

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

**Seventy-Third Session
April 8, 2005**

The Committee on Government Affairs was called to order at 7:45 a.m., on Friday, April 8, 2005. Chairman David Parks presided in Room 3143 of the Legislative Building, Carson City, Nevada, and, via simultaneous videoconference, in Room 4412 of the Grant Sawyer State Office Building, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Mr. David Parks, Chairman
Ms. Peggy Pierce, Vice Chairwoman
Mr. Kelvin Atkinson
Mr. Chad Christensen
Mr. Jerry D. Claborn
Mr. Pete Goicoechea
Mr. Tom Grady
Mr. Joe Hardy
Mrs. Marilyn Kirkpatrick
Mr. Bob McCleary
Mr. Harvey J. Munford
Ms. Bonnie Parnell
Mr. Scott Sibley

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Assemblyman Lynn Hettrick, District 39, Douglas, Carson City
(part), Washoe (part)
Assemblyman Bob McCleary, District No. 11, Clark County

STAFF MEMBERS PRESENT:

Eileen O'Grady, Committee Counsel
Susan Scholley, Committee Policy Analyst
Kiz Malin, Committee Attaché

OTHERS PRESENT:

Jim Bentley, General Manager, Indian Hills General Improvement District,
Douglas County, Nevada
Ron Kruse, Chairman, Nevada Veterans Services Commission, Nevada
office of Veterans Services
Nancy Howard, Assistant Director, Nevada League of Cities and
Municipalities
James Baushke, Vice Chairman, Board of County Commissioners,
Douglas County, Nevada
Daniel Holler, County Manager, Office of the County Manager, Douglas
County, Nevada
Tod Carlini, District Fire Chief, East Fork Fire and Paramedic Districts,
Minden, Nevada
Laura Lau, Secretary/Treasurer, Board of Trustees, Indian Hills General
Improvement District, Douglas County, Nevada
Brian Nelson, Trustee, Indian Hills General Improvement District, Douglas
County, Nevada
Ronald Lynch, Private Citizen, Indian Hills, Douglas County, Nevada
Patrick Sanderson, Private Citizen, Indian Hills, Douglas County, Nevada
Terry Faff, Private Citizen, Douglas County, Nevada
Scott McKenzie, Executive Director, State of Nevada Employees
Association, AFSCME Local 4041
Bob Romer, Employee Representative, State of Nevada Employees
Association, AFSCME Local 4041
Gary Wolff, Business Agent, International Brotherhood of Teamsters,
Local 14, Las Vegas, Nevada
Jeanne Green, Director, Department of Personnel, State of Nevada
Lucille Lusk, Chairman, Nevada Concerned Citizens, Las Vegas, Nevada
Christina Dugan, Director of Government Affairs, Las Vegas Chamber of
Commerce, Las Vegas, Nevada
Carole Vilardo, President, Nevada Taxpayers Association
Al Kramer, City Treasurer, Carson City, Nevada; and President,
Association of County Treasurers of Nevada
Catherine Besser, Chief of Staff, State Treasurer's Office, State of
Nevada

Dan Musgrove, Director of Intergovernmental Relations, Office of the
County Manager, Clark County, Nevada

Bill Uffelman, President, Nevada Bankers Association

Fred Hillerby, Legislative Advocate, representing Sun Valley General
Improvement District

Diana Langs, General Manager, Sun Valley General Improvement District,
Washoe County, Nevada

Bill Horn, General Manager, Incline Village General Improvement District,
Washoe County, Nevada

Bru Ethridge, Notary Administrator, Secretary of State's Office, State of
Nevada

Chairman Parks:

[Meeting called to order and roll called.] We have five bills in front of us today.
We are going to start off with A.B. 394.

**Assembly Bill 394: Incorporates City of Sierra Hills in Douglas County, Nevada.
(BDR S-316)**

**Assemblyman Lynn Hettrick, District 39, Douglas, Carson City (part), and
Washoe (part):**

Assembly Bill 394 does exactly what you said. It creates a city of Sierra Hills in
Douglas County. I brought this bill by request, because I believe the proponents
of the bill should have the opportunity to have access to this process. I know
they are here and are prepared to testify to this Committee in regard to what
they believe is the financial liability of the possible city. Also, they need to
assure the Committee that there is no negative impact on the balance of the
county. They are aware of the impact to Douglas County and are prepared to
talk about it. I am going to turn this over to the folks who are the proponents of
the bill.

**Jim Bentley, General Manager, Indian Hills General Improvement District,
Douglas County, Nevada:**

This is a fairly significant possible event we are talking about. I am prepared to
take as much time of your Committee as you want to spend. I have made a
particular effort to try to make this presentation brief because of your workload.
I didn't bring all of your reading material. You should have a copy of a two-page
resolution (Exhibit B) by the Indian Hills Improvement District with Resolution
No. 2004-06. There is also a stapled 28-page feasibility study (Exhibit C) that I
will not read to you. There are a few points in the study that I wanted to go

over. You should also have in the packet an administration organizational chart ([Exhibit D](#)); with yellow dots.

[Jim Bentley, continued.] Those who drive south on Highway 395 slowly might have already figured out the area we are talking about. The purpose of the map ([Exhibit E](#)) is to give the rest of you the chance to understand that Indian Hills sits south of Carson City and far north of Minden. On that map, just for your reference, to your left immediately is the boundary between Douglas County and the commencement of Carson City. You will notice by looking at the map legend that the district boundaries in that black hash mark line are a mile or so down south of Carson City. Basically, the yellow line that defines the study area is the boundary in the legislation of the proposed incorporated city. The area includes the entire current district and adds to what are now district boundaries. It is primarily the open space between the district and Carson City on the east side of Highway 395. If that is a sufficient orientation, I can now begin to talk about the rest of this area.

Chairman Parks:

For everyone's reference—a map like this is helpful in the orientation of this area—the proposed area is dissected by Highway 395.

Jim Bentley:

That is right. Another key point to call to your attention is that this map was printed by our District Engineer in August of 2003. At the time, the Board of Trustee's for the District officially acted to start on what they had been talking about for five years.

The commencement of the study required, first, a study area. We proposed this study area and then did the entire feasibility study. I am prepared today to get into as many numeric details about the study as you want, but my guess was I should talk to you about what I think the basic question is before us today. There are two processes to become a city, according to Nevada statutes. The constitutional process is if an identified group comes to you with a proposed charter, and if the proposed charter is accepted by you and your other colleagues on the other side of the aisle, then they are a city. It has happened several times in Nevada. There is the other process, and that is to become a general law city. That takes committee work and about 18 to 20 months and has many more hurdles, but it is also by statute a process that results in cityhood. In both cases, a vote of the people is required at some point in order to confirm. Our request says, "if you enable with this legislation, the right for those folks who live and are registered voters inside those yellow lines on that map." In this case, we are asking in this legislation to have a ratification vote on November 8, 2005. We know that once a city is chartered or by using the other

process towards becoming a city, it typically becomes effective on July 1 rather than in the middle of the month somewhere. This one spells out those kinds of details. While I will be glad to talk to you about how the district got here and all those numbers, I want to stress the resolution by this Board of Trustees. I do not want you to lose those words in Resolution 2004-06 and what they say: "Whereas, the Board of Trustees of the District" when they were first considering this study, and then at the end of the process when they accepted the study. They decided to come here, and they recognized and said that those folks have an affirmative duty and an obligation to consider, first and foremost, the best interest of the residents. In the second "whereas," that one says they decided to go and have a feasibility study done, and it was done. They found from the study reports that the incorporation of a city in the north end of Douglas County was feasible.

[Jim Bentley, continued.] The Board now finds that it may be in the long-range best interests of the residents of the district to have an incorporated city take over its management duties and responsibilities provided it was done by a vote of the people. If the residents wanted a different form of government after taking a unanimous vote and expressing its willingness to dissolve itself, then it should not get lost in the shuffle of all the numbers. We will probably talk a lot about the study's findings in the course of today.

On page 2 of the feasibility study, ([Exhibit C](#)) there are five categories of investigation. Again, this started officially in the fall of 2003. This was not a study that happened overnight with preconceived notions. The study started, and the intent was to look under every rock, ask all the important questions, and to see if this thing is possible. Of those five categories, the two big ones are number two and number five. Obviously, number four is also significant. That one is about what we are talking about today, whether the people in that area are going to get to vote on that question.

The capacity to demonstrate the financial viability of the new city is obviously the guts of a study, when you look at the numbers. Also, as part of this study were the impacts on residents of neighboring jurisdictions, particularly Douglas County, Carson City, and Lyon County. It studied what would impact the governing bodies in those areas.

My instructions from those who were my trustees and directors at the time were quite clear. Stop the process if we run into an instance where we see clearly that it will negatively impact the people or the governing bodies around us. I do not think I need to go through all these categories. Let me just say that category one, whether or not there is available leadership, was probably the easiest one to measure, test, and report on affirmatively. The number three

category—the capacity to govern with population, demographics, structure and organization, land base, and water—was more complicated. It was also easy to assemble the data and reach a conclusion that it was sufficient to be a city. There are arguments in the world that say you need to be huge to be a city. No, you don't. You have to be big enough and have enough resources and whatever that figure is would need to be tested. So we tested it.

[Jim Bentley, continued.] In Section 5, page 19, the overall conclusions reached in this study took about 70 percent of the amount of time because of the research project. They had to go out and ask the questions. The first argument that was going to be presented was that it is creating another level of government. This doesn't create another level of government. This erases one level of government and puts another one in its place. The Boy Scout in a blue shirt becomes a Marine in dress blues, with a little more responsibility and all grown up. The same entity and group are under one government.

The second major question that would be coming up—and we knew it would—is, if you create a city, you are going to raise our taxes? If we had seen anywhere that it would have been necessary to increase tax rates, we would have dropped this pursuit at any point in time.

In our original study, we demonstrated to our satisfaction that all of the functions of a city could be met. The worst-case scenarios could be paid for, if we had to have our own fire department and our own police departments and the buildings to support them. Those numbers showed us that it was feasible. We would not be negatively impacting any residents of the three counties. We would not be adding taxes or costs to their lifestyle. We actually showed and confirmed to ourselves over the years that we could start lowering the tax rate as city funds and revenues started flowing. They do not now flow to a district.

When it was time for us to talk to Assemblyman Hettrick about incorporating the City of Sierra Hills in Douglas County, we showed him all of the results. He appreciated the four-inch document and asked if he was really going to have to read it all. He challenged us one more time, so we did a supplementary study. You will find that in the last pages of this study ([Exhibit F](#)). I would like to focus on that. It begins on page 24 and takes about four pages. He was wise to tell us to look further. It is one thing to take a three-county region that has its own circumstances and growth patterns, but it is something else when you start talking about tax exporting counties. Mr. Hettrick challenged us to look very closely at the question of whether the act of incorporating the north end of Douglas County could have any negative effect on two major issues. Would it have the possibility of causing Douglas County's remarkable growth and sales tax exporting status and risk staying tax importer much longer? There was

another serious question. Does the creation of a corporation in that part of Douglas County have any possible impact on the state-guaranteed funding system for schools? You will find that in both cases we looked deep and we went to Taxation and to the Deputy Superintendent of Schools, Mr. [Doug] Thunder. We made numeric assumptions that Taxation wanted to correct, and we corrected them by using their numbers.

[Jim Bentley, continued.] In both cases, the only thing we show in all of the studies is where there is negative damage not to the schools, the statewide school funding formula, the regional people and residences, but to two things. We have East Fork Fire Department District, which is in NRS [*Nevada Revised Statutes*] 318.010 by state law. It is technically supposed to go away when a city is confirmed. Correspondence started with the East Fork Fire District a couple of months after this map was dated in December of 2003. Although the state says that if a district goes away, you can fix it if you negotiate solutions between you and the fire district. If that were not done, there is potentially a negative impact on the fire district by about 4 to 12 percent of the revenue. It would take about 13 percent of the responsibility away from our population in Douglas County.

The other impact is in future revenues. We did not find anywhere that the revenues currently flowing through the standard collection revenue processes for Douglas County are hindered. It would change the nature of future revenues, especially related to redevelopment.

I believe the folks who govern a district are elected representatives or, in this case, elected trustees. They have the responsibility to look carefully before they make a decision, and these folks did. They decided to bring this question to you because they believe their residence, somewhere between 5,500 and 6,000 of them ought to be entitled to vote on this fairly serious question. Unless you give me specific questions, I think I should close by saying this. What we are about today is asking that very large question. Can we let these residents vote on the question? I would like you to find a way to approve this so we can take it through the other side of the Legislature and, if possible, give these residents a chance to vote in November.

One other thing: this set of paperwork with the yellow dots ([Exhibit D](#)) are new positions that would be created if the city came about. The last two pages are fire department and law enforcement, and the city doesn't add very many departments and positions above what is already there. The structure is already there to add a few positions in yellow and meet the requirements of the services for a city. Only the last two pages do not meet the requirements. Those are

large, if we had to create the fire department with their staff along with the police department and their staff.

[Jim Bentley, continued.] Short of that, I will say again that I have been working on this project for quite a while and, more recently, for many hours. The idea is not new. They thought about it all the way back in 2000. That was the first time they used the word "incorporation." So, with favorable action by this Committee, we would hope to take it over to the other side and see if we could get the option for these folks to vote.

