

**MINUTES OF THE  
SENATE COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-third Session  
April 27, 2005**

The Senate Committee on Government Affairs was called to order by Chair Warren B. Hardy II at 1:30 p.m. on Wednesday, April 27, 2005, in Room 2149 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Warren B. Hardy II, Chair  
Senator Sandra J. Tiffany, Vice Chair  
Senator William J. Raggio  
Senator Randolph J. Townsend  
Senator Terry Care  
Senator John Lee

**COMMITTEE MEMBERS ABSENT:**

Senator Dina Titus (Excused)

**GUEST LEGISLATORS PRESENT:**

Assemblyman Joe Hardy, Assembly District No. 20  
Assemblyman Brooks Holcomb, Assembly District No. 24  
Assemblyman David R. Parks, Assembly District No. 41

**STAFF MEMBERS PRESENT:**

Kim Marsh Guinasso, Committee Counsel  
Michael Stewart, Committee Policy Analyst  
Carol Simnad, Committee Secretary

**OTHERS PRESENT:**

Eric Hawkins, Clean Water Coalition  
Jennifer Stern, Swendseid & Stern, Bond Counsel for the Clean Water Coalition  
Carole Vilaro, Nevada Taxpayers Association

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Ted J. Olivas, City of Las Vegas  
Stephanie Garcia-Vause, City of Henderson  
Andy Belanger, Las Vegas Valley Water District; Southern Nevada Water Authority  
John Slaughter, Washoe County  
Michael Harper, Planning Manager, Community Development Department, Washoe County  
Madelyn Shipman, Southern Nevada Home Builders Association  
Cheri L. Edelman, City of Las Vegas  
Nicole J. Lamboley, City of Reno  
Andrew List, Nevada Association of Counties  
D. Gary Longaker, Executive Director, Nevada Rural Housing Authority  
Ernie Adler, Nevada Rural Housing Authority  
Dino DiCianno, Deputy Executive Director, Department of Taxation  
Robert A. Ostrovsky, The Hertz Corporation

CHAIR HARDY:

This meeting is open for testimony on Assembly Bill (A.B.) 167.

**ASSEMBLY BILL 167 (1st Reprint)**: Authorizes acquisition of municipal securities issued by certain wastewater authorities. (BDR 20-799)

ASSEMBLYMAN JOE HARDY (Assembly District No. 20):

I am here to request your support of A.B. 167. This bill is necessary because when there is a major growth in population, as we are now experiencing in Nevada, more water is needed along with more sewer service and additional drainage systems. Southern Nevada Water Authority has available bonding authority throughout the county and State to address these issues.

ERIC HAWKINS (Clean Water Coalition):

The Clean Water Coalition is a single-purpose agency. The Coalition was formed in November 2002 to address the growth needs of water and wastewater treatment in the Las Vegas Valley. Through this group's hard work, a program has been developed titled the Systems Conveyance and Operations Program to accommodate the increased, future flows of water while protecting the environment of the Las Vegas Wash, Las Vegas Bay and Lake Mead. The cost of the project, adjusted for inflation, over the life of the construction period is approximately \$790 million.

The Clean Water Coalition is a relatively new agency. It has no credit rating or history, and currently, its only source of financing would be through revenue bonds. Assembly Bill 167 would allow us access to the state and county bond banks to fund our activities. Savings in debt service over the life of the project could be as much as \$466 million compared to revenue bond financing. These savings would benefit both current and future residents of southern Nevada who use wastewater services.

We are requesting your support for A.B. 167.

CHAIR HARDY:

Is the wastewater authority already an entity created under the *Nevada Revised Statutes* (NRS) chapter 277?

MR. HAWKINS:

Yes, it is.

CHAIR HARDY:

Is A.B. 167 allowing other entities to participate?

MR. HAWKINS:

Assembly Bill 167 allows the Clean Water Coalition access to the county and State bond banks, much like the Southern Nevada Water Authority has in the past.

SENATOR LEE:

Recently, we passed a 0.25-percent sales tax. One-half of this sales tax increase was used to keep up with the growth of the community in southern Nevada. Is there more of a problem now than what the 0.125 percent could handle?

