

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

**Seventy-Third Session
April 20, 2005**

The Committee on Government Affairs was called to order at 8:10 a.m., on Wednesday, April 20, 2005. Chairman David Parks presided in Room 3143 of the Legislative Building, Carson City, 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:

Senator Mike McGinness, Central Nevada Senatorial District
Senator Joe Heck, Clark County Senatorial District No. 5

STAFF MEMBERS PRESENT:

Eileen O'Grady, Committee Counsel
Bob Atkinson, Senior Program Analyst

Susan Scholley, Committee Policy Analyst
Michael Shafer, Committee Attaché

OTHERS PRESENT:

Mike Lister, Volunteer, Fallon/Churchill Volunteer Fire Department, Fallon, Nevada
Lance Stark, Volunteer, Fallon/Churchill Volunteer Fire Department, Fallon, Nevada
Bob Erickson, Legislative Advocate, representing the City of Fallon, Nevada
Bjorn Selinder, Legislative Advocate, representing Churchill County, Nevada
Dana Bilyeu, Executive Officer, Nevada Public Employees' Retirement System
Major General Giles E. Vanderhoof, Adjutant General, Nevada National Guard

Chairman Parks:

[Meeting called to order and roll called.] We have four bills in front of us this morning. We'll go ahead and start with S.B. 46.

Senate Bill 46: Increases maximum assumed monthly wage of volunteer firefighters for purpose of contributions to Public Employees' Retirement System. (BDR 23-822)

Senator Mike McGinness, Central Nevada Senatorial District:

This bill was brought to me by members of the Fallon Volunteer Fire Department, and a couple of those members are here today. They will be able to give you all the details. Through the efforts of the volunteer fire department, with the support of the city and county, they were able to get the training and the equipment for an ISO [Insurance Services Office, Inc.] Class 1 (ISO 1) rating. That's like being the legislator of the century. These guys have really put the effort. They do the training, and the city and the county have backed them with the best equipment. Because of that, the insurance rates for residents of Churchill County and the City of Fallon have been reduced by hundreds of thousands of dollars. That's not the only reason we're seeking this increase. As Ms. Lister will tell you, that number's been there for 18 years.

Assemblyman Goicoechea:

When were the statutes first put in place that allowed local governments to pay retirement on their volunteers?

Mike Lister, Volunteer, Fallon/Churchill Volunteer Fire Department, Fallon, Nevada:

It has been 18 years since they did the fictitious wage of \$750. It was about 18 years ago that they changed that. That was the reason why we approached this to start with. Obviously, inflation has changed over the last 18 years, and we're just looking at the \$2,000 range right now. Probably, if you looked at \$750 and added some inflation to that, we'd be way over the \$2,000, but that's not what we're all about. We proudly serve. We'd serve for nothing, but obviously, what we're looking at is if something were to happen to one of our guys. We've been fortunate that that has not. So, at least if something happened, we'd be able to take care of him at that point.

Assemblyman Goicoechea:

So, it was in 1987 when they first put into statute that allowed for volunteers. That's really what I'm looking for: what year did they authorize that?

Mike Lister:

I believe that is the date, yes.

Just a little background on the Churchill/Fallon Volunteer Fire Department: we are totally volunteer—there are no paid firemen—and we have approximately 40 members, give or take one or two. Fallon/Churchill covers 5,000 square miles with around 28,000 residents right now. That obviously is increasing in our area. We spent between 15,000 and 16,000 man hours on training and fire calls in 2004. That, again, is increasing. This does include the numerous hours that the chiefs and captains spend doing extra training, and the firemen spend doing extra training on different things. Eighty percent of the department members have over 10 years of service. In the fire service, this is extremely high. If you look for volunteers, most volunteers drop out after four or five years. For our department, that's not what we do. We train every Wednesday night for at least three hours.

As Senator McGinness had mentioned, we are an ISO 1 Fire Department. We were the first volunteer fire department in the United States to achieve this ISO ranking. At the time, 26 other fire departments all paid to have this ISO 1 rating. Now, I believe there are three or four other volunteer fire departments in the United States that have that. That's out of 88,000 fire departments.

[Mike Lister, continued.] Once again, it's been 18 years since the \$750 fictitious rate was set. Moving the fictitious wage to \$2,000, should our city and county want that, will help retain and attract good, hardworking guys, and both the city and county do support this. Once again, it's not mandatory that they change this to the \$2,000. It just gives them a level they can take us to.

Assemblyman Goicoechea:

How many fire calls do your volunteers respond to annually? Do you have a fixed number on that or an average?

