

**MINUTES OF THE  
SENATE COMMITTEE ON LEGISLATIVE OPERATIONS AND ELECTIONS**

**Eighty-first Session  
May 11, 2021**

The Senate Committee on Legislative Operations and Elections was called to order by Chair James Ohrenschall at 3:39 p.m. on Tuesday, May 11, 2021, Online and in Room 2149 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator James Ohrenschall, Chair  
Senator Roberta Lange, Vice Chair  
Senator Nicole J. Cannizzaro  
Senator Heidi Seevers Gansert  
Senator Carrie A. Buck

**GUEST LEGISLATORS PRESENT:**

Assemblyman Gregory T. Hafen II, Assembly District No. 36

**STAFF MEMBERS PRESENT:**

Michael Stewart, Policy Analyst  
Bryan Fernley, Counsel  
Barbara Young, Committee Secretary

**OTHERS PRESENT:**

Scott Gilles, Senior Advisor, Office of the Governor  
Danny Thompson, International Brotherhood of Electrical Workers Locals 1245  
and 396, Operating Engineers Union Locals 3 and 12  
Kenneth Evans, Urban Chamber of Commerce  
Russ James, International Union of Painters and Allied Trades, District  
Council 16  
Richard "Skip" Daly, Laborers Union Local 169  
Anthony Slonim, Renown Health  
Anthony Viscuso, Heat and Frost Insulators Local 16  
Patrick Boileau, Operating Engineers Local 3

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Rusty McAllister, Nevada State AFL-CIO  
Brittany Kaiser, Blockchain Center Foundation  
Brock Pierce, Bitcoin Foundation  
Rob Benner, Building and Construction Council of Trades, Northern Nevada  
Chelsea Capurro, Nevada Subcontractors Association  
William Pete, Energy Ledger  
Scott Fullerton, Operating Engineers Local 3  
Trent Pool, Blockchain Center Foundation  
Annette Magnus, Battle Born Progress  
Will Adler, Pyramid Lake Paiute Tribe; Storey County; Tahoe-Reno Industrial  
General Improvement District  
Dagny Stapleton, Nevada Association of Counties  
Mary Walker, Carson City; Douglas County; Lyon County; Storey County  
Austin Osbourne, County Manager, Storey County  
Sarah Adler, Pyramid Lake Paiute Tribe  
Clay Mitchell, County Commissioner, Storey County  
Shari Whalen, General Manager, Tahoe-Reno Industrial General Improvement  
District; Storey County  
Mark Wlaschin, Deputy for Elections, Office of the Secretary of State

CHAIR OHRENSCHALL:

We will open the hearing on S.C.R. 11.

**SENATE CONCURRENT RESOLUTION 11**: Creates a joint special committee to  
conduct a study concerning innovation zones. (BDR R-1148)

SCOTT GILLES (Senior Advisor, Office of the Governor):

Senate Concurrent Resolution 11 will create a joint special committee of the  
Legislature. The purpose is to conduct hearings and a full analysis of the idea  
presented by the Governor on January 19, 2021, during the State of the State  
speech to create unique innovation zones in Nevada. The Governor's proposal is  
intended to diversify Nevada's economy and enhance our ability to attract new  
and innovative technologies to the State.

The Governor's innovation zone proposal would create broad structure by which  
applicants engage in the development of innovative technologies to create an  
innovation zone after meeting strict standards and requirements laid out by  
statute, including a significant investment commitment. No tax incentives,  
abatements or public investment will be part of this proposal. The projections

compiled for at least one project, which could take advantage of innovation zone's framework, are substantial. The extent of the economic output, development output, wages and jobs would have tremendous economic impact for the entire State and the creation of an entirely new industry within Nevada. Based on these projections and the economic development potential for Nevada, the Governor believes this idea is worth pursuing.

The reality is that there are limitations which come with having a biennial 120-day Session, further impacted by the historic pandemic. The State officials' and Legislators' attention was and is still directed toward the necessary, critical responses in combatting the impact of Covid-19. It became clear in recent weeks that a proposal of this magnitude is not going to fit into this Session. The Governor believes this idea warrants and deserves a proper vetting, analysis and time to work through the complex pieces of the proposed legislation. We understand it cannot happen in the last month of this Session.

