

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

**Eighty-second Session
May 1, 2023**

The Senate Committee on Government Affairs was called to order by Chair Edgar Flores at 3:46 p.m. on Monday, May 1, 2023, in Room 2149 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Edgar Flores, Chair
Senator James Ohrenschall, Vice Chair
Senator Skip Daly
Senator Pete Goicoechea
Senator Lisa Krasner

GUEST LEGISLATORS PRESENT:

Assemblyman P.K. O'Neill, Assembly District No. 40

STAFF MEMBERS PRESENT:

Jered McDonald, Policy Analyst
Heidi Chlarson, Counsel
Spencer Jones, Committee Secretary

OTHERS PRESENT:

James Smack, Chief Deputy Controller, Office of the State Controller
Fred Wagar, Director, Nevada Department of Veterans Services
Andrew LePeilbet, United Veterans Legislative Council
Austin Osborne, Storey County Manager
Keith Loomis, Storey County District Attorney's Office
Jana Seddon, Storey County Assessor
Clay Mitchell, Storey County Commissioner

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Will Adler, Storey County
Lee Sterrett

CHAIR FLORES:
I open the hearing on Assembly Bill (A.B.) 3.

ASSEMBLY BILL 3: Revises provisions governing financial reports of the State Permanent School Fund. (BDR 34-304)

JAMES SMACK (Chief Deputy Controller, Office of the State Controller):
This bill changes reporting requirements for the State Permanent School Fund. The Permanent School Fund was established by the Nevada Legislature in the late 1800s in Article 11, section 3 of the Nevada Constitution. Permanent School Fund monies are pledged for educational purposes only and cannot be used or transferred for any other use. These monies come from fines collected by counties under the penal laws in Nevada and any monies bequeathed to the State. Interest earnings from the School Fund are placed in the State Distributive School Account and appropriated among Nevada school districts and charter schools.

The Office of the State Controller has been reporting on this fund quarterly in coordination with the Treasurer's Office. It is the only public report issued by our Office compiled and released on a quarterly basis. This preparation process takes 60 hours or more per quarter depending on how much back and forth there is between our Office and the Treasurer's Office to complete the report. This is taking time away from working on our Annual Comprehensive Fiscal Report as both reports use accounts from the same team. By changing the Permanent School Fund report to an annual report, our Office saves 180 hours minimum per year. Annual reporting would be sufficient as our other major reports are already annual.

SENATOR DALY:
I am all for efficiency, but this has been reported quarterly for over 50 years. Why does that need to change?

MR. SMACK:
There are a number of factors, such as changes to government accounting standards we need to implement, loss of institutional knowledge due to retirements and so on. Primarily, though, we want to make the process more

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efficient so our accountants can focus on other reports. We have reached out to the Treasurer's Office, the State Public Charter School Authority and the Nevada Department of Education. All agree to the change.

SENATOR KRASNER:

What is this quarterly complete financial report of the State Permanent School Fund used for?

MR. SMACK:

It is primarily to show the public what we have in the Permanent School Fund at a point in time because it is an asset for everybody in Nevada. When interest rates are low, there is not a lot of additional money because we only transfer the interest into the State Education Fund. But now that interest rates are going up, the amount of the annual transfer will be larger. The report is mainly released for the public good.

CHAIR FLORES:

I close the hearing on A.B. 3 and open the hearing on A.B. 44.

ASSEMBLY BILL 44 (1st Reprint): Revises provisions relating to services for veterans. (BDR 37-243)

FRED WAGAR (Director, Nevada Department of Veterans Services):

I have a presentation ([Exhibit C](#)) on A.B. 44, a bill approved by the Governor's Office. [Exhibit C](#), page 3, covers title changes for my deputy directors. We have been calling our Deputy Director for Programs and Services and our Deputy Director of Health and Wellness, the Deputy Director of Benefits and Deputy Director of Healthcare Services, respectively. This bill would make those internal titles official to align with our federal partners at the U.S. Department of Veterans Affairs.

[Exhibit C](#), page 4, covers the removal of "adjusted compensation" from *Nevada Revised Statutes* (NRS) 417.090. This language is no longer used by Nevada Department of Veterans Services (NDVS) or the VA, so we want it removed.

[Exhibit C](#), page 5, changes how NDVS treats our volunteers, the Nevada veteran advocates. We will offer them the opportunity to participate in annual training and provide mentorship upon request. Previously, advocates were

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assigned to veterans service officers. However, now we have 1,000 advocates for only 17 veterans service officers to mentor. That is not feasible.

[Exhibit C](#), page 6, makes veterans service officer training quarterly rather than semiannual. It also requires NDVS to offer that training to any accredited service officer from any accredited service organization. Currently, that training must come from a veterans service organization located in the State instead of NDVS.

ANDREW LEPEILBET (United Veterans Legislative Council):

We support [A.B. 44](#). The updates and clarifications to NDVS are a valuable improvement for the agency.

CHAIR FLORES:

I close the hearing on [A.B. 44](#) and open the hearing [A.B. 143](#).

[ASSEMBLY BILL 143 \(1st Reprint\)](#): Revises provisions governing counties.
(BDR 20-460)

ASSEMBLYMAN P.K. O'NEILL (Assembly District No. 40):

The purpose of this legislation is to allow the transfer of approximately 1,700 acres of land from the federal government to Storey County for the purpose of removing a cloud on the title. Storey County will be legally permitted to convey real property to anybody with an interest in the property without consideration. Current law requires consideration for such property transfers since NRS 244.281 only authorizes counties to sell or lease such property. This legislation empowers counties with an additional development tool and recognizes that local governments know best how to handle local land.