MR. HAWKINS:

The 0.125-percent sales tax increase was to go for capital improvement projects at the wastewater-treatment plants themselves. This money has been slotted for capacity expansion. The rules for the water and wastewater industries have grown more stringent over the years. Over time, the more stringent requirements and the additional capacity require the development and construction of a new pipeline that will address the new issues. This is all in addition to what was covered in the past sales tax increase.

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SENATOR LEE:

Will this, then, end up on our sewer bill, eventually? What will happen if A.B. 167 does not pass?

MR. HAWKINS:

You are correct in expecting the increase to appear in future sewer bills.

The member agencies of the Clean Water Coalition would find a way to make this happen. The project is necessary; we would find ways to fund it if this bill does not pass. This bill will allow us to save approximately \$466 million over the life of the project because of the lower interest rates we could get in funding the project. Yes, the project will continue if the bill does not pass.

SENATOR LEE:

What would be the increase in sewer rates if we are able to use this bonding method of funding?

MR. HAWKINS:

The funding mechanisms will be determined by the individual agencies of the Clean Water Coalition: the City of Las Vegas, the City of Henderson and the Clark County Water Reclamation District. It will be left to their boards and councils whether to use capital-improvement funds or place an additional charge on the sewer bills in their areas. We do have a financial task force. They have been looking at many funding alternatives for this project.

SENATOR LEE:

I understand we have probably outgrown our previous water system, and I thank you for the information.

CHAIR HARDY:

This project may not have any fiscal impact on the end user or the payer. Would it allow us to use the dollars more efficiently?

MR. HAWKINS:

Yes, you are correct.

SENATOR TIFFANY:

What is the Clean Water Coalition?

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MR. HAWKINS:

The Clean Water Coalition is composed of the three wastewater agencies: the Clark County Water Reclamation District, the City of Las Vegas and the City of Henderson. It is basically anyone who treats and discharges reclaimed water back into the Colorado River System.

SENATOR TIFFANY:

How is your agency sanctioned?

MR. HAWKINS:

This is done as an interlocal agreement, joint powers authority under the NRS 277.

SENATOR TIFFANY:

Do these three entities pay this organization? Do you have a board?

MR. HAWKINS:

Yes, we have a board with representatives from each of the member boards and councils.

SENATOR TIFFANY:

Who develops the projects that you work on?

MR. HAWKINS:

When the Clean Water Coalition was just on an interlocal agreement, they began an alternate discharge study. With increasing capacity, this study reviewed where, in the Las Vegas Valley or near vicinity, we could put the treated wastewater. In the past, erosion has been a problem in the Las Vegas Wash. This problem has been addressed by the Southern Nevada Water Authority and the Las Vegas Wash Coordination Committee. Capacity and water quality are still major issues we face as we grow. For almost nine years, the group has been trying to find solutions for these problems. In 2002, it was determined they should form an official joint-powers authority under the NRS 277.

SENATOR TIFFANY:

Do you have engineers on staff?

MR. HAWKINS:

We have engineers on staff, and we have had citizen committees that participated in our decisions through workshops with engineers from all over the country. We have also done significant work modeling Lake Mead. We have come to understand more about how water flows in the Boulder Basin of Lake Mead. Much of this work has been shared with the Southern Nevada Water Authority for the planning of their projects.

JENNIFER STERN (Swendseid & Stern, Bond Counsel for the Clean Water Coalition):

We were brought in to review the cooperative agreement already entered into among the Water Reclamation District and the Cities of Henderson and Las Vegas over how to best finance their various projects. We determined that the least expensive method of financing these projects would be through the Clark County Bond Bank or the State of Nevada Municipal Bond Bank.

Assembly Bill 167 would change existing law to allow a wastewater authority, not just a water authority, to go through the Clark County Bond Bank and the State Bond Bank. The reason for this change is to allow a new entity, the Clean Water Coalition, which has no credit rating, credit history or revenues yet to be collected, to use the State and the county credit ratings for its financing. The Clean Water Coalition would then make payments to the State or county for these loans.

SENATOR LEE:

Does the City of North Las Vegas have its own sewer system? Please explain the effect this bill will have on the City of North Las Vegas.