After working with Leadership on the proposal laid out in S.C.R. 11, the Governor felt the best path forward was the creation of an interim joint special committee, which is S.C.R. 11. Like the proposal for innovation zones, the method of creating this committee is also unique in its approach. Along with establishing the joint special committee to meet in the Interim, the resolution also does the following: it would appoint six members to the committee, two members of the Senate, two members of the Assembly appointed by the Majority Leader and the Speaker respectively, and one member from the Senate as well as the Assembly appointed by Minority Leaders. In terms of process, the committee would select its own chair and could start meeting before the end of this Session, if the legislation were to be passed and signed by the Governor. The committee would be required to meet at least once a month in the Interim. First, the committee would address the Governor's Innovation Zone proposal. The BDR language is still being finalized. The hope and expectation is that a version of the bill would be completed before the end of this Session. It is not the intention of the Governor's Office to have the bill heard; only to be heard within the context of the interim joint special committee. That joint special committee would have a draft piece of legislation to work from through that committee process.

The committee, as proposed, will not be limited on the issues it would like to discuss, but S.C.R. 11 does ask the committee explicitly to study the potential community and economic benefits of innovation zones on the following:

economic development and job creation; work force development; affordable housing; water and natural resources in the environment; and the impact on surrounding counties and other forms of local government. The most important effect would be the impact innovation zones have on the State, local revenues and the distribution of taxes. Any other topics related to the proposal that the committee feels are appropriate to review in that joint special committee would be encouraged.

From our perspective, the more review and analysis, the better, in allowing the committee to accomplish without the time constraints of the last month of a regular Legislative Session. In terms of the timeline, the resolution proposes the committee be on a fairly strict timeline to complete its review and submit its recommendation regarding the creation of innovation zones in Nevada by December 31, 2021, to the extent practicable. At that point, S.C.R. 11 proposes the recommendations, that come out of the joint special committee would be one of three things: no further action believed to be necessary on innovation zones; a recommendation that the committee be allowed to submit a bill draft request for the 2023 Session; or a recommendation to bring out the measure in an upcoming special session.

Unfortunately, the unprecedented impacts of Covid-19 have left Nevada and the Legislature with many critical issues to deliberate. This proposed measure is a responsible solution to the challenge of evaluating unprecedented economic measures developed in a short amount of time remaining in this Legislative Session. We know innovation zones are unique, but they are not entirely unprecedented. Nevada could be the next example of technological and economic success, and the Governor is confident Nevada should take the opportunity now to look at what may or may not be possible. The creation of this committee will allow Legislators and stakeholders the opportunities to fully hold and participate in hearings and fully evaluate the proposal, which has the potential to be a tremendous value for the State.

In the end, the Governor's intent and hope is that stakeholders, the public and this Legislative Body are enthusiastic about this opportunity, not skeptical about a fast-tracked bill in the final weeks of a 120-day session. Nevadans deserve that. The Governor believes a joint special committee is the right solution to explore this opportunity. I urge your support for the process that will allow for a full and deliberate review of this proposal and its impact to our State. I want to

thank Majority Leader Cannizzaro and Speaker Jason Frierson for their support in bringing this joint special committee proposal forward.

SENATOR LANGE:

The timeline is extremely short. After this Session, we are going to have a special Session, and we will have a second special Session to address redistricting. Our Committee and the Assembly Committee on Legislative Operations and Elections are going to be involved in public hearings. Everything surrounding redistricting is a lengthy process. It would better serve the committee to conduct the study with completed results by the end of the first quarter of 2022. I am asking for this because to get the best information, it should be thoroughly studied. I am in favor of having stakeholder meetings once a month, which the committee would attend. It is a complex issue, and the committee would benefit from more time to produce a comprehensive study of innovation zones in the State of Nevada.

I have a question about support for the committee. Is staff support going to be available for the committee?

CHAIR OHRENSCHALL:

On the staff question, Mr. Stewart could answer that question since he has led us through many interims on staffing committees. Does the Legislative Counsel Bureau (LCB) have the staffing needed if this passes?

MICHAEL STEWART (Analyst):

We have provisions in NRS 218E.205 that require LCB staff to provide services if the chair of that committee is indeed a Legislator. If this is passed through the Legislature, we would provide the staff. The director of the LCB would then delegate which division in LCB would be appropriate. Oftentimes, we collaborate with the Legal, Research and Fiscal Analysis Divisions to determine which is appropriate for lead staff. Sometimes, we have joint staffing responsibilities. If S.C.R. 11 passes, LCB would provide whatever staffing services are needed.