Assemblyman Goicoechea:

I believe you have had some changes in your board since this resolution was signed. Is this still unanimous with the board?

Jim Bentley:

It is not still unanimous. It was a unanimous decision for this resolution in September of last year. With the new board, I believe the vote would be 3 to 2.

Assemblyman Grady:

What is your current tax rate for Indian Hills?

Jim Bentley:

We are at 75 cents per \$100 of assessed value. We are currently authorized at 80 1/2 cents. We have routinely left 7 or 8 cents on the table for the last two or three budgets. We are at 75 cents by choice and 80 1/2 cents if we went to where Taxation would allow.

Assemblyman Grady:

You mentioned police and fire in some of your conversations. Is it the intent of the Board to establish your own police department and your own fire department? Those are two of the requirements for incorporating. Are you looking at possibly contracting with either Douglas County Sheriff or the East Fork Fire District?

Jim Bentley:

I cannot answer your question directly. The study was based on an assumption that the new city council could not reach some sort of negotiated use of the East Fork Fire District. We would continue with the incorporation, knowing you have to have that service. So if that could not happen, we did the numbers knowing they would have to start from scratch and hire our own, build the buildings, the whole bit. We did the same thing on the basis of the city council and the local sheriff not coming to an agreement to make it work. The city

would then have to buy all its cruisers and staff up the police department. The worst-case cost scenario is what we were looking at.

[Jim Bentley, continued.] We also studied the transition from district status to city status. That is not an easy thing. You have to put away all the toys of the district and pass them along to the city, including some debts. We studied that, and you will find that in this study ([Exhibit F](#)). We did not just gloss over that issue. As part of that transition, anybody sitting in my chair—whether it's me or the next guy—ought to advise, if asked, that the new city council be very careful on whether you ought to build your own fire department. That is an expensive proposition.

So, the correspondence started and the question to both the sheriff and the fire chief was, "Can you give us a best guess estimate of what it might cost for you to provide fire and paramedic services in one case and police in the other?" We did not get any response from the sheriff's department yet. We received a response from the county manager, saying they do not do best guess estimates. We improved upon the details of the letter to the chief of police at his request. Our last correspondence from them was received in August of last year, and their response was they would get us numbers when they could. That dialogue is open. Those of us who have to actually process payments for things would not be recommending the city if it doesn't have to fire up its own public services. We did study the possible costs.

Chairman Parks:

I notice at the very top of the map ([Exhibit E](#)) at the very north end—where the county line is—it seems that your yellow-gold line makes a little dip rather than running along the Carson/Douglas border. Is there an explanation for that?

Jim Bentley:

Somewhere along the line that little dip was actually transferred from Douglas County to Carson City. It is my understanding it was a boundary adjustment at some point in history.

Chairman Parks:

You also have "Alternative Area A" and "Alternative Area B." Could you briefly comment on those?

Jim Bentley:

Those are populated areas. The purpose of calling them Alternate Study Areas was in case the core yellow line did not pencil out. That would tell us those other areas may or may not have to be incorporated. We ran the numbers as to what those areas would contribute to the city if that were required. Our

challenge was to see if the core area could stand alone. If it couldn't stand alone, then we would have to use the alternative areas, and we probably would have made a different decision than we have. Those are populated areas not in the district now and theoretically, at this point, not in a proposed city either.

Ron Kruse, Chairman, Nevada Veterans Services Commission, Nevada Office of Veterans Services:

I live in the Indian Hills, possibly the Sierra Hills community. Today I am here to ask that you support A.B. 394 and allow the community to vote in November of this year on whether or not to become a new city.

In closing, I would again ask that you support A.B. 394. Allow the citizens of my community to vote in November on this critical issue.

Chairman Parks:

Can you tell us in your mind how this elevated itself to go from a GID to a city?

Ron Kruse:

I have lived there for 13 years, and I find that there is only one other place I would like to live in this state, and it would be Boulder City because of their community involvement. As you know, from a veteran's point of view, I have a pretty well-rounded view and have been around the world looking at various governments. I felt when I got on the board back in 1993 that it went from a "mom and pop" operation to what it is today. It is a state-of-the-art community. It has a brand new water facility and wastewater plant, and they have the first \$1.6 million loan on arsenic removal from their water. It is one of the first—other than Fallon—in this area. This was all done without raising the taxes to the people.

In my experience, I have watched this thing grow, and it is either at a point of going away and becoming a part of the county or standing on its own as its own community. The GID system here needs to be and Chapter 318 of NRS has to be overhauled badly.

Nancy Howard, Assistant Director, Nevada League of Cities and Municipalities:

We are in support of A.B. 394. I wanted to take a minute to thank Assemblyman Hettrick for sponsoring this legislation. Should you agree with this, it will allow Indian Hills residents to vote on the issue. The Nevada League of Cities passed a resolution of support at our last annual conference in Boulder City last October.

I wanted to talk just a little bit about the two ways of incorporation of a city. The first one is by general law. The general law grants home rule under the

general laws of the State of Nevada. In either the 1989 or 1991 Session, the general law incorporation process was amended quite substantially. It added multiple steps and checks and has various approvals. The process now takes about two years to complete.

[Nancy Howard, continued.] The second avenue is before you today and is that of a Special Act. They bring their proposed charter to you for approval. When they brought their resolution to the Nevada League of Cities for support, we had a lot of questions too. They indicated to us that they had done a survey early on of their residents currently in the district. There was a favorable response to the survey.

What we are asking today is, if you feel this is feasible that you allow this to go to a vote of the people and let the residents decide. There will always be opposition to this issue of newly incorporated cities, both from other governing bodies within the county and from some of the residents. We do offer our support and respectfully request your support as well.

Jim Bentley:

I could probably summarize my testimony. Again, people who live and pay the taxes in an area cost nobody else any money. They might just want to take on some more responsibility and add their own courts and building departments. Nevada says there are two ways to take that on. This is one of them. With your permission, they would vote on that question. If you allow it and the November 8 election takes place, if those residents with a majority turn down and decide not to be a city, then this request would probably not come back to the Legislature from Douglas County again. If, however, we stop at this point by not letting them even vote, it would be sending a message across the state that we do not want to send.

I just urge that you find your way; answer, charge us, make us come to work sessions, whatever it takes to have this Assembly Committee do pass this so that those folks can vote in November.

Chairman Parks:

I do have one additional question, and I think you may have already touched on it. Looking back to the map, does the entire current Indian Hills GID exist currently within this boundary?

Jim Bentley:

Yes.

Chairman Parks:

I notice Mr. Art Bayer is also here in support of this bill. There are several individuals who had indicated an interest to speak in favor of A.B. 394, and we also have several people who have signed in to speak in opposition.

**James Baushke, Vice Chairman, Board of County Commissioners,
Douglas County, Nevada:**

The whole issue of cityhood in Douglas County right now is probably one in which you could argue, with 13 GIDs; that we are probably the GID capital of Nevada. If they all wanted to become cities, we would probably be in a fix where we couldn't accommodate them.

At this point in time, we have 46,000 taxpayers in Douglas County. Through the hard work of some individuals, we have managed over the past few years to be able to provide services countywide with an efficiency that is a lot higher than it used to be. It is probably 85 to 95 percent better than it used to be. To create another taxing entity in that county at this point in time is going to cause a lot of impacts. In view of the recently signed into law legislation that presents a tax cap to us, it now causes the counties across the state to have to increase their reliance on sales tax revenue. Sales tax revenue, as you know, is hard to get if you cannot develop businesses. So where we find ourselves is into redevelopment areas and other ways of bringing business into the area in order to increase the sales tax revenue. The other thing we find problems with is room tax revenue. That has flattened out and is decreasing in some areas. We are in a difficult position.

I think there is going to come a time—in five, ten, or perhaps fifteen years from now—where cities in Douglas County make sense and should be done to achieve economy of scale and other objectives. Today it doesn't make any sense to us to get to this point where we are trying to serve our citizens and then have another taxing entity evolve. I would like more to see this issue, like the previous group told you, go to the voters for approval. There hasn't been a survey, although they said they received favorable results. There has been no vote other than to say in the last election, two of the former board members were defeated based upon new candidates who opposed cityhood. That has been the only indication that we have had over the past few years that the citizens may or may not be in favor.

**Daniel Holler, County Manager, Office of the County Manager, Douglas County,
Nevada:**

You did get a handout of information ([Exhibit G](#)) summarizing our concerns with A.B. 394. The first two items on the handout deal with the status of it as it appears before the Indian Hills General Improvement District. Two of the

trustees are here and can speak to that issue, and we will have them present their views and comments related to the cityhood issue. The one item I did want to note was their most recent meeting on March 23, and the chairman actually provided direction that the Board of Trustees should remain neutral on the proposition of cityhood. The Chairman stated that the General Manager should not carry the message that the Board of Trustees collectively approve or disapprove of cityhood and that the General Manager should answer statements of fact. I trust that was the tenor of the testimony this morning from representatives of Indian Hills General Improvement District. I think that is important, because we have seen a shift on their board in terms of their desire to move forward with a cityhood issue.

[Daniel Holler, continued.] The resolution that was adopted referenced the voters of the district. The proposed map of the city impacts a number of people who are not members of the district. The boundaries on your map extend beyond the boundaries of the district. The opportunity to vote on this should be based on the best information available. Our perspective is that the information has not yet been presented. There is also a lot of discussion and dialogue on the financial viability of the city that needs to be discussed. Commissioner Baushke mentioned for that to be fully vetted, and if it moves towards cityhood, the provisions of NRS 266 provide a much greater level of success. It was mentioned earlier that the process is extensive, there are a lot more checks and balances, and it is a more citizen-driven process. It will allow for the full vetting of the financial picture that would be looked at in a new city. We are concerned about the process, but the charter does require a vote of the people. As long as that remains in the charter, that would happen. It is not a requirement under state law.

The other aspect of this is that the charter process impacts property owners in a different way than the NRS 266 process would. You have letters in the packet ([Exhibit G](#)) from property owners that are currently outside of the district that are expressing their desire not to be incorporated into the city. Those owners don't live in the district and would not be allowed to vote on this issue, yet their property would be forced into the district. The financial projections actually require that a lot of property outside of the district be annexed in; otherwise, the financial components do not work. The other one is that the largest property owner of vacant property—144 acres—has expressed their desire not to be included in the city. Under the provisions of NRS 266, they would have the opportunity to opt out of being in the city. It would be upon their consent to be annexed in. However, under the charter provision, this right is taken away. The charter puts them in whether they wish to be in or not. I think that is a great concern. Those folks that own that property, as well the committee members here, should not be forced into a city if they do not desire to be there.

[Daniel Holler, continued.] The other issue comes down to the financial viability of the city. I will not walk through a lot of the detail that we handed out. We did a report on this as a county and made several different findings and raised a number of concerns. That information was presented to the district in Indian Hills. Some of the concerns were addressed, but the majority of them were not. On the other side of that, we presumably had bias from the county, so we had Hobbs, Ong and Associates, Inc. review the financial report. The feasibility report that was prepared by the district, they found, had some substantial concerns. They walked through a number of areas and variables in the analysis that are currently unresolved. This was stated by Mr. Guy Hobbs:

Of particular concern is the anticipated reliance upon property tax revenues to fund the city's operations. In the projections, property tax revenues comprise approximately 44 percent of general fund revenues. This may prove to be a precarious position for the city if revenues do not materialize, and service reductions may be required as a result.

The primary concern is that financial projections rely on a \$60 million increase of assessed value from a shopping commercial center to be developed on the east side of Highway 395. We do not believe—on what we have seen developed in the county—that it can be built in the time frame of July 1, 2006. The assessed value is assumed to be there in year one and not phased in over time. Its value would be a substantial assumption that we do not believe is viable, looking at other properties that were developed over time. We are not sure if there is actually adequate land there to generate that level of assessed value.

In the Douglas County report, there is a summary of issues in your packet ([Exhibit G](#)). We have walked through a number of other areas of concern. One of those is that a large majority of this property is incorporated into Douglas County's redevelopment district. As you know, the redevelopment district freezes property tax to incremental growth and it goes to the redevelopment agency. The feasibility report makes the assumption that the redevelopment agency would go away; however, from the County's perspective, we think that is a false assumption. Impairing the debt of an agency would be a significant challenge of the city. Without that again, the financial component is very much in jeopardy, in terms of being financially viable.

Another issue—and somewhat of a concern—was the legal description proposed in the bill draft itself. We tried to map that out so we would have a feel for the services the county would have to provide, such as an election. We did come

up with a different map and, I am assuming, a potential error in the legal description in this bill draft. Our real concern is that all of a sudden, there is a different legal description in the bill than what is presented in the map. It would need to be corrected and made very clear prior to the bill moving forward.

[Daniel Holler, continued.] The very last issue is the impact it would cause to the rest of the county. I know there has been discussion related to that. We submitted a fiscal note. If you use the projections provided by the district, there is about \$1.2 million in their projections that would come out of the County's budget. Frankly, for us to reduce our budget by \$1.2 million would be a substantial reduction in service for the rest of Douglas County. We just went through two evenings of eight to nine hours of budget hearings. It is very difficult to balance the budget, given some of the other circumstances. To say there is not an impact on the rest of the county is, I think, an incorrect statement. As you go forward in the future, we would see additional impacts in the way sales tax is allocated, based on state formulas.