Mike Lister:

I do not have a fixed number on that, but it is a lot. Just last weekend, we had six fire calls on Sunday, and it was just nonstop. We got done with one, got the trucks cleaned up, and went to another. It's different with the volunteer guys, as opposed to the paid guys. The paid guys usually work three on, four off, or four on, three off. As volunteers, we're 24/7/365. It doesn't matter. Of course, all of us have missed birthday parties, other parties, and so on. It's late at night? It doesn't matter. We're 24/7. That's what we do. We understand that's our commitment, and we're dedicated to doing that.

Assemblyman Goicoechea:

I know. It's a tremendous department.

Assemblyman Grady:

Have you contacted the other departments or the cities and counties, and have they given you their support to on this?

Mike Lister:

Chief Rodney, who would be here, would be able to answer that question. I believe he has, but I can't answer that. However, what happens with our department doesn't necessarily have to happen in any of the other cities. They have their own choice as to whether they want to increase or keep their fictitious wage or whatever. I don't know how many other cities have the fictitious wage set, but I don't believe that there are that many that do. It's up to each individual city or county whether they want to go to this limit or not, so I can't answer that. Chief Rodney would be able to answer that.

Lance Stark, Volunteer, Fallon/Churchill Volunteer Fire Department, Fallon, Nevada:

I really don't have anything else to add other than that we would appreciate your consideration on this. We'll still do a good job for Churchill County.

Bob Erickson, Legislative Advocate, representing the City of Fallon, Nevada:

I'd like to open my remarks by saying how proud the city is of its volunteer fire department and the volunteer firefighting service. An ISO 1 fire rating is extremely difficult for any fire department to get, and almost impossible for a volunteer fire department to get, because it's a level of commitment that's very hard to obtain from a group of citizens to devote the kind of time away from their occupations and their families.

I'd like to stress that this legislation is enabling only. It doesn't bind any other county or city or fire department to adopt it. They can either participate in the program or opt not to participate, and they can participate at any level. If they do decide to participate, they don't have to participate at the \$2,000 fictitious wage level. They can participate at any dollar amount over \$250, I believe. This hasn't been adjusted for 18 years, and I believe it was implemented before that, but I don't have the exact date. If my memory serves me right, it started out at \$450, but it's been substantially before the 18 years that volunteer firemen were allowed to participate in PERS [Nevada Public Employees' Retirement System].

Chairman Parks:

The ISO 1 rating is sought after by almost every fire department in the country. It is the best of the best ratings. It is not easy to get. I worked for the City of Las Vegas when they undertook to get their ISO 1 rating. There was a lot of criticism at that time, even from taxpayers that felt an ISO 1 rating would be expensive—and it is very expensive—but it does save the homeowners tremendously in their fire insurance on their property, so it was a great payoff.

Bjorn Selinder, Legislative Advocate, representing Churchill County, Nevada:

First, I'd like to say that the Board of Churchill County Commissioners supports S.B. 46. They support the volunteers who have been a valuable asset to Fallon and Churchill County for well over 50 years now. During the 30 years that I worked for Churchill County, I can assure you that the board consistently supported the needs and requirements of the department, and I see no difference in the enabling legislation that's before you today in regard to that support. As was indicated to you, there are 40 dedicated, motivated individuals who have given their all to the community and deserve our support. I would urge you to consider S.B. 46.

Dana Bilyeu, Executive Officer, Nevada Public Employees' Retirement System:

[Summarized [Exhibit B](#).] The Retirement Board has taken a neutral position on S.B. 46, as it does not have an actuarial impact on the system. Under the Retirement Act, a volunteer fire district elects to contribute on behalf of its members. So, it's enabling legislation within the Retirement Act as it is. If they

do so, it is an adopted, assumed wage by the individual volunteer districts. Contributions are paid at the combined employee/employer contribution rate, which is currently 21 percent. It will remain at that level in the coming biennium as well. So, regardless of the assumed wage that the commissioners at the fire districts would assume, PERS will receive the required contributions based upon that adopted wage. So, the local government can control that and S.B. 46 is permissive.

Assemblyman Hardy:

The firefighter makes \$2,000 a month. Then, PERS gets 21 percent of that over and above the \$2,000 from the entity that is doing it. Is that correct?

Dana Bilyeu:

The volunteers are not actually paid the wage. It is an assumed or deemed wage that they adopt. The only amount that is paid on their behalf is the 21 percent that would be based on whatever the level of that wage would be.

Assemblyman Hardy:

So, they are given no money except through PERS, as if they were to have been paid up to \$2,000 a month.

Dana Bilyeu:

That's correct.

Assemblyman Goicoechea:

Dana, how many volunteer departments are utilizing this today?

Dana Bilyeu:

As that conversation was going on, I was trying to look back into my annual statements to remember how many volunteer fire departments we have. "There are several" is as close as I can get, but I would be happy to get that information for you to tell you exactly how many volunteer fire departments are participating on behalf of their members.