SENATOR LANGE:

How do you envision public meetings with the stakeholders? The Senate Legislative Operations and Elections Committee will be traveling throughout the State conducting public meeting in relation to redistricting. Will the meetings be

in-person, on YouTube or Zoom? How would you involve other people because it is more than merely one county? It effects our entire State.

MR. GILLES:

First and foremost, there is a project in Storey County which could potentially take advantage of this legislation. As far as how the committee should be run, we would give deference to the committee. The available bandwidth would play a role in determining whether virtual or in-person meetings would be held. When setting up stakeholder meetings, the Governor's office could make suggestions utilizing Executive Branch resources. Ultimately, it would be the Legislature's joint special committee to be run as the Legislature sees fit. From our perspective, it would be preferable to have as many in-person hearings as possible. One of the most important topics is water. We know it is a big issue with any innovation zone project, let alone the one in Storey County. Our hope would be that the committee meetings be indepth, spending two to three hours on a topic so all of the invested stakeholders would have a voice. Issues would be resolved through compromise, which would be workable for all of those involved.

We understand the beginning of this piece of legislation is not going to be the final outcome of this legislation. We want the deliberative process conducted as a committee hearing. The stakeholder public meetings could defer to the Legislature on how to properly run meetings. I understand the concerns about bandwidth and resources coming from the Executive Branch. We absolutely understand the difficulties. The Governor's Office is here to help as needed.

SENATOR SEEVERS GANSERT:

How many interim studies do we typically have?

MR. STEWART:

There is not a rule on this because it has varied over the years. The Assembly will generally choose three studies and the Senate will choose three studies, for a total of six studies independent of our ongoing statutory committees, such as public lands, health care, education and so on. On occasion, we have committees which fall into a different category and could be a special committee. It happens every now and again. Redistricting is one of those special committees that did not fall into one of those six studies. This committee falls into such a category as well. Ultimately, the Legislature decides. If we have too many studies, there could be a staffing budget issue. Generally, we are able to

accommodate all of the statutory ongoing committees and roughly six or so one-shot committees, such as this.

SENATOR BUCK:

The original bill language seemed to indicate the innovation zone would subsume any other governmental entity inside it. How will authorities and services of existing governmental agencies be protected?

MR. GILLES:

I do not have an answer for that. We do not have final bill language yet that details the protections that would occur for the surrounding local governments and impact the local counties. This is exactly why the Governor is asking this study be moved to a joint special committee in the Interim so that particular topic can discussed at length.

SENATOR BUCK:

Will there be extra representation from the agencies around the area?

MR. GILLES:

In terms of the committee membership, that will be left to the Assembly Speaker, the Senate Majority Leader and the Majority and Minority Leadership to identify who will be on the committee. That is what S.C.R. 11 proposes. In terms of stakeholders, we hope any and all stakeholders are engaged and get involved in the discussion, bringing concerns to the committee.

SENATOR BUCK:

I hope there are committee members from the north. Oftentimes, our southern Nevada Legislators make changes that impact northern Nevada. I want to make sure there is a voice on this committee from northern Nevada.

MR. GILLES:

That is exactly our hope as well.

CHAIR OHRENSCHALL:

I do not see anything in the resolution such as requirements for geographical diversity, but I believe the appointments would be reflected by the Leadership of the two Houses.

SENATOR SEEVERS GANSERT:

It does not talk about geographic disbursement. There are three representatives from each House and input from different types of entities. Input is from stakeholders, including without limitation local governments, tribal governments, environmental groups, labor, economic development, water authorities, advanced technology industries and global interests. It does not initially have the communities, but it might not be limited.

CHAIR OHRENSCHALL:

Certainly, if the bill passes in this form, Leadership would make those appointments. They would want Legislators from all parts of the State to serve, especially from areas most affected.

DANNY THOMPSON (International Brotherhood of Electrical Workers Locals 1245 and 396, Operating Engineers Locals 3 and 12):

We are speaking in favor of the study of the innovation zone bill. This bill represents a huge opportunity for Nevada to diversify our economy and to put Nevadans to work. We believe after the questions are answered and people understand the governance and the impacts on other governments, everyone will agree this is a great opportunity for our State. We wholeheartedly support S.C.R. 11.