MR. HAWKINS:

The City of North Las Vegas has a water collection system that is maintained within the plant in the City of Las Vegas. The City of North Las Vegas is in the planning stage of building a water-treatment facility. They are also meeting with us to join the Clean Water Coalition.

CAROLE VILARDO (Nevada Taxpayers Association):

I am here to speak in favor of A.B. 167. The Southern Nevada Water Authority was created because each of the water-providing entities needed an overlay group, which became the Southern Nevada Water Authority, and they received the ability for sales tax use. Once we improve and increase the delivery of

water, we will also have to treat the wastewater leaving the city. Assembly Bill 167 is similar to what was granted to the Southern Nevada Water Authority upon its creation. It has proven to be an efficient financing tool. We are asking for your support for this funding of the Clean Water Coalition.

CHAIR HARDY:

I will now share with you some ideas that Guy S. Hobbs, a financial advisor from Las Vegas, has shared with me. He stated:

The effect upon sewer rates under A.B. 167 would be to reduce the cost of debt, thus reducing the sewer bills to lower levels than they would be without the measure. The exact amounts cannot be estimated, but this makes the cost of the projects more affordable by lowering the cost of capital dollars.

SENATOR TIFFANY:

Have you looked at the anticipated projects for the Clean Water Coalition?

MS. VILARDO:

I have no knowledge of the water-treatment processes. There were several projects presented, and the one chosen by the Clean Water Coalition is the most cost-effective and efficient.

Ted J. Olivas (City of Las Vegas):

I am here representing the City of Las Vegas in support of A.B. 167.

STEPHANIE GARCIA-VAUSE (City of Henderson):

I am here representing the City of Henderson in support of A.B. 167.

ANDY BELANGER (Las Vegas Valley Water District; Southern Nevada Water Authority):

I am here in support of A.B. 167.

CHAIR HARDY:

We will close the hearing on A.B. 167 and open the hearing on A.B. 187.

**ASSEMBLY BILL 187 (1st Reprint)**: Authorizes governing body of local government to revise procedure for adopting certain minor amendments to master plan. (BDR 22-591)

JOHN SLAUGHTER (Washoe County):

Assembly Bill 187 deals with procedures for adopting certain minor amendments to the master plan. Washoe County approached the Nevada Association of Counties requesting the Association review and possibly sponsor this bill, which they have done.

MICHAEL HARPER (Planning Manager, Community Development Department, Washoe County):

Assembly Bill 187 simplifies the master-planning process for minor amendments. It accomplishes two things: it identifies those areas where a minor master plan amendment would be appropriate, and it would exempt those master plan amendments from the four-times-per-year amendments that are presently in the State law.

Section 1, subsection 1 allows the local governing body the option of adopting this procedure.

Section 1, subsections 1 and 2 explain the process of moving past the planning commission and directly to a board of county commissioners or city council for minor master plan amendments. Proper notice will still be required prior to any hearing or action before a minor master plan amendment would occur.

Section 1, subsection 3 is the heart of A.B. 187. It does three things, it would allow: a minor amendment for a change in boundary, based on geographical features, when an error had been discovered; a change in the name of a department or agency; and an update of statistical information.

These three changes are important. Many of our jurisdictions are sensitive to natural resource protection, such as steep slopes and important water bodies. Much of the information is based on information we receive that has been mapped by other organizations. Sometimes the information can be in error, particularly as more accurate information comes forward. We would like to amend the mapping we do through the master plan in order to identify those areas. This will be a quicker way of amending the master plan without going through the current, lengthy process. We reference all the departments in our master plan, and it is important to make sure we have the correct reference. When changes occur in departments, it is cumbersome and costly to go through a lengthy, four- to five-month process for approval of the new master plan entry. Master plans are vital statistical-reference documents. This information



comes from many sources, such as the United States Census and the county assessor. It is important to quickly amend the master plan with the most current and accurate data.

Sections 2 through 4 reference the proposed processing.

Section 3, subsection 4 would exempt these minor, technical amendments from the four-times-per-year current law.

This bill will save public funds and time. Currently, a master plan amendment costs approximately \$4,000 to go through the county process. Assembly Bill 187 would save about \$2,500 if the minor amendments could be made without going through the planning commission. Proper notices of the minor amendments will still be provided by mail and electronic means.