For those reasons and the information I have presented, we are against the passage of A.B. 394. If incorporation is to take place, we believe it should follow the process under NRS 266. That is more of a grass-root, citizen-driven process, versus more of a topped-out, imposed process. Both of them end with all the residents involved having more say and, ultimately, a vote in the decision-making process.

Assemblywoman Kirkpatrick:

I have a couple of questions regarding the redevelopment area. There is a significant amount of revenue difference between the two studies, and because I think redevelopment is the hub or the corridor of most counties or cities, it concerns me when there is that big of a difference. Where on this map is the actual redevelopment area? They do not have a planning department, so where would more growth come in? Also, what is the approximate size this city would be in square miles?

Daniel Holler:

I do not know the square mileage of it. It is not a very large area. The projected area right now is close to about 6,000 residents. I believe the projections would grow to about 9,000. The redevelopment area in the packet we handed out includes a map that shows in that north county area along Highway 395, about where Jacks Valley Road and Highway 395 intersect. The redevelopment area extends along the west side between Jacks Valley Road up to the Douglas County/Carson City line and a little bit south of Jacks Valley Road, where it picks up a Home Depot and Target shopping center. There are some smaller parcels in the interior of the district property that is currently not in the

Indian Hill General Improvement District. We refer to it as the Ridgeview area, or rather, a “doughnut hole” within the existing district. That small portion is in the redevelopment area. The commercial property on the east side of Highway 395, north and south of North Sunridge Drive, includes about 90 acres and is also in the redevelopment area. The portion north of Topsy Lane and east of Highway 395 is not within the agency. I can give you a colored map if that will help.

Assemblywoman Kirkpatrick:

In your redevelopment area, is it considered commercial or residential?

Daniel Holler:

In the north county portion, that is correct. The agency is actually non-contiguous. If you look at the area around the town of Genoa and the Little Mondeaux area, it picks up more residential area. It is a mix of both.

Assemblywoman Kirkpatrick:

Is this currently part of your master plan? Is it already planned for the future? Do you have some indication of what would be in this particular area?

Daniel Holler:

Yes, it is. Douglas County does have a master plan, and all this property is in the plan. The property east of Highway 395 was done through a specific planning process with the BLM [U.S. Bureau of Land Management]. The 144 acres that we referenced was recently purchased through an auction of BLM land. There is additional property that has not yet been sold and BLM still owns. It has been approved for disposal through a public auction process. That land has a projection for about 750 to 850 homes. It is mostly zoned residential, and there is also some public purpose property that has been secured by a couple of local churches and a school. A portion of the property would also go to the Washoe Tribe, for a total of about 30 acres. It is all master planned and already has that designation on it, and the feasibility study assumes the build out of that property as currently planned.

Assemblyman Grady:

I am going to ask the same question that our Chairman asked Mr. Bentley but in a little different way. I think the Chairman asked whether all of the GID was within the boundaries. Mr. Bentley answered yes. Now, can you tell me what portion is outside of the GID—which is now under Douglas County control—that will be incorporated in the city?

Daniel Holler:

It is the portion outside of the district boundary north of Jacks Valley Road and a parcel that is currently in the district boundary. Everything north of that first parcel would be currently outside the district. Everything north of the Sunridge area of intense development—which includes a number of homes and a golf course—is located outside the district. There is some BLM land and some private parcels in that location, and they are all outside of the district's current boundary. There are a couple of blocks of homes off of Jacks Valley Road to the west edge of the district that are currently outside of the district boundaries. It is a little hard to point to unless I had a large map, but the Ridgeview area is kind of a doughnut hole of property within the middle of the district, and it is currently outside of the district boundaries. There is a small amount of property just south of the key area of the district where there are some homes located, and that would be incorporated. Then there is a large chunk of U.S. Forest Service property that is a winter range reserve for mule deer, and it has been incorporated into the proposed city boundaries. I believe that is to tie together the sewer plant area and the Jacks Valley Elementary School area.

Assemblyman Grady:

Is it correct that all the commercial property, including the big stores, are currently in Douglas County, and they would be located within the city if this goes through?

Daniel Holler:

The one exception is the Home Depot and Target Center. It is currently in the district boundaries south of Jacks Valley Road. The rest of the existing commercial property has been developed in the last few years and is currently located entirely outside of the boundaries.

Assemblyman Goicoechea:

Maybe I am wrong, but I thought a GID had to be contiguous. I notice here you have this one piece that is outside and is sitting off by itself.

Daniel Holler:

I cannot speak to the history of how it was developed, but we do have two pieces of the district that are noncontiguous. I am not sure how that was originally structured. Unfortunately, history is before my time.

Assemblyman Goicoechea:

Maybe Legal could help us with this. Under Chapter 318 of NRS, I thought you had to be contiguous. I am concerned about that.

Assemblywoman Parnell:

I am looking at the map, and I am curious. What could the Alternate Areas A and B be used for?

Daniel Holler:

The alternate area and portion that is off of Jacks Valley Road that shows the roadway is a developed residential neighborhood. If you go all the way to Alpine View down Jacks Valley Road, there is another developed residential neighborhood. I would have to look at the map for the rest of those. Yes, those are currently residential neighborhoods.

Assemblywoman Parnell:

Where would the auto mall be located? I am looking at the map, and I do not know where that would be.

Daniel Holler:

Let me take one step back. The Alternate Area B is that portion south of the existing district that I referenced as currently not being in the district boundaries. There is some residential in there and some other vacant properties. The auto mall center was on the east side of Highway 395 between North Sunridge Drive and Topsy Lane. That is currently outside of the boundaries of the district. When the BLM sold that property, a consortium of car dealers—Carson Auto Mall, Inc.—purchased it. We had been working with them and another potential buyer of that property to develop a commercial center and not an auto mall. Frankly, the staff level in the county has not supported the location of an auto center of the size that was talked about at that site. I am not sure that is to the economic benefit of this region. If that is their ultimate choice to do an auto mall, they have the right to build it.

Ms. Parnell is very familiar with the issue between Carson City and Douglas County as it relates to the auto mall. That is not the intent and that is not the goal of the current plan to have an auto mall. It would be a commercial retail center.

Assemblywoman Parnell:

Just a follow up so I am clear about this. That land would stay in Douglas County or would that land become part of the Indian Hills incorporation?

Daniel Holler:

Under the incorporation, that property is included in the boundaries of the incorporation. Currently, it is outside the district. If the bill were to pass as proposed, it would go into the city boundaries.

Assemblywoman Pierce:

I do not know this area at all. I do not live up here. BIA [Bureau of Indian Affairs] and the yellow line is what Indian Hills wants to incorporate. Is that correct?

Daniel Holler:

The proposed boundary excludes the BIA piece, and that actually is tribal property. It is owned by the Washoe Tribe, versus the Bureau of Indian Affairs. We do provide and are required to provide fire and services to that property.

Assemblywoman Pierce:

Would that not be part of this plan?

Daniel Holler:

It would be outside of the city boundaries. Correct.

Assemblywoman Pierce:

I want to get back to the Alternate Areas of A and B. They are alternates to what? What does the title mean?

Daniel Holler:

It is my understanding, when the feasibility study was done, they looked at that core area of the district itself and the commercial property in north Douglas County. They then added in an Alternate A, which included that residential area off of Jacks Valley Road, to look at the feasibility of incorporating it or not incorporating it. I would assume they were looking at the impact in terms of service and tax benefit. They looked at the alternatives and the pros and cons with services in the other two, Alternate B and Alternate C, and also had that same discussion.

Assemblywoman Pierce:

If the vote went forward at this point, those areas would not be included in the plan and put in front of the voters?

Daniel Holler:

That is correct. Those would be left out and would be required to have services provided by Douglas County.

Assemblywoman Kirkpatrick:

Because I like to think long term, is it not correct that Alternate A and B could be annexed in at a later date to become part of that city?

Daniel Holler:

That is correct. You would go through the annexation process with the property owners.

Assemblyman Munford:

I am very unfamiliar with this area, because I am from the south. I only know the drive back and forth from Reno to Carson City. If I am driving from Carson City and going on Highway 395, do I pass through Indian Hills on my way to the airport in Reno?

Daniel Holler:

No. You need to go south. We would be glad to give you a tour of the area at any time.

Assemblywoman Pierce:

What is the point of including Forest Service land?

Daniel Holler:

My only assumption on that is it ties all the boundaries together between where the existing sewer treatment plant is located and where the Jacks Valley elementary school is located. They are currently serviced by the GID, but the proponents of the bill could address that more effectively. That would be my assumption.

Chairman Parks:

You indicated in your fiscal note that the impact to Douglas County would be \$1.2 million. I am trying to get a better handle on this. What would be the offsets, such as the services that Douglas would not provide and they wouldn't have to provide money for, versus the loss of additional revenue? What percentage of your entire budget is \$1.2 million?

Daniel Holler:

We have about a \$30 million general fund. The \$1.2 million includes \$550,000 in building permits. Basically, to offset that cost means we would eliminate our total building department, which isn't feasible. We would see from the building permit side very little or no reduction in county staff or services given the rest of the County's activities. It runs fairly tight as it is today. A lot of the other fees and charges relate to gaming, licensing, and those types of activities. Also, animal control fees, to where you would actually not have an offset in your staffing, because you are still doing it for the rest of the county. The same people do it for everyone. I guess you could have a little bit of staff time freed up to work on other issues.

[Daniel Holler, continued.] In terms of an overall reduction, we had looked at the equivalent of two personnel, which would be in the \$100,000 range in terms of potential savings.

Tod Carlini, District Fire Chief, East Fork Fire and Paramedic Districts, Minden, Nevada:

I am here to address one issue, and that would be fire protection and emergency medical services. Prior testimony did accurately identify that one of the most impacted agencies would be the fire protection district. It is a little more complicated, being that there are three special districts that provide services in the area of incorporation. One of them is a 318 paramedic district. Another is a 474 fire protection district, which is in East Fork. Then there is the 473 fire protection district, which is managed by the State of Nevada and the Division of Forestry. Here is our review of the feasibility report, specific to fire protection. [Read from [Exhibit H.](#)]

As a standalone program, the resources and funding proposed are not adequate to meet the current and future needs of the area. The proposed program cannot meet the current combined capacities of the East Fork Fire and Paramedic Districts. The cost to do so far exceeds the projected budget amounts.

Currently, the East Fork Fire and Paramedic Districts spend an estimated \$1.5 million, or 15 percent of its entire budget, on services in the area of proposed incorporation, with a future anticipated expenditure of \$2.5 million for a new fire station, a Type I fire engine, and additional staff. The operational costs, combined with the proposed station construction, apparatus purchase, and additional staffing, account for almost 23 percent of our proposed FY2005-2006 budget. Based upon the current operating costs, the funding provided in the feasibility study for fire and rescue services in the second year is deficient by an estimated \$650,000. If the districts were to add three additional personnel, as is the case in year two of the study, the funding would be deficient by more than \$900,000.

Service demands in this area have risen to account for approximately 14 percent of our total call volume, as represented by our response statistics for 2004.

The area of incorporation contributes an estimated \$575,000 in combined revenues to the districts. This includes the ad valorem, CTX [consolidated tax], ambulance user fees, plan review fees, and

fees shared under a contract with the State of Nevada and the Division of Forestry.

[Tod Carlini, continued.] The report completely neglects the issue of hazardous materials response and technical rescue. Those are currently provided by the East Fork Fire District.

The feasibility study does not consider the costs associated with 911 dispatch services. At the current time, all users of the Douglas County dispatch service provide an annual fee to support that, along with a special 911 tax. In the feasibility study, we could not find any funding for dispatch services.

The report fails to provide urban interface fire suppression. This is demonstrated by the feasibility studies' failure to include any type of urban interface apparatus or programs.

The report provides for only one ALS [advanced life support] ambulance, with no contingency for a second response.

The report makes a poor assumption that mutual aid would be provided by the East Fork Fire and Paramedic Districts. The study, due to its proposed fire service system, in my opinion, lacks the resources to provide mutual aid without a substantial drawdown of its limited resources. Given the proposed resource capacity of the districts, there would be no need to enter into a mutual aid agreement with the new city.

The study eliminates, by lack of inclusion, the volunteer fire department in the area. No funding is provided for volunteer support. The volunteer programs within the East Fork Fire and Paramedic Districts have been the backbone of our fire service delivery system for many years. The districts provide direct financial support to our volunteer fire departments.

The study fails to consider a more realistic cost of human resources, those costs associated with collective bargaining, and the resulting employee association contract.

The study also places firefighters at risk by failing to meet minimum OSHA [Occupational Safety and Health Administration] guidelines for staffing. While the study does provide for four personnel on duty per day in year two of the study, the study fails

to provide adequate staffing if one of the primary resources and staff are committed to other incidents.