KENNETH EVANS (Urban Chamber of Commerce):

I am in support of S.C.R. 11 to conduct a focused study for an innovation zone implementation. From our standpoint, it meets two priorities. It diversifies and expands the economy and ensures it is done in a manner which captures diversity and inclusion in terms of entrepreneurship opportunities as well as employment opportunities. Regardless of where innovation zones may be located within our State, it is our hope that entrepreneurship and employment opportunities be permitted for people who may be residing outside of those innovation areas. We applaud this effort and encourage your support.

RUSS JAMES (International Union of Painters and Allied Trades, District Council 16):

Nevada has made many recent gains in working towards diversity in our economy. We have been successful in obtaining new and existing tech companies to relocate to northern Nevada. This in turn provides good paying construction jobs and many longer-term opportunities in the tech sector of our economy. Housing prices have escalated rapidly in northern Nevada, and we



need jobs that will keep pace and allow our best and brightest to work and remain here. While there are still details to be worked out, Nevada owes it to our children to explore this opportunity for northern Nevada. We approve of creating an interim committee to explore this opportunity.

RICHARD "SKIP" DALY (Laborers Union Local 169):

I am offering our organization's support for S.C.R. 11 to create a committee to further investigate innovation zones. This topic is worthy of further discussion and needs more time than merely the last couple of weeks of this Legislative Session. This is the right direction forward to create transparency and to vet this issue. We support innovation zones with the implications of job creation and the positive economic impact on our State.

ANTHONY SLONIM (Renown Health):

I am here on behalf of Renown Health to stand in support of S.C.R. 11. We believe a study to evaluate innovation zones and the potential impact on economic and workforce development may provide insight for health and the healthcare workforce. It is of significant importance to Nevada as we look at ways to grow our economy. We urge your support.

ANTHONY VISCUSO (Heat and Frost Insulators Local 16):

We stand in support with the rest of the building trades. We believe this is a great opportunity, and we would like to see it progress.

PATRICK BOILEAU (Operating Engineers Local 3):

We are calling in support of S.C.R. 11. We are enthused by the fact that it specifically mentions labor as a stakeholder that needs to be consulted as innovation zones are studied in Nevada.

RUSTY McALLISTER (Nevada State AFL-CIO):

We are in support of S.C.R. 11. Nevada is constantly discussing ways to diversify our economy and go beyond gaming and mining. This is a good opportunity to investigate ways to increase the workforce through diversifying the economy. For those reasons and all of the reasons stated by the previous speakers, we support this resolution.

BRITTANY KAISER (Blockchain Center Foundation):

I am speaking in support of S.C.R. 11, specifically because I am a supporter of innovation zones and new ways to use legislation and policy to promote

large-scale economic development. I have spent the past few years working on congressional subcommittees in different states creating sandbox legislation, special economic zones and producing opportunity zones which have been incredibly successful in driving economic development, new jobs and investments in parts of states that otherwise had stagnant growth for many years. I am excited about this legislation, particularly in Nevada because I have friends and colleagues who are business owners and private landowners in Nevada. If this legislation is eventually created and passed through, they would immediately be looking to create jobs and develop opportunities in the State under these new rules. I am in full support.

BROCK PIERCE (Bitcoin Foundation):

I am an entrepreneur, technologist, venture capitalist, philanthropist and a patriot who cares deeply about this Country and the welfare of our Nation. I am speaking to you from Puerto Rico due to the technology which has made this possible. I have done many things in my life, one of which is digitizing the United States dollar. I cofounded a company which does \$60 trillion a year through transactional volume. I speak to members of Congress on a weekly basis. I am committed to innovation. We are living through the fourth Industrial Revolution and our future depends on us supporting innovation. I hope you approve and support innovation because it is the only way forward.

ROB BENNER (Building and Construction Trades of Northern Nevada):

I am in support of S.C.R. 11. Northern Nevada Building Trades has signed a cooperative development and labor agreement that would cover the entire city and ensure that all development uses highly skilled, good-paying local union labor. A project this size will benefit the entire State, not just northern Nevada. It will keep our workforce moving forward in the event of another downturn. This project is worth your study and consideration, and I urge you to support S.C.R. 11.

CHELSEA CAPURRO (Nevada Subcontractors Association):

We are in support of this issue becoming a study, particularly taking a closer look at how this concept could affect construction in this State. We look forward to being a part of this study during the Interim and participating in the process.