SENATOR CARE:

What is the lag time between the adoption of the master plan and the discovery of an error?

MR. HARPER:

We take photographs from the air of the areas in question every other year. It usually takes about two months to discover changes from previous maps and another four months to redraw the map of the area.

MADLYN SHIPMAN (Southern Nevada Home Builders Association):

The Southern Nevada Home Builders Association supports A.B. 187.

CHERI L. EDELMAN (City of Las Vegas):

We are in support of A.B. 187.

NICOLE J. LAMBOLEY (City of Reno):

We are in support of A.B. 187 as currently written.

ASSEMBLYMAN BROOKS HOLCOMB (Assembly District No. 24):

I want to present an amendment which I would like added to A.B. 187. The Legal Division has reviewed this amendment and has found no errors.

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CHAIR HARDY:

I am hesitant to add any new amendment to this important bill. If it is acceptable to you, I will give this amendment to the Legal Division, and we will find another venue for your amendment.

We will close the hearing on A.B. 187 and open the hearing on A.B. 372.

**ASSEMBLY BILL 372**: Revises provisions relating to powers and duties of Rural Housing Authority. (BDR 25-598)

ANDREW LIST (Nevada Association of Counties):

Assembly Bill 372 relates to Nevada Rural Housing Authority. This bill was brought before our board of directors and has Statewide implications. Our board unanimously agreed to bring this bill to the Legislature. This bill does two things. It allows the Nevada Rural Housing Authority to operate in rural areas of urbanized counties. The second objective of this bill clarifies a power that the Rural Housing Authority already had. This power is to issue bonds and mortgages and to provide the financial means to residents of lower and moderate incomes to find affordable housing.

D. GARY LONGAKER (Executive Director, Nevada Rural Housing Authority):

In 2004, our organization found that the 1995 legislation that split the Nevada Rural Housing Authority off from the State government did not allow us to serve the rural population in ways we had in the past, such as handling mortgages and issuing bonds. We went to the Legislative Counsel Bureau and they rewrote the legislation.

ERNIE ADLER (Nevada Rural Housing Authority):

Assembly Bill 372 will allow counties to assist lower-income residents with their housing needs. In the past, Nevada has underserved rural areas within the major counties. The current bonding language in the Nevada Rural Housing statute needs to be improved. Assembly Bill 372 will clean up the language within the statute, allowing the counties to work with lower-income residents in obtaining affordable housing.

CHAIR HARDY:

Assembly Bill 372 does require some affirmative action by the governing body, even though the title of the bill makes it appear otherwise. Please explain the specific reference in the bill to the affirmative action needed.

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MR. LONGAKER:

Section 8 of A.B. 372 states, "Except as otherwise provided in section 9 of this act, a housing authority shall not operate in any area in which an authority already established is operating without the consent by resolution of the authority already operating therein."

CHAIR HARDY:

Does section 9 of A.B. 372 refer to "State Authority"?

MR. LONGAKER:

Yes, it does.

SENATOR CARE:

Section 10 of A.B. 372 says the State Authority shall determine the amount of income necessary to enable a person or family to qualify for this benefit. What is the figure the State uses?

MR. LONGAKER:

In our voucher program, there are specified income limits based on the size of the family. If we established a bond program, there would be specific purchase-price limits and income limits of the families. In all cases, in any program we administer, either the Federal Department of Housing and Urban Development, Internal Revenue Service or the U.S. Department of Agriculture Rural Development would determine our income limits.

SENATOR CARE:

Can you give a rough estimate as to the figure needed?

MR. LONGAKER:

In the voucher program where the family receives housing-subsidy assistance, the family income would be below 70 percent or 50 percent of the area median income, depending on the size of the family. The income limits are stipulated by the various counties and the family composition. For example, income limits could be below \$12,000 in one county and below \$10,000 in another. The same assistance criteria are true in a bond program.

CHAIR HARDY:

Why does this legislation require a two-thirds majority vote?

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MR. LONGAKER:

Due to the stipulation of the terms, fees and charges in section 14 of A.B. 372, a two-thirds majority vote is needed.