[Tod Carlini, continued.] The study fails to address the necessary requirements of ISO [Insurance Services Office, Inc.], thus impacting area fire insurance rates. Under the current system of service delivery and based upon a recent ISO evaluation, the area being considered for incorporation could possibly receive a new ISO grading of Protection Class 3. The current grading is 5. This positive reduction in grading is a result of program, practices, and resources provided by the East Fork Fire and Paramedic District.

The Sierra Forest Fire Protection District, which is one of the agencies providing services, would be most impacted by incorporation. The Sierra Forest Fire Protection District will generate \$715,439 in estimated revenues in FY2005-2006. The majority of the incorporation area is within the boundaries of the Sierra Forest Fire Protection District. It is estimated that the district would lose an estimated \$150,000 in ad valorem revenue and another estimated \$200,000 in sales tax, inasmuch as most of the retail sales are within the area of proposed incorporation. The total loss could amount to as much as \$350,000. As a result, the State of Nevada would not be able to fund its seasonal wildland fire program in Douglas County, meet its complete contractual obligations in the area, or contribute to the state's fire program along the Sierra front. In order to maintain this service, the State of Nevada would have to provide direct supplemental funding to offset the loss of revenue. With or without city incorporation, the urban interface fire threat must be addressed and services provided to meet that threat. Under the current arrangement for services, this responsibility is being met. The proposed incorporation plan does not address this issue at all.

Overall, the study's proposed plan for fire and emergency services is inadequate, does not meet the current levels of service, makes response time promises which are unrealistic, and, in my opinion, would place the community and firefighters at risk.

Chairman Parks:

Were there ever discussions about incorporation and the use of the East Fork Fire District to provide service through a local agreement?

Tod Carlini:

There was nothing specific to that point. We did receive the requests, as pointed out in prior testimony, for the passage of this legislation. We took it to the point of getting ready to provide that information, and then the feasibility study was presented. It included the fire protection component, so we did not carry it any further since it was included in the study.

Chairman Parks:

How much of this proposed incorporation area is within the East Fork Fire District?

Tod Carlini:

Only a portion of it, and I would say everything east of Highway 395 is actually in the East Fork Fire Protection District. Everything west is in the Sierra Forest Fire Protection District. To complicate the issue, the Paramedic District encompasses all of it.

Laura Lau, Secretary/Treasurer, Board of Trustees, Indian Hills General Improvement District, Douglas County, Nevada:

I am speaking today as a resident of Indian Hills. I have lived in Indian Hills for 16 years. I am a newly elected board member for the Indian Hills General Improvement District (IHGID). I do oppose A.B. 394 for many reasons, and I will just discuss a few of them today. [Read from [Exhibit I.](#)]

I ran for IHGID Board of Trustee position after I learned of the intent of the previous board to incorporate Indian Hills. The more I talked with other residents and researched the feasibility study, the less I liked the idea. In fact, I didn't find one person who was in favor of cityhood while walking door-to-door during my campaigning. Anti-cityhood was my main platform while running for IHGID Board of Trustees, and incorporation was the main topic of conversation of the people I talked with. As soon as residents heard I was against incorporation, many stated that I had their vote.

This bill, as submitted to you, has never been discussed or approved by the current Indian Hills General Improvement District Board of Trustees. All discussions and action took place prior to my taking office. It seems to me that the voters spoke loud and clear against the proposed incorporation when the two most vocally pro-cityhood trustees were voted out of office, and the two board members that were voted in are against the proposed incorporation. Now, we have a board that is divided on the issue of

incorporation and if this was put to a vote of the residents today, it would not pass.

[Laura Lau, continued.] As for the proposed redevelopment district area east of Highway 395, the judge's decision was in favor of Douglas County, so how will incorporation work now? Even some proponents of this bill have been heard saying that without that area, the incorporation of Indian Hills will not work. Therefore, there is no reason to go further with this bill. What's the use?

Now, I could go item by item pointing out the flaws in this bill, but I think the facts speak for themselves. I will say that the wages in the feasibility study are too low for this area. The staffing levels for the different departments are unrealistically low. When the previous board was asked to get an independent analysis of the feasibility study, the firm that was hired only reviewed parts of the study. When asked why, the firm's representative stated that it was due to cost. They reviewed only what the IHGID paid for. I ask you how accurate can an analysis be if you only analyze a portion of the study.

I urge you to vote against A.B. 394 as it is written. The majority of the Indian Hills residents do not want to incorporate at this time. Another layer of government is not required to improve the Indian Hills area or to get better service by Douglas County. What is needed instead is better communication with the Douglas County Commissioners and county manager. The current board members have already been working towards that. It starts with one small step and doesn't cost nearly as much as what this proposed incorporation has cost the citizens of Indian Hills so far.

Assemblywoman Kirkpatrick:

Only because I am trying to understand the way the government works in the north, how does your position work with the County Commissioners?

Laura Lau:

Indian Hills General Improvement District is within the Douglas County boundaries. There are some instances where we are going to need to work with Douglas County. Previously, there has been some poor communication between the county and Indian Hills. There has been some tension.

Assemblywoman Kirkpatrick:

You are an elected official for a certain area. Is that how it works? I am trying to figure out what your position is and how it coordinates with the rest of the County.

Laura Lau:

Indian Hills General Improvement District has a certain boundary area. We are responsible for water, sewer, parks, street maintenance, and those kinds of things within that area.

Brian Nelson, Trustee, Indian Hills General Improvement District, Douglas County, Nevada:

I have been involved in this for about a year now. Before I came here, I was told not to get emotional. I must ask you: what else would be more emotional than defending your home?

I got involved after a questionnaire was mailed to my house. I felt it unfairly pointed out that they would save the residents of my area a great deal of money by incorporating into a city. I felt it probably was not true, and after speaking with some of the residents in my neighborhood, I decided to run for the board. I ran openly on an anti-cityhood format. In fact, the primary conversations at people's doors as I walked in my neighborhood were in regard to the cityhood issue. Like Mrs. Lau, many times I heard one thing: "Are you against the city?" When I would respond with "yes," they told me I had their vote.

I am here today as a resident and a concerned citizen. I ask one thing of all of you here. We all have great trust in government to do the right thing, and I ask you to use your discernment to look at the numbers. Remember: a small handful of people are the drivers for this cause. I ask for you to represent the truth. Remember that the current board is deeply divided on this issue. Board members who are voted off have not been approved by the current board to represent this district.

Additionally, I would like to point out that the fiscal responsibility does not appear to me to be the primary concern of the proponents of this endeavor. The original amount authorized—roughly \$20,000—was increased to about \$25,000 so they could have an independent board look over their study. That board took a very limited look at the study. They used the analogy of looking from way back instead of looking with a magnified glass up close. Part of the reason is that \$20,000 has been greatly exceeded in this study. The legal fees alone go way over that and it doesn't include other costs not yet added. Remember that prior board's actions have already resulted in the highest tax rate of all the GIDs

in our county. The idea of saving taxpayer money does not seem to be high on the priorities of the proponents of this endeavor.

[Brian Nelson, continued.] If you look at the voting record, you will see that of the 5,500 to 6,000 residents, roughly 2,200 to 2,400 people vote. That means that if roughly 1,100 to 1,200 people were convinced that this would be the right thing, they would actually make a drastic change for the remainder of the residents in the area who might not be well informed. In addition, I believe that the county pointed out the fact that there are many people that would be included in their study area that would have no right to vote. As we have been told in prior testimony, it would greatly impact their safety.

In closing, I ask you again not to just take the word of the proponents of the bill. Look at the numbers. They are clearly not sufficient to support this idea. Let the current boards manage our district as it was intended. If our community should grow to where it might be feasible, then let the citizens, and not the Board of Trustees, push the issue forward.

As you know, the prior board could have chosen to seek this action through petition but chose not to. In my opinion, they knew they could never get the support they needed, and so they decided to go around us.

Ronald Lynch, Private Citizen, Indian Hills, Douglas County, Nevada:

I am opposed to this bill. I put a packet together with a Table of Contents on the front ([Exhibit J](#)), and I am not going to read verbatim. I am just going to go through the documents that I have included in the packet to substantiate what I am going to be telling you.

In my opinion, the survey was not an acceptable assessment tool that was given to us. On page 1 ([Exhibit J](#)) is the letter that Jim Bentley sent to the people of Indian Hills. It's called, "Let's Talk Further about the Proposition of Cityhood – Some What Ifs?" On page 2 is the actual survey that was sent to us. The survey is divided into two parts. Basically, A's questions and B's questions are the same, except on Part B, they are tweaked a little bit. I felt that was not a good survey, so at the time, I asked Mr. Bentley to give me the results of that survey. On page 3 and 4 are what I asked Mr. Bentley to provide me. If you go to page 5, you will see the material I received from Jim Bentley regarding my questions about the survey. Looking down to number 4, I wanted to know how many of these surveys were sent out. His figure was 1,703 surveys sent out. Then I asked him how many were returned. If you look down on the figures, you will see that he said 83 of them were returned. I divided 83 by 1,703, and I came back with a 4.9 percent return on these surveys. The other thing that bothers me about the survey and the letter is that

nowhere on either one of those documents did it say that this was going to be used to pursue cityhood. It was just asking us what we thought. My last question, number 8 was, "How much money was spent doing this research?" He said that, from September 3 through October 4, on legal research, engineering and data, and materials and supplies for this project, it totaled \$29,427.

[Ronald Lynch, continued.] On page 7 is an actual report from the Meridian Business Advisors. In prior testimony, you were told that the survey did not cover certain things. This pointed out what the survey did not cover. The review did not cover consolidated tax analysis, impact on other jurisdictions, and in-depth review of calculations and formulas. That one I am a little concerned about, because if the forms and calculations were off, it could change things dramatically. It also listed a comparability of salaries and benefits to competitive jurisdictions, which we have already touched base on, and then a comparability of staffing levels. All of these are not covered.

On page 8, is another Meridian report, and I underlined one of the comments made. It said, "The staffing level appears to be bare bones in keeping with the management financial goal of doing more with less." Now remember at the meeting, the Indian Hills Board expected the fire chief to be out in the field putting out fires and expected the police chief to be on patrol. My concern with that is that their jobs are supervisory. They should be providing safety for their employees and provide them with the materials they need. I do not feel they should be out in the field. Another interesting thing on this page is if you go down to the redevelopment district debt. It says, "It is assumed that the new city will be responsible for retiring the existing debt of the redevelopment district, estimated at \$4.2 million." Does that mean that we, as the taxpayers of Indian Hills, would have to absorb the expense?

Page 9 is an interesting one, because I took it right out of the paper. It came out of the *Record-Courier*, which is a newspaper in Douglas County. It is interesting to see everything we will need. I will not go through everything, but right at the top we are going to need a mayor, four council members, a city clerk/treasurer, general manager, accounting clerk, municipal judge, and a court clerk. Along with those, we will need a contracted public defender, a public works director, fleet mechanic, maintenance technician, professional engineering, chief of police, fire deputies, and a lieutenant. Lastly, we will need a deputy for clerical support. I counted roughly 44 new positions that we are going to have to be paying for. I don't really see where we should be creating another layer of government when these services are already provided for us.

[Ronald Lynch, continued.] On pages 10 and 11, I am giving you documentation on both candidates' campaigns that showed they were against incorporation. Brian had questions about the cityhood, and Laura basically came right out and said in her brochure that she was against cityhood.

In conclusion, it is my feeling that this is another layer of government we really do not need. If IHGID does become a city and it goes bankrupt, the taxpayers at the IHGID are also taxpayers of Douglas County in the state of Nevada and, therefore, will have to bail the district out.

Patrick Sanderson, Private Citizen, Indian Hills, Douglas County, Nevada:

I am one of 56 parcels out there that started Indian Hills. We put in the water and the original subdivision, but now we are not allowed to vote. When the General Improvement District came in, they put their boundaries right around our parcels. At that time they asked us if we wanted to become a part of the GID, but we decided to remain a part of Douglas County.

Now every time there is a mailer or questionnaire that goes out—I have been there since 1984—we also receive the mailers, and every time there is something very important that comes up, we go to the meetings. We are always told we cannot vote on anything. I was not sure when I signed in today if I should put down neutral or against. The one thing I am against is not being able to vote if you allow this to go to a vote of the people. If this allowed, I would respectfully request everyone in this district be allowed to put a yes or no on the ballot, not just the people that are inside that GID. We are going to be included in this city. We were there before the city and before the GID, but we have never been allowed to vote.

So, when you take a look at this please think and say, "Shouldn't everyone be allowed to vote?" The one thing I am happy about is, until Douglas County decided they might potentially lose this revenue, no one knew we even existed. When this first came out, we went to the prior Douglas County Commission and were told that we were not part of the GID and we were not part of them. We would show them the original maps and locations and asked for backing, but we were always told that they did not know we were here. Only because the new County Commission was forced into it do they realize we are here. I hope Mr. Holler remembers we are here in case it does get voted down, because maybe we will be taken care of a little better in the future.

I am not going to tell you how I would vote. I will reserve that until the time I get to vote. No matter what happens, I want a chance to vote. If I am going to be taken in, or if they were already a city and it was annexed in, I would not have a choice. Before they become a city, I am a taxpayer in Douglas County,

and I would like to have the respect and the right to be able to vote for the future of my home.