WILLIAM PETE (Energy Ledger):

We support S.C.R. 11 because it is a tremendous opportunity to create green-collar jobs in the sustainability energy sector. We would be able to work with blockchain and develop it within an innovation zone using the flexibility of the State to develop new companies, which can bring in revenue and opportunities for job growth. Through S.C.R. 11, we can achieve successful growth and development. It is a huge step forward for companies such as Energy Ledger that could potentially work in Nevada due to the provisions of this resolution.

SCOTT FULLERTON (Operating Engineers Local 3):

We support S.C.R. 11 and its study concerning innovation zones. The diversification this will offer Nevada is greatly needed when looking at the current economic situation in the State. It has the potential to offer great jobs for highly skilled individuals. Good jobs would be provided for today's workforce and for the future which will benefit all businesses moving forward.

TRENT POOL (Blockchain Center Foundation):

We have had stakeholders and members from our community testify today. We are not associated with Blockchains LLC or any other blockchain entity that has testified in other hearings. We are an organization that began in 2013 on Wall Street across from the New York Stock Exchange started by Nick Spanos and some of his partners with the goal of educating and empowering legislators and people employed in regulatory agencies in New York City and Wall Street to explain the benefits of distributive ledger technologies—blockchain and decentralized financing. That was eight years ago. Today we are offering classes to empower legislators and potential stakeholders to understand blockchain, and we would be willing to create a curriculum for anyone wanting more knowledge in this realm.

We are in strong support of S.C.R. 11 and believe the future of finance and all industries is to incorporate cutting-edge technology for commodities and the emerging technologies sphere, including blockchains, especially for energy-use cases, production and commodities. We are excited to be with you in this Committee and to offer feedback and advice to help you, which may be beneficial. We have worked with legislators in over a dozen states and are helping advance and advocate for implementing and innovating on all spheres so we can keep competitive in the twenty-first Century economy.

ANNETTE MAGNUS (Battle Born Progress):

We are in strong opposition to S.C.R. 11. I will read from my testimony. ([Exhibit B](#)).

WILL ADLER (Pyramid Lake Paiute Tribe; Storey County; Tahoe-Reno Industrial Center General Improvement District):

The concept of innovation zones first came forward to a large amount of opposition, due mostly to the size, the scope and the timeline provided in the Eighty-first Legislative Session. It seemed as though it was incompatible with the size, scope and proposed project of innovation zones. Today we are testifying in neutral because we look forward to the discussion provided by S.C.R. 11 and what it could accomplish in the interim study it provides. We look forward to taking part in that study because of the joint committee's goal and scope of addressing the concerns of local, regional and tribal governments, and addressing the concerns regarding water and water usage with innovation zones.

DAGNY STAPLETON (Nevada Association of Counties):

We are neutral on S.C.R. 11. When the idea of innovation zones was first introduced, the proponents reached out and presented their concept and preliminary language to counties. County representatives did share a handful of concerns with them at that time. In March, our members voted unanimously to oppose the concept as it had been presented to counties. That vote included representatives from 16 of Nevada's 17 counties, both urban and rural. Concerns included fiscal impact, impacts to county services and preserving the integrity of county governance. We appreciate the resolution and thank the Governor's Office for the proposed study to look at and analyze issues connected to the concept of innovation zones prior to any innovation zone legislation being introduced. The language recognizes the important role that counties would play in the study committee. We look forward to participating in the study and providing any and all information that would be helpful.

MARY WALKER (Carson City; Douglas County; Lyon County; Storey County):

We are neutral on S.C.R. 11. We would like to thank the Governor and the Legislature for proposing the S.C.R. 11 study concerning innovation zones. We appreciate the even-handed approach of the study, which includes investigating the impact of innovation zones on counties. This also includes local revenue and taxation because while it has been stated there is no State revenue or taxation

impact, there is tremendous local revenue and taxation implication. We are looking forward to being a part of the study.

AUSTIN OSBOURNE (County Manager, Storey County):

Storey County is in the neutral position on S.C.R. 11. The Board of County Commissioners, on four separate occasions throughout the year, had voted inconsistently on the issue of innovation zones. As far as technology, blockchains and cryptocurrency, the Board is totally in favor, as long as the State has the correct framework for implementation. The residential component, including the Smart City and the idea of having high-density at Painted Rock in Storey County, has been suggested and has been supported by the Board and the County Master Plan.

