract amount to

not less than 33 percent. This would enable more businesses the financial opportunity to participate in Prison Industries.

SENATOR PICKARD:

I remember the discussion and was surprised we would require a 100 percent personal guarantee bond because in general industry we do not see that high a level. How did you get to the 33 percent? Was this a negotiated thing? Was this based on experience from those that ultimately declined to bid or engage in cooperative efforts? Is this coming from the surety bond companies? Where did you come up with the number?

MR. QUENGA:

In entertaining potential businesses coming in and talking to other businesses within the community that want to do business, that is the consensus we came up with.

SENATOR PICKARD:

Has this been discussed with the surety bond companies? In construction, it was typically a 10 percent bond. Perhaps in high-risk projects, we would go to a 20 or 25 percent bond. To see 33 percent, we might be making the same mistake by setting the bar higher than the surety bond industry is likely to go without some pretty high premiums. They will bond anybody. If you pay the premium, they will bond you. There is usually a band of normal risk balancing this might exceed, and it might be wise to reach out to that industry before we set this in stone.

MR. QUENGA:

I will reach out and come back.

SENATOR OHRENSCHALL:

Before you were the head of DOC, I had the privilege of serving and chairing the Committee on Industrial Programs, an Interim Committee, and there was an issue over a decade ago. We have the large High Roller observation wheel in Las Vegas, and there is another one that did not get finished. The company involved in SkyVue Las Vegas that did not get finished was involved in a Prison Industries program which taught inmates how to work on steel. It was a great program; unfortunately, the bottom fell under, and the business owner ended up owing DOC a little over \$500,000. It was never repaid. This is to protect the State and taxpayers from something like that happening again from one of the

Prison Industries partners—not following through with what the partner owed inmates, in terms of salaries, and DOC. By lowering the proposed amount here of this bond, you and the taxpayers will still be protected?

MR. QUENGA:

This piece of law came from the issue with that company. It is the ultimate responsibility of the Deputy Director to ensure that even with the bond in place, we do not allow companies that do business with Prison Industries to continue to operate when we know they are 30, 60 or 90 days past due. I am stringent; when we get close to 30 days, my accountants get with me. When you hit that 30 days, you get a phone call from the accountant or myself; 10 days later, if we do not get payment, I have the authority to shut that operation down. I will not allow businesses to continue to generate revenue and then put us in the hole and not pay us.

SENATOR OHRENSCHALL:

Since you have been in charge of Prison Industries, have you had any issues like what happened with the steel company not paying what it owed DOC?

MR. QUENGA:

We have not had any issues. Our aging schedule on receivables has been stellar.

CHAIR CANNIZZARO:

I will close the hearing on S.B. 30 and open the hearing on S.B. 49.

SENATE BILL 49: Requires the Director of the Department of Corrections to establish a program of treatment for offenders with substance use disorders. (BDR 16-201)

MR. DZURENDA:

The majority of S.B. 49 is just language changes ([Exhibit H](#)). When you have substance abuse disorder changes in the community, whether a program language or change to a clinician's term, I want to make it consistent within Corrections.

Senate Bill 49 requires the Department of Corrections to establish a program of treatment for offenders with substance abuse disorders. When I use the term "program," it is either substance abuse disorders, mental health or both.

It is mandated that aftercare treatment start one year before an offender is being discharged. According to national evidence-based programs, one year is too long. If you are in aftercare too long before you are released, the effects and the information retained by the offender is gone. What we have been finding out through the community and those evidence-based programs is that aftercare should not be more than 90 days before release but not be less than 90 days either. That is why we came up with the term not less than 90 days and leaving it not as long as one year.

The treatment should be continued in a community once an inmate is released. If we did 90 days of aftercare in Corrections, then they should be following up with aftercare in the community to make sure it is consistent. That is where Parole and Probation and the community providers need to come together with continuity of care. When it goes too long, the effects of the treatment wear off and can be noneffective. That is why it was reduced and based upon what the community and evidence-based providers were telling us.

SENATOR HAMMOND:
What programs are other states doing?

MR. DZURENDA:
What we do with the evidence-based programs is determine what to use. We go through the American Correctional Association and the National Institute of Corrections studies. They do the studies on programs approved over a three-year period. We also review Department of Justice programs it initiates in the Federal Bureau of Prisons. If it can provide research that shows programs are 51 percent or more successful, we take those same programs as in the Bureau of Prisons and incorporate them into our correction system. We also allow University of Nevada, Las Vegas, and University of Nevada, Reno, to submit best practices or evidence-based programs that they have found through research. We have about 48 programs Statewide.