Terry Faff, Private Citizen, Douglas County, Nevada:

I have no maps, handouts, or websites. I just have some common sense I would like to share with you. My view is that if Indian Hills/Sierra Hills wants to become a city, and the people of that current area want to vote on cityhood, then I am wholeheartedly in favor. However, what I am not in favor of is annexation.

I am not going to tiptoe around these issues. This is basically about money and tax dollars. Indian Hills wants to take 144 acres on the east side of Highway 395, because that has already been designated as a major retail development center. There has been hard money placed on the table and done monthly to secure this property for a major retail center. As it was stated, the potential for that center is \$60 million in tax revenue. I submit to you that \$60 million in tax revenue may make a major difference in what kind of city Sierra Hills will become. I do not feel that they should be allowed to annex that property away from Douglas County. The county worked for years and years and battled to get that property sold from the BLM to help all the citizens of Douglas County.

I think this is the crux of this issue. Chairman Parks even stated that there are other areas, Alternates A and B, and potentially they could be folded into the city. Again, I feel this is a dollars and cents issue. If they need the tax dollars, they might fold those areas into this potential city.

One of things I do have some problem with is that Mr. Bentley did state that if there was any negative impact on those communities surrounding this, then this would be withdrawn. I submit to you that a \$60 million tax base going from a county to a city would be a rather severe negative impact. I don't know if you could find a way to separate out the annexation of this property from the cityhood. To me, the ideal solution would be to allow the people to vote on the city, but do not allow this taking of property for their benefit. I just can't see how that is going to be of benefit to Douglas County. Mr. Holler said that we have this \$1.2 million immediate expense in order to make Sierra Hills a city.

To me, the long range implication of this taking of this land is the bigger issue. This is the issue we need to somehow prevent. I feel this is very detrimental to Douglas County, especially now, because of our recent property tax initiative. We have limited our funds in the county to the extent of about \$1.6 million less than we were expecting. The negative impact of these dollars is preventable. If

Indian Hills wants to become a city under their existing boundaries, then I am wholeheartedly in favor of it.

Jim Bentley:

I told you earlier that the board members and I knew once we announced or mentioned a feasibility study, we predicted the large flow of negative comments from everybody with a vested interest in leaving the power structure the way it is—from employees of the county and all the subdivisions. Folks testifying today who have been against A.B. 394 have done precisely what we figured. They are from the county and from the status quo. What we ask here is that you not, as a legislative Body, referee an argument between groups of people in Douglas County. We wouldn't ask you to referee a vote. You have heard comments about how it would be nice if this issue could be proved arithmetically to you and also let the vote happen across the entire county.

I would suggest that we go a little further and let that vote happen across the entire region. If Carson City and Lyon County had a vote on what happens in Indian Hills, we would set all kinds of precedents. I am being facetious because the *Nevada Constitution* says when a group wants to draw some boundaries; the group inside the boundary gets to do the voting. These are the people who have been in business 32 years now—a GID on the north end with elected boards that have rotated. They have faltered and grown and faltered and grown and have finished 32 years of being the governing body of that district. They did not casually open this question and risk all the arrows from the status quo.

They challenged us on the accuracy of our study. One excellent way to find out whether or not those people who are residents want this annexation is to give them a chance to decide.

Chairman Parks:

You indicated you had been working on this for a number of years. Had you previously considered putting an advisory question on the ballot in the general election of 2004? Have you ever considered doing that before this would have come before us? At least some kind of an advisory question would have given an indication of the level of support.

Jim Bentley:

I do know the study was actually presented to the board in August. I do recall some question about possibly getting it on the ballot in time to be able to ask the question. I think I recall being told I could not put it on a ballot in September because of printing deadlines for the November ballot. We thought about it, and we did not do it in time.

Chairman Parks:

It would have made our job a little easier. I will close the hearing now on A.B. 394 and open the hearing on A.B. 328.

Assembly Bill 328: Revises provisions concerning salaries of state officers and employees. (BDR 23-895)

Assemblyman Bob McCleary, Assembly District No. 11, Clark County:

This is my second term. Last term, we had a collective bargaining bill for State employees, and I was able to listen to a lot of the complaints our employees have with our state government. I never heard the word "disparity" before. Coming from a working background, this was not a word we commonly used in any of the businesses I worked in. When I found out what that was, I was appalled. For those of you who do not know the definition, it is the difference between what other people are making in similar fields of work. This body has continuously rejected many pleas in many legislative sessions for the employees to be able to collectively bargain. Since this body seems to be unwilling to accept collective bargaining, I have brought a different alternative to you.

Presently, as is my understanding of the Department of Personnel, there is an annual report of public salaries and our State employees compared with what other public employees are making in county and municipal governments. Currently, the disparity rate is 22 percent. That means that people on the average in other counties and municipalities are making 22 percent more for the same positions of our state government. It was not always like that. Twenty years ago, the State of Nevada was a great place to work and was the top of the line. I think what has happened is we have come to a point in this Legislature where we balance the budget on the backs of our State employees. If we had money, we would give them a raise. If not, we give them zero. It's not uncommon for us to give them zero and a two percent or two and two percent raise. Even if you are giving them two and two, the 3 1/2 and 5 percent inflation is going to eat that up. They have been going backwards in purchasing power for quite some time.

Another issue that is very frustrating to me is that our employees realize they can make more money in other governments and they are leaving us. Some of our best and brightest talents are going to the counties and the cities where they can make so much more money. It just irritates me.

The plan that I am bringing before you is a long-term plan. There is no way we can financially fix this overnight. It is not going to happen. The problem took a

long time to get to us. This has been a long time coming and is not something that has crept up on us. Due to the past, it will take a long-term plan to fix.

[Assemblyman McCleary, continued.] My proposal is simple. At every session we are to give them whatever we can for a raise. If the annual report provided by the Department of Personnel has a disparity rate of more than 10 percent, then I want an automatic 2 percent adjustment for the employees. This will help bring them back up, and over a period of about 15 years, we will bring our employees closer to what everyone else is making.

I also want to point out that employees in other fields are like fair market value for their services. If you are a doctor, a lawyer, a carpenter, or whatever your profession, you are going to charge the going rate. It is the same way when we are talking about employee salaries. We want to keep the brightest and best working for the State of Nevada. I know that LCB [Legislative Counsel Bureau] has that. I am impressed with the talent and help here, but if we are going to keep that talent, we need to be able to pay them comparably to what other government agencies are paying.

In Section 1, subsection 2, there is a provision, and considering the shape we were in last session, there is no way we could have done this. If the money is not available and there are insufficient funds, then we would be able to bypass them. If the funding and money is there, then we will give them an additional two percent raise. This would be on the years that the disparity is over 10 percent. That is the concept.

Assemblyman Goicoechea:

I did vote for the collective bargaining last session. I believe in it for State employees; but I am concerned about the fact that you took the lower end and left the cities' and counties' percentages out of it. You did not incorporate those numbers. I think truly the larger municipalities will provide more positions and balance it out.

I am a little concerned, because to me you are starting to take the high end. We do have some people in rural Nevada that probably do not make nearly as much as they should. They have State employees they are working alongside. I would ask you to amend this and compare the salaries of employees from cities and counties.

Assemblyman McCleary:

My understanding was that is presently how the survey is conducted. I personally do not have any problem in amending the language to include "all municipalities and local governments."

Chairman Parks:

In line 3 on page 1 of your bill, you talk about officers and employees. I am presuming this would be the classified employees versus all employees. You are also talking about the executive and legislative branches. You are not referring to us legislators, are you?

Assemblyman McCleary:

No, I am not, and I was just thinking of the classified workers.

Chairman Parks:

The second is more of a comment. I have been here at the Legislature one or two sessions longer than you. Regrettably, I have seen the salary disparity between local governments and the State employees grow considerably worse. I sense there is a fear of the disparity continuing to grow even further apart. Does your bill address the mechanism to at least stop the disparity? I know you are offering a percent increase, but as long as local governments end up awarding 4 and 5 percent increases, a 2 percent at the state level is certainly not going to even make a dent in reducing the disparity. Is there any comment you might have on that?

Assemblyman McCleary:

I certainly do not have all the answers on this. I obviously identified the problem, and I think most of us can agree there is a disparity issue here. This was my answer, if the Legislature was not willing to allow the employees to come together in a collective bargaining unit.

My feelings are we have to be able to compete with other government entities to keep our best and brightest talents. If I was a young man coming out of college right now and I wanted to be in government, I honestly would not go to the state government for employment. There are so many better opportunities in Clark County or Washoe County or Las Vegas, or Henderson and I think we deserve the best. A lot of our talent will stay with us five years and get vested and it looks nice on a resume and then they go to another city and get a nice big raise and move on.

Mr. Chairman, I do not have the answer to your question. I would certainly welcome your wisdom and the wisdom of this committee to find a better solution if this doesn't look like the answer to you.

Scott McKenzie, Executive Director, State of Nevada Employees Association, AFSCME Local 4041:

I would like to thank Assemblyman McCleary for bringing this bill forward in an attempt to try to deal with an ongoing disparity. Unfortunately, the trend is

continuing. We have passed out a packet ([Exhibit K](#)) that contains various data and charts. The cover is basically an outlook of the trend that has happened over the last 7 years, and on page 3, it shows you the raise and inflation rates over the last 35 years. There are some corresponding charts and a few articles about recent raises of the administration, and also an article on a bill brought into the Legislature a couple of days ago. There is also some discussion on turnover rates.

[Scott McKenzie, continued.] I want to start by saying that I think what is really disturbing is that the trend over the last 7 years seems to be worsening. The gap is getting wider and wider. Over the past 7 years, the cities and counties in the survey amassed 22.53 percent wage increases, while the state workers received 15 percent over the last 7 years. If you take a look at the Consumer Price Index, which is 17.10 over the last 7 years, the average difference is 7.53 percent. Real wages for cities and counties is a gain of 5.43 percent over the last 7 years, while state workers have declined by .1 percent. We are not even keeping up with inflation. If I remember correctly, some of the arguments made a couple of days ago when the administration was talking about raises concerned inflation but again the workers are not keeping up.

The raises that are given out to state classified employees are quite often tied to teachers' salaries and non-classified employees. If you look at the fiscal note, which involves so many people statewide, it is a huge amount of money even to get a 1 percent raise. We are certainly in favor of education receiving funding. However, when the disparity continues, there should be a way to address state classified employees separately, because this is where the turnover rates are starting to increase.

If you look at your charts, you will see there is a direct correspondence between the years where there were raises given and the corresponding turnover rates and the years where very low raises were given. If no raises were given then their turnover rate increased. It is a problem for the state, and not just in the fact that their employees don't make the same amount of money as other employees in similar job applications.

The gap widens, and now I am told the gap is now up to 26.75 percent. When I came into the room I thought it was lower than that, but apparently it is that high. As the gap widens the turnover rate begins to increase. If you look at the cost of training and you look at the cost of health insurance for State workers, you have to ask yourself, "Why is the cost of health insurance so much higher for State workers than it is for everyone else in the world?" I say that partly in jest, but it is actually quite true. The younger workforce appears to be migrating towards the cities and counties that have the higher salaries and benefits in

collective bargaining. Consequently, the median age of the State worker is higher than the cities and counties. As a result, the money we think we are saving in salaries we are spending in health insurance. So there is no easy solution to this. Mr. McCleary's bill is at least trying to bring the issue up every session. There are safety valves built into this bill, so if there is no money they would not pay the 2 percent increase. There is still a way out and it is not compulsory.

[Scott McKenzie, continued.] If the bill takes effect every year, it would still take a number of years to get caught up. This is not a dramatic step to try to create parity between the state workers and the cities and counties in the survey. This will take many years. This is not something that is a drastic move to bring state workers up to parity with cities and counties but it does keep it on the table. There are mechanisms if there is no money in the fund. For example, if this bill was here two years ago when there was discussion about taxes and huge budget deficits, the 2 percent raise would not have been possible.

At the same time, A.B. 328 will continue to address the question of State workers being so far behind and the continuing trend we are experiencing. After discussion with Jeanne Green, 41 percent of State workers currently employed in classified service are going to retire over the next 10 years. They will be gone. So the institutional knowledge of the people that run this state and do the daily work is about to disappear. The State seriously needs to address this issue and figure out if collective bargaining is the evil that we all have to hide our head from. There needs to be some sort of a mechanism to address the problems. People in the state of Nevada deserve to have people who are in these jobs and who know what they are doing. We need people who have experience in what they are doing and what is happening is they are leaving. The people who have chosen to stay behind are retiring. What will you do? This needs to be addressed.

I think the Governor's proposal is a two and two percent increase for State workers' raises in the budget this session. It is clear the trend is going in the wrong direction.

Assemblyman Grady:

Do you do a like survey for the private sector or just city and county versus the State?

Scott McKenzie:

The data that I have comes from the Department of Personnel, and my understanding is they also do private sector when they do their surveys.

[Scott McKenzie, continued.] I would like to add something else. I have been in private sector collective bargaining for most of my career. Only in the last couple of years have I been involved with the public sector. At the bargaining table, the management always brings up the fact that there is the market that we have to deal with. Their concern is being competitive within their market. When the union comes and asks for raises and benefits beyond what the market is bearing, they take offense to it. However, when they see that they need to be competitive, they are far more open to keeping their companies competitive. What I see here is that the State has lost its competitive edge. The question is whether the State is now a training ground for the cities and counties. Is that what our intention is? There is a price tag that comes with that and it is the training.