As far as separation from government, our Board is strongly opposed. Separation from government is not necessary or appropriate. Looking out at Tahoe-Reno Industrial Center (TRI) and other parts of Storey County, the brick and mortar really shows itself. Tesla, Google and Switch along with 20 million square feet of other companies doing research and development, technology, waste energy, green energy and so on is all done through complex development agreements that we put together and embrace. We have a tax increment area which pays for a regional effluent pipeline project that we were part of and whole-heartedly supported. We have a governmental service's agreement with Tesla with no taxes paid. We were part of S.B. No. 1 of the 31st Special Session, which brought data and big companies to our State. We have a general improvement district (GID) in Storey County which supplies all the utility services in an efficient manner. All the companies are provided 30-day building permits and 5-day grading permits, and we will provide that for any company wanting to come to Storey County in the future.

At this point, we are the innovation zone. As far as the Smart City at Painted Rock, our Master Plan was completely updated in 2016 through community workshops conducted rigorously over three to seven years. We completely rewrote our zoning ordinances and our subdivision ordinances for the water elements in those ordinances to accommodate the Painted Rock Housing Development. That project was also approved by the Board of Storey County Commissioners and the Planning Commission through public workshops in 2006. We stand neutral; we are merely asking the applicants to submit an application. Anything proposed thus far may be built without separation from government.

SARAH ADLER (Pyramid Lake Paiute Tribe):

I am honored to present the neutral testimony of the Tribal Chairwoman of the Pyramid Lake Paiute Tribe, Janet Davis. I will read her testimony ([Exhibit C](#)).

CLAY MITCHELL (County Commissioner, Storey County):

We are grateful to be included in this discussion and for the thoughtful questions from the Committee. We are particularly thankful for the inclusion of local jurisdiction governance and taxation issues in the scope of the study as both the potential impacts and opportunities are substantial with such a proposal. We support the study process and look forward to being active participants. We are testifying in neutral on the resolution because we maintain that at least in the case of Blockchains LLC, a separate, new and untested political subdivision is unnecessary to accomplish the stated goals of the proponents. Furthermore, Storey County is ideally suited to provide a venue for a project such as this as it currently stands. In Storey County, the door is open, and we are prepared and enthusiastic to facilitate innovative projects such as Blockchains LLC proposed. Our position is neutral, and we look forward to participating in any study which comes forward.

CHAIR OHRENSCHALL:

Where does Storey County stand in terms of water resources for projected growth or for large projects such as this or another project? Do you have adequate water resources?

MR. MITCHELL:

My County Manager could better answer this question as I have only been on the job for four months at this point. My understanding is the people coming forward with the development are required to procure water resources for their project. That would be a condition of any approvals we give at the county level. We do not supply water. There is a GID, and Mr. Adler may be able to speak more about that because he represents it. We are concerned about water usage, which must be a major part of the conversation.

CHAIR OHRENSCHALL:

That might be a topic of the study if this becomes law.

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SHARI WHALEN (General Manager, Tahoe-Reno Industrial General Improvement District; Storey County):

We are in the neutral position. We will make our team available to continue this endeavor. I will read my testimony ([Exhibit D](#)).

CHAIR OHRENSCHALL:

In terms of current projections for growth for this area, do water resources seem adequate?

MS. WHALEN:

There are sufficient water resources for development to continue within the TRIGID service area; however, under the economic impact study that was created by the innovation zone, there are about 5,000 acres of land to be developed inside of Storey County outside of the district service area in the Painted Rock area. We are not aware of a plan to serve water to that area; however, that is outside of the district service area. Within the district service area, there is water allocated for the land that is planned to be developed.

MR. GILLES:

I will close by saying thank you to the Committee for hearing this today and Speaker Frierson and Majority Leader Cannizzaro for supporting the Governor on this process and proposal. I am grateful to Mr. Fernley for working on this concurrent resolution and the underlying proposal.

CHAIR OHRENSCHALL:

I will close the hearing on S.C.R. 11 and open the hearing on A.B. 166.

**ASSEMBLY BILL 166**: Establishes disclosure requirements relating to certain elections-related communications. (BDR 24-867)

ASSEMBLYMAN GREGORY T. HAFEN II (Assembly District No. 36):

I will read my testimony ([Exhibit E](#)).