SENATOR HAMMOND:
I was looking for other examples. Some programs in Alaska and Kentucky are bringing in a lot of private organizations.

MR. DZURENDA:
The most successful programs that they have shown nationally through evidence-based are dialect behavioral therapy and moral recognition therapy.

They have been successful with 85 percent of those who go through the treatment. The evidence-based therapies are the best programs found nationally. They have the best success rate over more than a six-year period. We just started incorporating those two programs into our system, and I know we are going to see success moving forward.

SENATOR OHRENSCHALL:

A lot of inmates have substance abuse and mental health issues that, perhaps, were never diagnosed and treated before they came into your custody. If this passes and becomes law, do you ever envision addicts who are addicted to heroin or other opioids being able to get methadone treatment while under your supervision?

MR. DZURENDA:

We have started doing study groups using Vivitrol before inmates are being released. Vivitrol is a medication that attacks the inhibitors in your brain—the causes for addiction and euphoria. We have started doing that with a control group to see what happens with parolees after release. Drug courts are utilizing the Vivitrol treatment program to prevent addicts from coming into the prison system.

Medication-assisted treatment in our prison systems is a must before inmates get out. We are looking at doing implants under the skin that are longer-lasting to keep offenders off of drugs once they are released. They are not going to have the drive for the addiction or euphoric effects when they take opioids. Pennsylvania and Missouri have been successful using this type of treatment and are showing a reduction in opioid addictions in the community.

PAUL CORRADO:

I would like to call your attention to my letter ([Exhibit I](#)).

I support S.B. 49 for all the reasons already elucidated. We need to deal with the causes and not the effects.

In section 7, subsection 2, states in part, "A program of treatment for offenders with substance use disorders must provide an offender with ... A clearly defined set of goals." Too often the focus of these programs is "I'm getting well and being well without the reason why it is worth all the work it takes to do it." I would suggest as part of those programs, you identify goals and objectives.

TREY DELAP (National Alliance on Mental Illness):

One of our interests this Session is advocating for addiction recovery and addressing barriers for treatment and recovery support. We offer this friendly amendment ([Exhibit J](#)).

The bill describes substance abuse disorder and defines it in statute, and our amendment expands that definition to include everything else. This is exactly in line with the Department of Corrections Director's intent of this bill, it just makes it more clear in statute.

CHAIR CANNIZZARO:

I see Director Dzurenda nodding his head. My understanding is that this amendment would be acceptable to your Department as well, and he says yes.

SENATOR PICKARD:

The language in the original bill was trying to match the language out in the recovery community. This better defines it to the broader range of the types of language we use in that community. Is that correct?

MR. DELAP:

Yes. However, in the recovery community, substance abuse disorder is not isolated and others will testify to the crossover that approximately 70 percent of people in the general population have a comorbid condition that needs other treatment. While substance abuse disorder is an updated language in that regard, rather than drug addict, the other part is that the more inclusive language and the more holistic view of addressing all these other issues, especially with criminal justice, is more advanced to the current trends in recovery support.

ROBIN REEDY (National Alliance on Mental Illness):

We support S.B. 49 and the amendment. I have submitted a Letter of Support ([Exhibit K](#)) and a Letter of Support ([Exhibit L](#)) from Sarah Adler.

MARCOS LOPEZ (Americans for Prosperity):

We support S.B. 49 and all evidence-based programs that help reduce recidivism.

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CHAIR CANNIZZARO:

I will close the hearing on S.B. 49 and adjourn this meeting at 10:10 a.m.

RESPECTFULLY SUBMITTED:

Eileen Church,
Committee Secretary

APPROVED BY:

Senator Nicole J. Cannizzaro, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	4		Attendance Roster
S.B. 45	C	2	Kim Perondi / Office of the Secretary of State	Proposed Amendment
S.B. 45	D	2	Dan Musgrove / Nevada Healthcare Reform Coalition	Proposed Amendment
S.B. 45	E	1	Dan Musgrove / Nevada Healthcare Reform Coalition	Proposed Amendment 2
	F	23	James E. Dzurenda / Department of Corrections	Presentation
S.B. 30	G	1	Bill Quenga / Prison Industries	Bill Explanation
S.B. 49	H	1	James E. Dzurenda / Department of Corrections	Bill Explanation
S.B. 49	I	11	Paul Corrado	Letter of Support and Attachments
S.B. 49	J	1	Trey Delap / National Alliance on Mental Illness	Proposed Amendment
S.B. 49	K	1	Robin Reedy / National Alliance on Mental Illness	Letter of Support
S.B. 49	L	1	Sarah Adler / National Alliance on Mental Illness	Letter of Support