The State could possibly lose 41 percent of their workforce over the next decade because there is no change to attract the younger worker. Younger workers will relocate when they come out of the universities, because they do an assessment of what is in the market and they move according to what is in their best interest. The older workers, the second career person who is more interested in geographical location, have migrated to work for the State. There is a cost for that, and the cost is in training and health care.

So I submit to you that I do not think we are saving any money at all doing this. I think we are just robbing Peter to pay Paul.

Assemblywoman Pierce:

This is probably really obvious, but regarding turnover, what does "avoid" mean?

Bob Romer, Employee Representative, State of Nevada Employees Association, (AFSCME) Local 4041:

Let me start with unavoidable turnover. If you die, that is unavoidable. If you retire, that is unavoidable. Avoidable is when I quit and go to work for Carson City because I can make a lot more money.

Assemblyman Christensen:

You had mentioned that within the next ten years, there will be about a 41 percent turnover. I am just looking for a short answer. I do not know what is alarming or what is normal, and so 41 percent seemed like an alarming number. What would be standard for a turnover within the next ten years?

Scott McKenzie:

That is a good question. I would say 50 percent over a decade is a lot, so I would say more of a 20 to 25 percent would be the norm.

**Gary Wolff, Business Agent, International Brotherhood of Teamsters Local 14,
Las Vegas, Nevada:**

The picture is grim indeed. I wish to thank Mr. McCleary for putting out, fiscally, a parity factor bill. I will also leave with the secretary ([Exhibit L](#)) something that will give you a shock that you can't believe. This is a solid comparison for trooper officers compared to other cities in the state. This also relates to parole and probation officers, Nevada Division of Investigation officers, and others of those in public safety.

What we have going on is a crisis. I will speak on the issue with the law enforcement and let the rest of the State employees fall in place. Twenty-six percent is an accurate number, because I have no reason to doubt Jeanne Greene on these things. When you look at the law enforcement, it is absolutely much higher than that percentage.

There was a recent article in the newspaper where Washoe County Sheriff's and that is just a deputy sheriff makes more than our sergeants do, even topped out, in the State.

The other thing outside of salaries, is the enormous benefits that these other counties and cities receive. In Washoe County, the longevity pay for a topped-out veteran officer is \$5,111 a year. I do not know what it is for the State, but I think it is somewhere around \$1,600 a year. It amounts to what goes in your pocket, and that is something that has to be addressed. I have been beating this drum around here since 1977. I came to this state's employment in 1972 from the California Highway Patrol, and I enlisted into the Nevada Highway Patrol. In 1972, the Nevada Highway Patrol was the highest-paid organization in the State of Nevada. Today, we are the lowest. I do not even think we make what Elko County makes. If that is the truth, they have terrible collective bargaining up there, because every county and city in this state has a right to collective bargaining.

For some reason, this Legislature has seen fit to relate back to where people ride in the back of buses and drink from different drinking fountains when it comes to the State employee. I thought the Fourteenth Amendment of the Constitution solved that problem, but apparently here the State employees will dwell in the darkness for years to come on collective bargaining issues. Yet, we give it to everyone else in the state.

It is a sad state of affairs. One thing that Scott said is very true. He said that 41 percent of your people are going to leave in 10 years. It is even worse than that, because what you are going to lose are your journey-level employees. I do not care what profession you have in this world; you rely on the older folks to

teach the younger ones. We are losing our three to four-year officers to the higher-paying agencies. So where are your journey-level employees to teach those people if you are a schoolteacher or whatever you are? My daughter just started teaching school three years ago over at Fritsch Elementary School and when she first started, she had another teacher in there with her, but everyone has that. You go through an apprenticeship. We are going to lose all these people and it is just going to be a rotating system.

[Gary Wolff, continued.] The other thing that I fear if you do not address these salary issues is you are going to end up losing a lot of the State people into county services. I do not know what is going to happen to the State services. It is a huge issue, and I do not think 2 percent is enough.

The Governor has recommended for certain law enforcement officers the two and two plus a step and a step to bring them up. If you are not included in the five and five, you are going to lose the two and two. Also, in law enforcement, if you are in the police and fire retirement system—because the fund is low—they are going to take 1.75 of the 2 percent and put it into the police and fire fund. Those police officers out there that are not included in the five and five are not even going to get a pay raise. The other State employees will at least get two and two, and a select few other employees—like nurses and troopers—will get the five and five.

So I— like Scott— say, please do what you can, and we appreciate it. I think if it is two and two, based on this it will take about 30 years to catch up.

Assemblyman Goicoechea:

I did support collective bargaining. We suffer the same problem in the rural counties. We will have our law enforcement officers leave the county and go to the Highway Patrol. It is because we tend to be a little lower in the rural areas.

Chairman Parks:

I would like to ask you to just describe a little bit about the comp and class work that you do on an annual basis. For the benefit of my colleagues, could you first give us an explanation of a “classification and compensation study” and then tell us a little about how you do it and what, if any, the findings are?

Jeanne Green, Director, Department of Personnel, State of Nevada:

We have a classification system for approximately 14,000 of our State employees. Each individual position is allocated to a certain class title that has a broad description. There is a grade salary attached to each grade structure, and each grade contains 9 steps. An employee coming into the system starts at a step 1 and every year, if they have a successful performance, they move up

within the step range to a step 9. If an employee's duties change throughout the year, they submit documentation to our department describing the type of change. We go out and do a desk audit with the employee. If we see that their duties are no longer described by their current title we reallocate the position to the new title.

[Jeanne Green, continued.] In addition, we do a biannual salary survey, which is required by statute. We survey both the public and the private sector within the state of Nevada. We also survey the ten western states. That data is compiled and presented to the Legislature when they convene.

Lucille Lusk, Chairman, Nevada Concerned Citizens, Las Vegas, Nevada:

We do have opposition to A.B. 328. Our opposition is not to the pay increases, but to the automatic nature and the government comparison without regard to the private sector. Our greatest concern is with the mechanism identified in this bill to accomplish these things.

If you will turn with me to page 2, you will see that on lines 3 through 7, if insufficient money is available in the State General Fund to pay for any portion of an increase required, money from the fund to stabilize the operation of the state government must be appropriated for that purpose. This means that even if the General Fund were entirely exhausted, these automatic increases would occur anyway. What it does is to wipe out the original purpose of the emergency or unexpected economic downturn, the purpose of the "Rainy Day Fund."

I am sure that you all know that the original purpose of the Rainy Day Fund, described at the end of the bill on page 3, was only if the total actual revenue of the state falls short by 5 percent of the anticipated revenue or if the Legislature and the Governor declared that a fiscal emergency exists. It is this mechanism that we have great concern with, and we have seen a trend in several bills this session to go into the contingency fund or the stabilization fund and to make it an extension of the General Fund.

We are asking you as a Committee to watch for that trend and to avoid using that mechanism so that those funds can remain whole for their original intention and purpose.

Christina Dugan, Director of Government Affairs, Las Vegas Chamber of Commerce, Las Vegas, Nevada:

The Chamber of Commerce is in opposition to this bill as well. We certainly understand the frustrations of the State of Nevada with respect to the issues of turnover or training and retention. The private sector suffers from these

problems as well. We find that many of the employees that we spend time training and helping to develop important job skills are often also wooed away by the cities and counties because of the disparity in pay and salary.

[Christina Dugan, continued.] I want to offer a few statistics on that issue. The U.S. Bureau of Labor Statistics shows us that government employees earn typically \$21.54 per hour on a national level, while private sector employees earn about \$16.40 per hour. We too are suffering from the problems the state is having.

Additionally, the *Review-Journal* published an article a little while back talking about the growth and personal income as it relates to private sector and public sector employees, with respect to local governments. They noted that throughout the 1990s, personal income rose 45 percent, while the Las Vegas city employees found an increase of 76 percent. We certainly understand the problem the State is facing. Our concern is that we should not increase State employees salaries to match local government salaries, but rather we find ways to bring local government salaries in line with both the private sector and the state government.

We also believe and would like to echo some of the concerns that Lucille had with respect to the use of the Rainy Day Fund to increase the salaries going forward. It is certainly our belief that the stabilization fund is meant for emergency situations and should not be used for ongoing expenditures, in the event we have significant problems.

I want to draw attention to the fact that the Retirement System is also based on salary increases. Therefore, an increase in salary at the state level would also translate to a larger economic burden for the taxpayer on the retirement side. It would drive up retirement costs for State employees.

Chairman Parks:

The Retirement System contribution is based on a percentage formula. I too have read those *Review-Journal* articles, and having done labor negotiations in the past—as well as doing classification and compensation studies—I saw a number of what I thought were inaccuracies in their article. I think it is a good point, but I think when you are doing a classification and compensation study, you need to look at what you are paying, not only within your own ranks but in comparable job classifications in the private sector.

Carole Vilardo, President, Nevada Taxpayers Association:

I appreciate the concerns that have been raised, because I think they are extremely valid. This parity issue and how we keep almost tossing back and

forth on what we do between the government employees is serious. I had the occasion because the chairman of our board was subcommittee chairman of the personnel committee on their fundamental review, to sit in on some of those meetings. The issues that were raised by Mr. McKenzie are absolutely valid.

[Carole Vilardo, continued.] We have a workforce that is retiring, and it becomes harder to get them to stay in and to remain competitive at a state level. I believe there are some other things that need to be done, because the apparent concern that I have heard seems to be money in the employee's pocket. We probably need to start looking at some changes at what makes up total compensation for new hires so there is additional money.

My objection to this bill is based only on one section, which, if you process the bill, I would ask you to remove. You have heard both Ms. Lusk and Ms. Dugan refer to the budget stabilization fund. I have a very proprietary interest in that fund. It was a recommendation of our association that it be done. It took two legislative sessions to get it in, and then it took an effective date of two years after the 1991 Legislative Session to even have it in effect. That fund has a very specific purpose, which I think everyone saw last session. It would have been wonderful if we would have had more money in it so that we would not have needed some of those tax increases. Tax increases are always very difficult when there is a bad economy. The fact that you would suddenly tap into that fund for salaries then puts you in the position where you will not have a Rainy Day Fund. Once you go in for ongoing operational expenses like that, you are going to build in the need for that money. You are going to keep taking it out as surplus. We are very restrictive as to what can go into that fund to begin with. The only reason we have the amount of money in that fund that we do is in 1995, Governor Miller chose to take and put an additional \$81 million in the fund. If it had been funded the way statute requires, we would have had \$81 million less in that fund to spend.

I do not know how much more I can say to urge you if you are going to process the bill, please remove those sections that refer to the Rainy Day Fund.

Assemblywoman Pierce:

If those sections were not there, would you support the bill?

Carole Vilardo:

I would have no position on the bill. We are totally neutral on the bill except for that one section and when I sent out our Legislative Report Number 7, my only position on that bill was to amend that section out.

Chairman Parks:

We will go ahead and close the hearing on A.B. 328. We will now open the hearing on A. B. 371.

Assembly Bill 371: Makes various changes concerning public financial administration. (BDR 31-605)

Al Kramer, City Treasurer, Carson City, Nevada; President, Association of County Treasurers of Nevada:

This bill addresses several issues that would make our life a little easier and not really shake up the law that much. The first item of Section 1 really deals with the ability of a small county to choose an investment advisor that deals in certain types of securities. In the past, those certain types of securities were not allowed to smaller counties. The last Session gave smaller counties a method of purchasing those, but it meant that the financial advisor needed to be approved by the State Board of Finance. The State Board of Finance was not given any criteria by which to either approve or disapprove those financial advisors. In this Session, we were asked if we couldn't come up with some criteria to use for the Board of Finance to judge. Today you will also have Kathryn Besser of the State Treasurer's Office, who will amend my language a little bit. Our main goal in Section 1 is to give the State Board of Finance some criteria for which to approve an investment advisor that would be allowed to the smaller counties.

In Section 2, there are a couple of things. One, it says we are required to have a third-party custodian for any securities the county owns. It eliminates the idea of the county having a bearer certificate, which is really not current and is almost obsolete. You cannot even buy a bearer security anymore, and the counties really do not have any business owning or having one on hand. It also addresses the idea that our third-party custodian had to be, in a sense, the trust department of an FDIC [Federal Deposit Insurance Corporation] insured bank, and we changed that to say a "qualified bank." I also have an amendment, after talking with members of the bank association and other bankers, to say "qualified bank or trust" ([Exhibit M](#)). Then, trying to determine what that qualification is and how someone is qualified, the amendment then says, "for the purpose of this section, a bank or trust is qualified to hold securities for a local government if it is rated by a nationally recognized rating service as within the AA category or better for creditworthiness." If you compare that to FDIC, FDIC insures essentially all banks, some of which fail every year. If you looked at just the top four categories—the AAA, the AA, the AA-Plus, and AA-Minus—

you do not see those companies folding. So, we are trying to give it some flexibility and make sure we have good custodial companies.