SENATOR SEEVERS GANSERT:

How many characters are allowed in a text message? What is the character count?

ASSEMBLYMAN HAFEN:

There are a variety of companies using different character limitations. Some will have limits of 160 characters, where others will have limits of 320 characters. I do not know if any companies are going beyond that currently. There is also the option of including some sort of digital photo or digital advertisement in addition to that. I do not believe there is much of a price difference in the character limitation; it has to do with the vendor. That is why I mentioned the bitlink, which is the ability to take an extensive website and shrink it so it will only take up the space of one line in a text message. The intent of this is to adapt to modern technology. During the pandemic, text messaging was frequently used as a means of communication to disseminate campaign information.

SENATOR SEEVERS GANSERT:

That makes sense. Bitlinks are used in tweets all the time. Sometimes I have seen them come through from nonprofits. The intent is right. I just want to make sure we capture everyone and what is required to be disclosed does not take up most of the text message, limiting people's communication.

ASSEMBLYMAN HAFEN:

The intent of the bill is to be consistent with the current law, as well as to expand into the text messaging realm without becoming overly burdensome with requirements for disclosure by shrinking the disclosure requirement.

SENATOR LANGE:

Could a nonprofit send a political text message?

MARK WLASCHIN (Deputy for Elections, Office of the Secretary of State):

I do not know. I will find out and get back to you.

SENATOR LANGE:

In section 3, it says the people who would send out these messages would need to report their names. Is that the complete list?

MR. WLASCHIN:

We did talk to Assemblyman Hafen about this bill. Outside of the lists that were identified, there were no other entities or organizations identified that would be useful to incorporate.



SENATOR BUCK:

How will this bill be enforced?

ASSEMBLYMAN HAFEN:

Text messages are being enforced when complaints are filed with the Secretary of State's Office. Those are investigated. The intent is, if there is a disclosure with a requirement, 90 percent of the people are going to comply. The remaining 10 percent who do not comply would go through the current investigation process at the Secretary of State's Office. The process is to follow the phone number to the vendor, the vendor then would pull the data and provide the identity of the individual.

MR. WLASCHIN:

The current process is laid out. We would investigate it starting with our civil compliance investigator and move on to criminal if deemed appropriate.

SENATOR LANGE:

Would this only apply to texts and not to tweets?

ASSEMBLYMAN HAFEN:

It would only apply to texts. The intent of this is to apply to text messages.

SENATOR CANNIZZARO:

You only want to extend the same or similar requirements to the bill for text messaging when someone spends more than \$100 to identify who that text is coming from?

ASSEMBLYMAN HAFEN:

That is absolutely correct. We had conversations about putting text messages in the front, but they would be subject to the full long disclosure and most of the characters would be taken up by the disclosure. Adding another section would be more appropriate to adapt to the technology of text messaging.

SENATOR CANNIZZARO:

We are just disclosing who that text is coming from, not the same type of disclosure that you would see on a mailing that is going out or other advertisement that you might purchase.

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ASSEMBLYMAN HAFEN:  
That is correct.

CHAIR OHRENSCHALL:  
If this passes and someone is not complying with this rule for campaign text messages, what are the penalties?

ASSEMBLYMAN HAFEN:  
There would not be any new penalties added to this. This is only to add text messaging into the current structure. I would have to defer to the Secretary of State.

CHAIR OHRENSCHALL:  
The penalties might be in statute; I can look that up offline.

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CHAIR OHRENSCHALL:  
With that, we are adjourned at 4:59 p.m.

RESPECTFULLY SUBMITTED:

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Barbara Young,  
Committee Secretary

APPROVED BY:

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Senator James Ohrenschall, Chair

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

<b>EXHIBIT SUMMARY</b>				
<b>Bill</b>	<b>Exhibit Letter</b>	<b>Begins on Page</b>	<b>Witness / Entity</b>	<b>Description</b>
	A	1		Agenda
S.C.R. 11	B	1	Annette Magnus / Battle Born Progress	Opposition Testimony
S.C.R. 11	C	1	Sarah Adler / Silver State Government Relations	Neutral Testimony of Janet Davis
S.C.R. 11	D	1	Shari Whalen, / Storey County	Neutral Testimony
A.B. 166	E	1	Assemblyman Gregory T. Hafen II	Bill Presentation