CHAIR HARDY:

Have you spoken to the Office of the Governor regarding his recommendation?

MR. LIST:

Yes, we have been in touch with the Governor's Office. They do not have a problem with this wording in section 14; however, they want to make sure the fees do not exceed what the State housing authority charges.

CHAIR HARDY:

We will close the hearing on A.B. 372 and open the hearing on A.B. 420.

**ASSEMBLY BILL 420**: Revises provisions governing imposition and collection of certain fees on short-term lease of passenger car. (BDR 43-557)

ASSEMBLYMAN DAVID R. PARKS (Assembly District No. 41):

Assembly Bill 420 responds to a concern over the rental-car tax requirements within the State statute. This bill rectifies the different levels of taxes charged by the different car-rental agencies in order to create a more consistent fee schedule throughout the rental industry. Assembly Bill 420 will put all of the rental-car companies on the same footing.

SENATOR TIFFANY:

Where do the fees charged by rental-car companies go?

ASSEMBLYMAN PARKS:

Several different fees are charged. A 6-percent fee goes to the State. The rental-car companies keep a 4-percent fee. It is regarded as a surcharge that allows them reimbursement for the cost of their registration. Clark and Washoe Counties have an additional fee to a maximum of 2 percent for a baseball stadium in Washoe County and a performing arts center in Clark County.

SENATOR TIFFANY:

Is A.B. 420 just affecting the total charge?

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ASSEMBLYMAN PARKS:

It would not only have an effect on the total charge, but this bill will also affect the consistency of charges throughout the industry. It was never our intention to have a tax on top of another tax.

SENATOR TIFFANY:

Will there be any financial impact to the State?

DINO DICIANNO (Deputy Executive Director, Department of Taxation):

There will be no fiscal impact to the State with A.B. 420. There will be an amendment to this bill to change the effective date to assist the Department of Taxation. The impact stated on A.B. 420 relates to local governments. The fiscal note shown is a benefit to Washoe and Clark Counties, as previously described by Assemblyman Parks.

MS. VILARDO:

I am in support of A.B. 420. The tax on a rental car is imposed on one level of charges by sales tax. With the tax changes stipulated in A.B. 420, all of the rental-car software programs will have to be changed. There is an amendment required on this bill. The bill has an effective date of July 1, and it is impossible for the rental-car companies to make the necessary changes by this date. We recommend that this date be changed to October 1.

ROBERT A. OSTROVSKY (The Hertz Corporation):

Our organization is in support of A.B. 420. When you read a current rental-car bill, it has a complex list of tax charges. This is confusing to our customers. It will be clearer when the customers understand the tax is a certain percentage of a given number. We request more time to make the programming changes within our computer system that are necessary with the passage of this bill. The October 1 effective date of this bill will be helpful to the rental-car industry.

CHAIR HARDY:

We will close the hearing on A.B. 420. Committee, what is your vote on A.B. 167?

SENATOR TIFFANY MOVED TO DO PASS A.B. 167.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS RAGGIO AND TITUS WERE ABSENT FOR THE VOTE.)

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CHAIR HARDY:  
Committee, what is your vote on A.B. 187?

SENATOR TIFFANY MOVED TO DO PASS A.B. 187.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS RAGGIO AND TITUS WERE ABSENT FOR THE VOTE.)

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CHAIR HARDY:  
Committee, what is your vote on A.B. 372?

SENATOR TIFFANY MOVED TO DO PASS A.B. 372.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS RAGGIO AND TITUS WERE ABSENT FOR THE VOTE.)

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CHAIR HARDY:  
Committee, what is your vote on A.B. 420?

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SENATOR TIFFANY MOVED TO AMEND, AND DO PASS AS AMENDED  
A.B. 420 BY CHANGING THE EFFECTIVE DATE TO OCTOBER 1, 2005.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS RAGGIO AND TITUS WERE  
ABSENT FOR THE VOTE.)

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CHAIR HARDY:

There being no further business, the Senate Committee on Government Affairs  
is adjourned at 2:40 p.m.

RESPECTFULLY SUBMITTED:

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Carol Simnad/Olivia Lodato,  
Committee Secretary

APPROVED BY:

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Senator Warren B. Hardy II, Chair

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