[Al Kramer, continued.] The next section, Section 3, deals with the sale of property for nonpayment of taxes. If it should happen that the county treasurer sells property for nonpayment, a portion of the remaining money after the taxes and the penalties are paid goes into the General Fund. The remainder is available to the person who owned the property before, and they have two years to claim the money. What we find are companies who locate these people, sign them up after they find them some money, and then claim 50 to 60 percent of the money for themselves. We chose the language in statute for unclaimed property and said finders are fine and sometimes people need that. After the sale of the home, the county treasurers mail letters to the last known owners. These owners are notified about the sale and the money being held for the two-year period. We are trying to make it so the person who had the property before gets the money and not a finder.

[Al Kramer, continued.] Section 4, after a property is sold, there is a two-year period by which someone could do something wrong to try and undo the sale. The language where it says, "all such deeds are primary evidence that the property was assessed," we want corrected. We want it to say that you cannot undo the deal unless it was actually fraud or intentionally done. It really has not been used to undo deals or sales. It does mean that someone who is now trying to get title insurance on his new property would be impacted and would not have the ability to get title insurance. This can go back to the prior owner within the next two years just by showing a mistake was made. It then becomes a fraudulent mistake. If they sue us because we made a mistake, we will give them their money back. We are trying to make it a little more stable for someone who has the expectation of buying the property.

Finally, in Section 5, when we sell property it is a huge undertaking for a county to go to a sale. The posting in the paper, the handling of the paperwork, and doing things in a systematic manner that records everything you are doing step by step so it survives any test in court. You have to do it exactly right, and there are many laws you look into. If the property sells and we get \$300 in excess proceeds for the sale, it doesn't matter how much money is received for the property. We then receive 10 percent of the next \$2,000, for a maximum of \$500. We have had many properties sold in the state where it just seems like the treasurer is being the real estate agent. If there is someone who really does not care, then they might say, "Fine I will get the excess proceeds when the time comes." Basically, the county received \$500 for the process of going through that transaction. We want to try and change that. I put in here, and our association said, let's start with saying 10 percent of the remaining excess in

proceeds. If the committee said, "We want to cap that amount," or "We want to change the percentage or amount," you are the ones who make the rules, and this needs to be addressed.

Chairman Parks:

In Section 4, you requested an amendment, but how often would that be applied? Is it frequent? To me, it would seem quite infrequent.

Al Kramer:

Right now, if you bought a property at a county tax sale, the way it is written you will not be able to get title insurance on that property. You basically have to not count on getting a mortgage on that property. If you are going to build a house on the property, do not count on getting the mortgage to build the house. This is intended to change that perspective a little bit from the title company's point of view, to where they would be inclined to offer title insurance and therefore would be able to get a mortgage.

Catherine Besser, Chief of Staff, State Treasurer's Office, State of Nevada:

The amendment ([Exhibit N](#)) we are offering to A.B. 371 would simply address the concern the State Treasurer has regarding the lack of safeguards in the bill to protect local governments and the State; since it will be asked to approve these investment advisors.

If the State is to approve registered investment advisors, they clearly must be able to monitor and control the activities of investment firms authorized to invest in local government firms. Since neither the State Board of Finance nor the State Treasurer contain regulatory powers overseeing investment advisors, they cannot rely on periodic SEC [U.S. Securities and Exchange Commission] audits to protect the state or local government interests.

Assembly Bill 371 must provide a means for the State to be privy to information in order to quickly step in when inappropriate activities occur. The solution that the State Treasurer sees is to assure that each investment advisor that the State Board of Finance approves enters into a contract with the State Treasurer. This will enable the State Treasurer to establish investment guidelines, conduct initial and periodic reviews, receive reports, monitor investment activity, and when necessary, as a result of inappropriate trading, corporate government problems or other abuses. This is in order to prevent any advisor from continuing to trade a local government's investment.

One thing I would like to make clear is that the intent of this is not to target individual investment advisors. It does not give the State Treasurer the power to pick and choose. That will be done by the counties and the State Board of

Finance, if the investment advisors meet the criteria lined up in this bill. This does mean that if they meet these requirements, the State Treasurer can then monitor their activities.

Dan Musgrove, Director of Intergovernmental Relations, Office of the County Manager, Clark County, Nevada:

We are asking the treasurers to use their bill as a vehicle for an amendment ([Exhibit O](#)). I was picked to do the amendment. It absolutely represents something that is important to all local governments, as well as the state government. This amendment was written to impact local governments, but I would ask Ms. Eileen O'Grady to perhaps research this and include the same provisions statewide.

We came upon an incident personally in Clark County. On a national basis, however, the Government Finance Officers Association (GFOA) has sent out a directive to all state and local governments in an attempt to address this issue that has come to light. It relates to the publication of audited financial statements. The GFOA has said that state and local governments should be free to publish their audits. It is their belief, Clark County's belief, and—we hope—the State's and Legislature's belief. As a general rule, free means complete public access. It would mean publishing our audited financial statements without having prior permission from the CPA [Certified Public Accountant] firm that completed that audit.

What took place in Clark County was when we were preparing to go out for a bond issue. As a part of that bond issue, we have to submit our certified audited financial statement. We already paid for it and had the report to our commission, and some time had lapsed between that time and when we were going to go out for this bond issue. On a rotating basis, we chose to go with a different CPA firm. So, when we got ready to go out for our bond, we were not allowed to use the audited financial statement. It took a lot of wrangling, and it actually caused us to miss our bond date by a couple of days. If any of you are aware of the bond market, it is a very fluid and flexible time and hours can mean quarters of points or millions of dollars for local governments.

We began looking at our contract and realized that in the contract, there is a provision that allows for prior consent. Actually, they are saying that it is their intellectual property. We believe there needs to be a provision in state law that makes this document a public record. There shouldn't be anyone holding back the release of it. We as local governments should put it on our website and make sure it is open and the public has access.

[Dan Musgrove, continued.] I thank the treasurers for allowing me to piggyback on their bill. When this came out, it was too late for us to get a bill draft. Committee bill drafts were gone. I have spoken to Speaker Perkins and Senate Majority Leader Raggio about an emergency bill draft and they said that it was fine, unless you can find another vehicle. This is the vehicle, and we have their support.

The amendment says that it is a state policy that the audit report and findings made by independent auditors for local governments should be made available to anyone. The audit, the opinions, the findings, and the offering statements are pursuant to a rule of the Federal Securities and Exchange Commission, and they are on the state and local governments' websites. It provides the inclusion of a prior consent provision in a contract between an auditor and a state and local government is non-enforceable and is declared to be against the public policy of this state. New provisions applying to contracts between auditors in the state would no longer be in effect after the effective date of this act.

Carole Vilardo, President, Nevada Taxpayers Association:

I am speaking in support of this amendment. Taxpayer dollars pay for those audits. Those audits are extremely expensive, and to withhold it for the purposes of a bond statement being needed or any other legal document that might require it is unconscionable, as far as I am concerned.

We totally support the amendment. I do not know if this is possible because I just read the amendment. This goes into NRS 354, which are the local government finance chapters. I am aware that a similar situation happened to the university with their auditor, and if Legal says it is possible, I think this needs to go into the state finance chapter as well. Obviously, the State has experienced the same type of concern and issues, and it did also involve a bond sale from the university.

If at all possible, I would ask for an amendment to the amendment to include the state financial statute, which I think in this case is Chapter 353.

Chairman Parks:

Mr. Musgrove, have you received the concurrence from the Association of County Treasurers to add your amendment?

Dan Musgrove:

Yes, I did. This was a little bit quick in happening, and our Treasurer, Laura Fitzpatrick, was in conversation with as many members as she could. Their only fear was that it might harm their bill in some way. Obviously, I think

this is very important legislation for the state as a whole, and it would be something that will help the circumstances moving forward.

[Dan Musgrove, continued.] Early on in the session, there was another bill that we thought was in the same chapter of law, and there were a bunch of people in that meeting, including State representatives. I received calls from the State Controller's Office, and they were all very supportive, and so I did not have a chance to vet any language with them or include them. That is the reason why I asked Ms. O'Grady or Bill Drafting to look at the State and try to include them as well. I think it is an important statement for the State to make. This is a public document, and there should not be anyone that would control the use of it other than the public.

Chairman Parks:

My question would be for Legal, whether you have a problem with this amendment.

Eileen O'Grady, Committee Counsel, Legislative Counsel Bureau:

No, although it would have to be put in the state financial chapter to apply.

Assemblywoman Parnell:

I just wanted to ask Mr. Kramer whether the amendments that are proposed are suitable to you, or do they completely change the intent of what you were trying to do?

Al Kramer:

Mr. Musgrove's amendment is looked upon as being good government. The CFOA [County Fiscal Officers Association] supports it, and the Treasurers Association is an offshoot of CFOA. Although we did not poll every treasurer, everyone I spoke with was in favor of it.

The amendment by the State Treasurer we accept. We make a serious attempt to have any changes approved by the State Treasurer. We understand that if I came forward and tried to change something in statute to benefit the county treasurers, and I have the State Treasurer not in favor of the change, then it would probably not deserve to pass.

When we went into this, our option was to take away the ability of the State to regulate the Board of Finance. We wanted to have the smaller counties go through the investigation completely and let either the State Treasurer handle it completely or give the Board of Finance some reasonable way to regulate how these things work. We did not want to give someone right out of school something of a fairly sophisticated nature, and so we came up with some rules.

Now what we are hearing today is that the Treasurer would like to be able to enforce some of those rules ongoing rather than what it says on day one.

[Al Kramer, continued.] While our association has not been together in a group to have a revote on this amendment, I cannot imagine anyone of us saying this is bad. I am here to say we are not in opposition to that amendment.

Bill Uffelman, President, Nevada Bankers Association:

We have worked with Mr. Kramer to amend his original amendment so that it made some sense. I have passed it through the ABA [American Bankers Association] to make sure that legally, we were there. Some of these other options did not do it, and to that extent, we are supporting Section 2 of this bill without comment on the rest of the bill.

Nancy Howard, Assistant Director, Nevada League of Cities and Municipalities:

I was able to look over Mr. Musgrove's amendment just a little while ago. I wanted to go on record for the Nevada League of Cities that we do support this measure as good public policy.

Chairman Parks:

I know from my own experience with financial statements, they are dealt with in a proprietary manner and they can be difficult. I will go ahead and close the hearing on A.B. 371. We will open the hearing on A.B. 475.

Assembly Bill 475: Makes various changes relating to general improvement districts. (BDR 25-39)

Fred Hillerby, Legislative Advocate, representing Sun Valley General Improvement District:

This bill is endorsed by the Nevada Association of Essential Districts, which is basically a group of general improvement districts around the state. Some of you served on this Committee last session, and you might remember this bill. This bill has a long story behind it. The bottom line is that two times it was caught in the time squeezes at the very end and even made it into one of the special sessions, and unfortunately, it was never processed. It never quite made it through. I will walk you through this bill as quickly as possible.

Section 1 changes the notice requirements regarding any notices required relative to public meetings. In the past, the bill required we publish in a newspaper of local distribution three times before you have a meeting. This section would reduce the number to one time at least 15 days before the

meeting. The GIDs [General Improvement Districts] for the most part are the local government for a lot of these areas. We post these notices in offices where people come and pay their bills. They are posted in other public places around the community, such as the post office. We have never had a problem with enough notice being done. I will say today and last session the press did not oppose us on this part of the bill and the reduction in posting requirements.

[Fred Hillerby, continued.] Section 2 is the bill drafter's way of cleaning up the language that defines a 15-day notice, when it begins, and when it ends.

Section 3 of the bill involves a pay increase for the board members. In 1977, the salaries were changed to show \$6,000 a year or \$500 a month. We would vote for your bill also, Mr. McCleary. We are asking to raise the salaries. If you look at inflation, with \$6,000 a year in 1978, today's salary would have to be over \$18,000 a year. So, this does not keep up with inflation over that period of time. Again, this is permissive language. Some of the smaller GIDs obviously would not be able to financially do this, but others might. This has to be passed by the board for the regulation to increase their salaries, but then it cannot go into effect until January 1 following the next general election. Some of the board members will have stood for reelection. If their constituents did not like the fact they had voted themselves a pay increase, then my sense is the rest of the board would get that message and repeal that pay increase.

Section 4, subsection 5 of that section had some very antiquated language as to when a bill might be considered delinquent. It basically said it was delinquent on the first of the month following when the bill was sent out. In the larger districts, they do not bill once a month. They bill in increments because of the volume of billing that goes out. The last billing cycle may have been near the end of the month to require delinquency to occur the first of the subsequent month. We are suggesting by regulation that we set up a methodology where you would determine delinquency that would recognize billing cycles that are different and that alternate. That would be much clearer for us and our people.

I want to clarify something else before I go any further. This bill deals with a limited number of general improvement districts. I hear and you hear that there are some small GID's from time to time that get into financial difficulties, and one of their ways out is for the county to either dissolve or absorb that function back into the county.

In Section 5, we are looking at the bigger GIDs. If you look at line 13, on page 6 of subsection 3, it basically says that these GIDs have to provide at a minimum water, sewer, and garbage services. These are big GIDs who provide a variety of services to their constituents. We are saying in this event, if a county does

vote that they would like to either dissolve, consolidate, or merge with one of these GIDs, it would take an affirmative action on the part of that GID for it to happen.