Assemblyman Goicoechea:

I know Humboldt County does, and we're seeing a lot more volunteers being compensated, accessing the ability to compensate their volunteers. It's a great program.

Chairman Parks:

I'll go ahead and close the hearing on S.B. 46. We'll open the hearing on S.B. 122.

Senate Bill 122 (2nd Reprint): Authorizes certain public employees with active military service to purchase additional years of service in Public Employees' Retirement System. (BDR 23-630)

Senator Joe Heck, Clark County Senatorial District No. 5:

This bill authorizes certain public employees with active military service to purchase additional years of service in the Public Employees' Retirement System. Throughout history, Nevada's servicemen and women have answered the call to duty to protect our nation security and the American way of life. Nowhere in recent times has this been more evident than in the events after September 11, 2001 (9/11). Nevada's sons and daughters, representing all branches and components of the armed forces, have endured hardships and sacrifices in their personal, family, and professional lives to once again answer the call.

Senate Bill 122 is a small token of gratitude to those whose service took them far from home and to an area of hostilities where they risked their lives while faithfully executing their duties. This legislation provides the opportunity for a member of PERS with five years of credible service, who served on active duty in support of Operation Enduring Freedom or Operational Iraqi Freedom, to purchase at full actuarial cost a number of months of service equal to the number of months spent on active duty. The total purchase cannot exceed three years and is similar to any other purchase of credits or free credits to which the members maybe entitled. The dedication and commitment of these men and women are embodied in a quote by President George W. Bush in the aftermath of 9/11: "We will not waver. We will not tire. We will not falter. We will not fail. Peace and freedom will prevail." Senate Bill 122 rewards that dedication and commitment, and I urge your support.

Chairman Parks:

Questions from the Committee? All I'll say is that we had a somewhat similar bill in front of us recently on the Assembly side, and we had a full testimony on that. I think that most everyone is aware of how this all functions.

Major General Giles E. Vanderhoof, Adjutant General, Nevada National Guard:

I just wanted to thank everybody for the outpouring the military has received and the recognition that we've received throughout this session, and this is one more thing that tells our people that you appreciate what you're doing and recognize the sacrifice that they have. I think this is a win-win, because I can't see where the state loses anything on this, and yet it's one little benefit that people who have put their lives on the line have received from you, if you pass

it. I would speak in favor of it and appreciate all of the things you folks have put forth for us.

Chairman Parks:

Looking at the bill, it does deal strictly with Operation Enduring Freedom and Operation Iraqi Freedom.

Giles Vanderhoof:

That's correct, and we've had over 1,000 Nevada guardsmen involved in those two. I can tell you that I keep track of them every day, and we've had quite a few instances where there have been men under fire, explosives, or one thing or another—had Purple Hearts. Yesterday, we actually had two of our helicopters shot up pretty badly over there, but all of our people are fine.

Chairman Parks:

You'll have to refresh my memory. Operation Enduring Freedom includes Afghanistan?

Giles Vanderhoof:

That is Afghanistan. There are other countries that are in that surrounding area that encompass in both of those.

Dana Bilyeu, Executive Officer, Nevada Public Employees' Retirement System:

[Summarized [Exhibit C](#).] The Retirement Board has taken a neutral position with respect to [S.B. 122](#). The Retirement Act currently allows all active members who have at least five years of service credit to purchase five additional years of service credit, which we commonly refer to as "air time" because it's not linked to other government service. [Senate Bill 122](#) would allow certain members who have served on active military duty during Operation Enduring Freedom or Operation Iraqi Freedom to purchase up to three additional years of service credit beyond the five years currently covered in the Retirement Act. Under this bill, the employee is going to be required to pay the full actuarial cost to purchase the service. Therefore, the cost has no impact to the Retirement System. There are, however—as I think I mentioned during our testimony on [Assembly Bill 115](#)—some tax code implications with respect to purchases past five years of service credit. They are nothing that would prevent the purchases; however, there are certain limits that have to be put into place for how much in additional contributions can be made to a program like Nevada PERS in any particular given year. So, we would have to be careful to watch how many dollars are coming into the program. We may have to spread some of these purchases over time.

Chairman Parks:

We'll close the hearing on Senate Bill 122. We'll proceed forward with Senate Bill 71.

Senate Bill 71: Removes requirement for approval of salaries of executive staff of Public Employees' Benefits Program by Interim Retirement and Benefits Committee. (BDR 23-86)

Bob Atkinson, Senior Program Analyst, Legislative Counsel Bureau:

Senate Bill 71 was requested by the Interim Retirement and Benefits Committee to eliminate the requirement that the Interim Retirement and Benefits Committee approve the executive staff salaries of the Public Employees' Benefits Program. I believe they're distributing a memo ([Exhibit D](#)) that gives you the minutes from that meeting on the Interim Retirement and Benefits Committee. The position listed in the statute and the salaries for those positions are all approved in the unclassified pay bill, and the Interim Retirement and Benefits Committee thought it was redundant for them to reapprove the salaries that had already been approved in the interim classified pay bill.