[Fred Hillerby, continued.] That is said in two different ways. One is in Section 5, the first part of it, lines 36 through 38, would be the GID's board of trustees affirmatively agreeing to that. In Section 3, it would be that they not agree to that. The earlier language was added since our bill two years ago, but I understand why the bill drafters put that in the bill. That allows for both an affirmative action and a negative action, in case the counties were to take such a vote.

Assemblyman Goicoechea:

This would not do anything to change how a GID in Chapter 318 is created? Again, 51 percent of the assessed value of that GID can, in fact, also be dissolved in Chapter 318?

Fred Hillerby:

It changes none of that.

Assemblywoman Parnell:

Could you give me a sense of how often these people meet and how long their meetings last? Is it similar to school board meetings?

Fred Hillerby:

I happen to have the privilege of attending the meetings of both my clients—Sun Valley and Incline Village—and their length is like a school board meeting. They can go well into the night. Typically, they meet twice a month, although their members also participate in a lot of other committee work.

I have a member of our board here with me who puts in over a 100 hours a month. She also is involved in other meetings in the community and represents the GID.

**Diana Langs, General Manager, Sun Valley General Improvement District,
Washoe County, Nevada:**

We do have an elected board of trustees, and they meet twice a month for a minimum of at least three to four, and sometimes five, hours. If there are annexations or new developments, it could even go longer. On occasion I have been there until 2 a.m.

Additionally, my board members get involved, and we have built a new office building. Our original office building was built in the early 1970s and was falling

in disarray. We have had two of our board members sit weekly on a subcommittee for that new building. They get involved with those types of meetings, and that one was a one-year process.

[Diana Langs, continued.] We are also helping our community with sidewalks, along with meeting with a task force for streetlights. We do things like that to help enhance our community. We do garbage collection, and we have annual dumpster days where we participate with the community. We are quite involved and we have some numbers of hours from one of my trustees. He will give you those numbers and the amount he has spent within a month.

We can vary, but additionally, my board has always participated in conferences, whether locally or out of town. This is so they can be educated in the field that they are actually managing for that community. Those conferences can go on for three to four days, and they attend sometimes two of those conferences yearly.

When staff proposes facilities or new types of capital costs, they know exactly what we are discussing and the nature of the field.

Bill Horn, General Manager, Incline Village General Improvement District, Washoe County, Nevada:

Our board meets twice a month or roughly 24 times a year. We have approximately five budget meetings a year. We have a public forum once a month that our board members participate in, and we have an ongoing strategic planning committee. So, we have about 53 meetings a year. One of our board members serves on the Washoe County Debt Commission, and another one of our board members serves with the county executives and meets with Katy Singlaub of Washoe County once a month.

We attend all of the joint meetings of Washoe County, Sparks, and Reno on a monthly basis. We belong to the National League of Cities and participate in the National League meetings as well as the Nevada League meetings. One of our board members sits on a national committee.

I would say, on average, most of our board members probably allocate about 960 hours a year.

Assemblyman Grady:

In Section 3, just so we understand, NRS 318.141, 318.142 and 318.144 deal with water, sewer, and garbage.

Fred Hillerby:

Yes, sir, that is correct.

Assemblyman Grady:

So under this change, the GID would have to do all three of those services?

Fred Hillerby:

They would have to do a minimum of all three of those in order to have the privileges extended by this, of being able to decide whether or not accounting could consolidate or dissolve that GID. The only thing that is different for them is that particular section. The rest of the sections of the bill apply to any GID.

Assemblyman Goicoechea:

So that means that any GID, no matter what size, will be allowed to go to the \$12,000 a year?

Fred Hillerby:

This permissive language would mean that the GID will have to do this based on their budget. Also, once they have voted on whatever they chose and up to \$12,000 a year, this would not go into effect until after the next general election. Some of those board member platforms on their election we tried to put in the bill as a test. This was not just an arbitrary decision on the part of the GID.

Assemblyman Goicoechea:

I liked it better when they had to be responsible for sewer, garbage, and water before they could make \$1,000 monthly.

Assemblywoman Kirkpatrick:

Do the trustees who sit on the other committees also receive supplements from those committees? Also, which particular GID would this currently affect?

Fred Hillerby:

In answer to the first question, on page 3, line 27, you will see there is some deleted language where you could give additional compensation. Under this provision, everybody receives the same. So they are not getting paid any extra for those other meetings. That does not occur.

On your second question, Sections 1 through 4 would be applicable to all GIDs and Section 5 today would only be applicable to three: Sun Valley, Incline Village, and Canyon, in the Lockwood area of Storey County. They are the only ones who provide this wide range of services.

Assemblywoman Kirkpatrick:

I am still trying to learn the northern half of the state.

Fred Hillerby:

The northern part of the state has an abundance of general improvement districts, and you do not have many down in Clark County.

Bill Horn:

One of our board members sits on the Washoe County Debt Commission, and that is a volunteer position. Another member sits on the Washoe County Task Force Committee and is a volunteer without compensation.

Diana Langs:

I have a board member who sits on the State Pool/PACT [Nevada Public Agency Insurance Pool & Public Agency Compensation Trust]. That is for the State industrial insurance and liability insurance, and he participates in all those meetings without compensation.

Chairman Parks:

I know that on the 557 Committee, we do have a standing member who is on the Technical Committee and puts in lots of time and effort.

Assemblyman Grady:

Again, can you clarify in Section 3 and the October 1, 2005, date? What happens if a couple of small GIDs merge together after that date and cover two out of three of these? Would they still be under the same power, that the county commissioners could not then dissolve them?

Fred Hillerby:

This is something we did at the request of Douglas County. They wanted to be sure there was a certain time here. It was only talking to those GIDs that were providing those services of water, sewer, and garbage. They would be eligible to have independence when it came to whether or not they were going to be absorbed, dissolved, or consolidated. Those are the only ones that this section would apply to as this bill is drafted today.

Assemblyman Grady:

For the record, so we understand, it would only apply to Incline Village, Sun Valley, and Canyon. Those are the only three that we are talking about.

Fred Hillerby:

Those are the only three that Section 5 would apply to today.

Assemblyman Hardy:

On your pay raises for GIDs, was there discussion in the other GIDs regarding pay increases, or was there discussion by all the GIDs as to what they want to do? What do they get paid now in the smaller GIDs?

Diana Langs:

Basically the GIDs that have attended our meetings—which we hold on a fairly regular basis—have felt they would be unable within their budget to go to the maximum. This allows them to choose anything under that.

Our board gets \$500 a month, and other GIDs do not get that much a month. Some GIDs only meet once a month, and so the dollar amounts would be somewhat less than the \$500. I am not sure of the exact amount. It could be \$100 or \$200, so it does have a varying range, and the GIDs did indicate they would use their prudence when it came to budgeting on what they thought would be acceptable compensation.

Assemblyman Hardy:

Having served on a city council, that word “prudent” becomes very interesting if it is an elected position. I could give them advice if they wanted it.

Nancy Howard, Assistant Director, Nevada League of Cities and Municipalities:

I just wanted to offer our support.

Bill Horn:

I just wanted to make a summary statement—in particular, for those who maybe are not quite familiar with the larger general improvement districts in the state. We are in full support of this entire bill and in particular, subsection 3 of Section 5.

Incline Village General Improvement District has been in business for over 40 years and has almost a \$29 million budget. It is located 35 miles from the city of Reno. You have to pass an 8,800 foot mountain pass to get to Incline Village. Basically, what my board and the community I represent—both in Crystal Bay and Incline Village—want is to have the opportunity to decide if it should be dissolved, merged, or consolidated. We are not making a statement that we oppose anything, but our board would like to have the final word on who represents our constituency of about 10,000 in population.

Chairman Parks:

I will close the hearing on A.B. 475 and open the hearing for A.B. 508.

Assembly Bill 508: Makes various changes to provisions relating to notaries public. (BDR 19-574)

Bru Ethridge, Notary Administrator, Secretary of State's Office, State of Nevada:

[Reads from prepared testimony, [Exhibit P.](#)]

I am here to testify in support of A.B. 508 and provide you with a section-by-section explanation of the major provisions of this bill.

Before I begin with the bill, I have submitted an amendment to the bill ([Exhibit P](#)) for you to consider. This amendment is intended to address a situation that arose after the deadline for submission of our BDR, with respect to the issuance of an apostille.

[Bru Etheridge, continued.] The amendment adds definitions for words that are used in Chapter 240 of the NRS [*Nevada Revised Statutes*] and by notaries in general. It also clarifies the reasons the Secretary of State's Office may deny the issuance of an authentication certificate.

The main portion of the bill, Sections 2 and 3 outlines the requirement of a course of study for both new and renewing notaries public. In addition to the Secretary of State's Office offering affordable education, it also grants the Secretary of State authority to approve the course of study offered by a licensed sponsor. The Secretary of State office will review the curriculum, study guide, and monitor classes, ensuring conformity to Nevada notary law.

This section expands on the current voluntary training requirement to also require mandatory training for all new notaries to complete 6 hours of instruction relating to the functions and the duties of a notary public; current notaries will complete a 3-hour refresher course on current notary statutes and duties of notaries public. We have discovered that most of the notaries that come before us under complaints and are fined have not taken the voluntary training that is now offered. We rarely receive a complaint about a notary that has completed such a course and, therefore; believe that most notary errors that occur could be avoided if notary education were required.

[Bru Ethridge, continued.] Over the past year, I have had the notaries that attend the voluntary training courses complete a survey in which one of the questions is whether they believe notary training/education should be mandatory. These notaries overwhelmingly responded in favor of mandatory education.

Section 4 of this bill sets a \$500 fee to become a licensed sponsor of notary education.

Section 5 of this bill would make it a Category D felony for a notary or anyone who aids and abets a notary to notarize a signature of an individual who is not in the presence of the notary.

Section 7 of this bill allows the Secretary of State's Office, through the Attorney General, to stop an individual from impersonating a notary public.

In Sections 10 and 11 of this bill, increases the notary application fee from \$35 to \$50 and increases the fee to amend the information on record or a duplicate certificate from \$10 to \$20. These fees have not been raised in over 20 years.

We were just informed yesterday that the Governor will not support any fee increases, and therefore, to avoid putting the bill in jeopardy of a veto, we propose the bill also be amended to delete Sections 10 and 11.

Assemblywoman Kirkpatrick:

For the record, I understand in this Session we will not be able to increase the fee, but next time we should, because I always thought it was \$100.

Chairman Parks:

Don't people have to get a bond as well? Maybe the bond is \$100.

Bru Ethridge:

They do have to secure a \$10,000 surety bond which is for 4 years, and the cost of that bond is \$50.

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Chairman Parks:

Is there anything further to come before the committee? I will close the hearing on A.B. 508. [The meeting was adjourned at 11:28 a.m.]

RESPECTFULLY SUBMITTED:

Paul Partida
Transcribing Attaché

APPROVED BY:

Assemblyman David Parks, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: April 8, 2005

Time of Meeting: 7:30 a.m.

Bill	Exhibit	Witness / Agency	Description
	A	*****	Agenda
<u>A.B. 394</u>	B	Jim Bentley, General Manager, Indian Hills General Improvement District	Resolution 2004-06 for Chartering a new city in Douglas County
<u>A.B. 394</u>	C	Jim Bentley, General Manager, Indian Hills General Improvement District	Feasibility of Incorporation as a Nevada City
<u>A.B. 394</u>	D	Jim Bentley, General Manager, Indian Hills General Improvement District	Administration Organizational Chart of Positions needed for new city
<u>A.B. 394</u>	E	Jim Bentley, General Manager, Indian Hills General Improvement District	Incorporation Study Area Map
<u>A.B. 394</u>	F	Jim Bentley, General Manager, Indian Hills General Improvement District	Supplemental Study on Impacts page No. 24-28
<u>A.B. 394</u>	G	Dan Holler, County Manager, Douglas County	Overview of Arguments Against Passage
<u>A.B. 394</u>	H	Tod Carlini, East Fork Fire and Paramedic District	Feasibility Study Arguments against Fire District
<u>A.B. 394</u>	I	Laura Lau, Board Member, Indian Hills General Improvement District	Opposing Argument
<u>A.B. 394</u>	J	Ronald Lynch, Resident, Indian Hills	Opposition Documents with 12 pages
<u>A.B. 328</u>	K	Scott McKenzie, Executive Director, State of Nevada Employees Association	Chart on State, County, and City Pay Raise Percentages and Differences
<u>A.B. 328</u>	L	Gary Wolff, Business Agent, Teamsters Local No. 14	Chart with Salary of Trooper/Officers

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<u>A.B.</u> <u>371</u>	M	Al Kramer, Carson City Treasurer	Amendment to Section 2
<u>A.B.</u> <u>371</u>	N	Kathryn Besser, Chief of Staff, Office of the State Treasurer	Amendment to Section 1
<u>A.B.</u> <u>371</u>	O	Dan Musgrove, Director of Intergovernmental Relations, Clark County Manager's Office	Proposed Amendment to <u>A.B. 371</u> on Behalf of Clark County
<u>A.B.</u> <u>508</u>	P	Bru Etheridge, Notary Administrator, Secretary of State's Office	Proposed Amendment to Chapter 240 of NRS, Section 2