Chairman Parks:

Questions from the Committee? If there's nobody else who wishes to testify, we'll go ahead and close the hearing on S.B. 71, and that brings us up to S.B. 328.

Senate Bill 328: Makes various changes related to public retirement systems. (BDR 23-82)

Dana Bilyeu, Executive Officer, Nevada Public Employees' Retirement System (PERS):

[Read from [Exhibit E](#).]

Senate Bill 328 is the system's technical legislation. The Retirement Board has no bills seeking benefit modifications other than the minor modifications that are contained within this bill. Section 1 of the bill amends NRS [*Nevada Revised Statutes*] 286.6703 to remove Social Security numbers from qualified domestic relations orders. Currently, the law requires PERS domestic relations orders to contain Social Security numbers of the members and the alternate payees. PERS' requested modification

would remove this, because the order may be a public record when held by the court; it's not a public record when it's the Retirement System. We still will require the disclosure of the Social Security number privately so we can maintain those records.

[Dana Bilyeu, continued.] Section 2—beginning on line 29, page 3—amends the law governing survivor benefits to children of deceased members. Currently, a child's survival benefit may be continued between the ages of 18 and 23 as long as the child continuously remains a full-time student. The system had been providing reinstatement of the child's benefit if they took a break in student status or fell below the full-time requirement. A recent Attorney General's opinion proclaimed the law, as presently written, does not provide for reinstatement, so if the child fails to maintain their full time student status, the benefit would simply cease. PERS' requested modification would allow the system to reinstate the benefits to a child between the ages of 18 and 23 if the child returns to full-time student status. There is no additional actuarial cost associated with this modification, because the actuary prices this benefit as if each child who is receiving it receives it all the way to the age of 23.

PERS is also seeking a technical change to the Judicial Retirement Act, which is Chapter 1A of the *Nevada Revised Statutes*. Sections 3, 4, and 5 of our bill make changes to the election provisions under the Judicial Retirement System. Under current law, a judge who is a member of PERS, when elected or appointed as a judge, may withdraw from PERS and become a member of the Judicial Retirement System. However, current law is unclear about which system—PERS or the Judicial Retirement System—a newly appointed or elected judge will participate in if they fail to make their election regarding their PERS membership within the current retirement periods. Current language of NRS 18.270 provides that a judge will be a member of the Judicial Retirement System unless they elect to remain a member of PERS, but the language of NRS 18.2880 provides that a judge will remain a member of PERS unless he elects to withdraw from PERS. So, the current language for NRS 18.300 provides that a judge will be a member of the Judicial Retirement System if he does not elect to remain a member of PERS. Therefore, if a judge fails to make an election one way or the other regarding their membership in PERS, it's unclear as to whether he is a member of the Judicial Retirement System or a member of the Public Employees' Retirement System.

[Dana Bilyeu, continued.] So, the amendments in Sections 3, 4, and 5 in our bill harmonize these election provisions to make it clear that if a judge fails to make an election within the required time, they will remain a member of the Public Employees' Retirement System.

Chairman Parks:

Does it often occur that judges don't give you any direction as to which direction they want to go? Or is it like everyone dealing with their personal retirement system and they always let it slide and defer?

Dana Bilyeu:

The Judicial Retirement System has only been in effect since 2003, so we're simply trying to go back in and clean up this language before we ever have an incident where there's an issue related to whether or not they've made the election appropriately.

Chairman Parks:

We'll go ahead and close the hearing on Senate Bill 328, and that pretty much concludes our work today. If there is nothing else to come before the Committee, we are adjourned [at 8:43 a.m.].

RESPECTFULLY SUBMITTED:

Paul Partida
Transcribing Attaché

APPROVED BY:

Assemblyman David Parks, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: April 20, 2005

Time of Meeting: 8:10 a.m.

Bill	Exhibit	Witness / Agency	Description
N/A	A	Government Affairs Committee	Agenda
<u>S.B. 46</u>	B	Dana Bilyeu / Executive Officer, Nevada Public Employees' Retirement System	Written Testimony Regarding <u>S.B. 46</u>
<u>S.B. 122</u>	C	Dana Bilyeu / Executive Officer, Nevada Public Employees' Retirement System	Written Testimony Regarding <u>S.B. 122</u>
<u>S.B. 71</u>	D	Bob Atkinson / Senior Program Analyst, Legislative Counsel Bureau	Minutes of the Interim Retirement and Benefits Committee
<u>S.B. 328</u>	E	Dana Bilyeu / Executive Officer, Nevada Public Employees' Retirement System	Written Testimony Regarding <u>S.B. 328</u>