AUSTIN OSBORNE (Storey County Manager):

In the 1900s, Virginia City and Gold Hill were created over federal land without creating a patent first as they were supposed to do. These towns are sitting on federal land and that creates a clouded title situation for roughly 1,200 parcels in town, including 600 homes and 200 businesses. Because of this clouded title folks have a hard time getting title insurance, making it difficult for someone to buy a home or start a business. Fortunately, the federal government transferred the land over to Storey County through quitclaim. That means the federal government no longer claims the land; it is not a full transfer of title. However, the bill would remove that clouded title situation for residences and businesses.

KEITH LOOMIS (Storey County District Attorney's Office):

This bill is intended to make the transfer of the property from the federal government to private owners easy. It does not require an appraisal and auction process. It authorizes the County to transfer by deed and property to the people who are going to be affected by it. Typically, a deed needs to be accepted, but not in this case. It is going to be effective upon recordation to make the process easier. The County will send a copy of the deed along with the information by certified mail. If the individual does not want to accept the deed, the individual has a way to disclaim interest, record that and not accept the cleansing of title. We are asking for an exception to the transfer tax requirement so the County will not have to value the property being transferred over.

SENATOR DALY:

Do you anticipate anybody is not going to accept the deed? And what would happen if an owner does not? Would Storey County retain the land?

MR. LOOMIS:

Essentially. If the owner decided to decline the interest in the property, it would remain with Storey County.

SENATOR DALY:

You are not anticipating that?

MR. LOOMIS:

I am not.

SENATOR DALY:

The provisions of A.B. 143 are going to expire in June 2025. Does Storey County need that much time? It is going to take that much time? Theoretically, the owner of such property could sell it without going through the normal process. I want to make sure that does not happen, but also that the County has enough time to get to the work done.

MR. LOOMIS:

That should be enough time to accomplish what we are trying to get done.

JANA SEDDON (Storey County Assessor):

The County will do a mass transfer of property. It should take no more than two months. To address the previous question, Storey County will not outright

own the property if a person rejects the deed. But it would allow the owner to give up the property, which requires extra steps under the normal process.

SENATOR DALY:

How does the interest in the property factor in? Would the County have to go through other steps to claim the property?

MS. SEDDON:

The Bureau of Land Management has quitclaimed its interest to Storey County. There could be other interested parties the County would have to contact to make sure it can claim the property.

MR. LOOMIS:

The deed is a quitclaim deed from the federal government to the County. This bill authorizes the County to transfer the deed to the people who have interest in the property. If they declined to accept it, it would remain with the County.

MR. OSBORNE:

The federal government has quitclaimed the land to the County. All that means is it is no longer claiming interest in the land. There has not been an actual transfer of ownership over to the County. At this point, the County then wants to quitclaim it to the respective property owners, meaning that the County no longer has interest in that land. If anybody were to reject the deed, the person would not lose ownership of the property.

SENATOR KRASNER:

Section 1 of the bill says,

A board of county commissioners may convey real property, without consideration or without complying with the provisions of NRS 244.281, if: (a) The real property was acquired by the county directly from the Federal Government for the purpose of clearing title to the real property; and (b) The board of county commissioners conveys the real property to the person or persons, as applicable, who have an interest in the real property.

But in section 5, subsection 15 of the bill merely says, "a conveyance of real property to a person or persons from a board of county commissioners pursuant to section 1 of this act." It does not include the other provisions that section 1

does. I am concerned this would allow any board of county commissioners in the entire State to just convey real property to a person or persons and avoid the taxes imposed by NRS 375.020, NRS 375.023 and NRS 375.026.

HEIDI CHLARSON (Counsel):

I interpret A.B. 143, section 5, subsection 15 as including the joined requirements of section 1, paragraphs (a) and (b). I read that as it is mandatory that both requirements must be satisfied for this bill to apply. Section 5 of the bill covers real property transfer tax exemption. It links the tax exemption to all the requirements laid out in A.B. 143, section 1. So, the tax could not be avoided unless all the requirements were met.

SENATOR KRASNER:

Was it your intent in creating the bill that both sections would have to be fulfilled for property to be exempt from the transfer tax?

MR. OSBORNE:

Yes.

CHAIR FLORES:

Does this bill apply to all counties?

MR. LOOMIS:

Yes, it would.

CHAIR FLORES:

Would you entertain a population cap to ensure we only address the situation this bill was made for and not extending its provisions to any other county?

MR. LOOMIS:

The bill would apply to all counties, but its provisions are short lived.

CHAIR FLORES:

Would you entertain a population cap to ensure we only address small counties and not extend it to anybody else inadvertently?

MR. OSBORNE:

There is potentially one large county in our region in support of A.B. 143. I do not want to speak on behalf of or against that county.

CHAIR FLORES:

Would Clark County or Washoe County have scenarios applicable to A.B. 143?

ASSEMBLYMAN O'NEILL:

Nye County is looking to utilize A.B. 143. Washoe County asked for the sunset amendment, so the bill does not get expanded unnecessarily. Counties must meet very limited guidelines, as detailed by the Legal Division, to take advantage of this bill. If a population cap is the necessary part to make the bill go forward, we would agree to that. But we would like to keep the population cap high enough for Nye County to use A.B. 143 if possible.

SENATOR GOICOECHEA:

Many small mining communities had or have these title problems. This bill grants certain exemptions solely for clearing title in specific circumstances. I see no downside to A.B. 143.

SENATOR OHRENSCHALL:

How will the County know who are the persons that have that interest? What if two parties claim interest and want the property? Do you think that there may be situations like that, or is there a pretty accurate roll of who has interests in these properties?

MS. SEDDON:

The County will be going off the tax roll to determine the owner of record. It is the clearest title that we have. If two parties contest a property, they would have to prove legal ownership via a different process.

CLAY MITCHELL (Storey County Commissioner):

I support A.B. 143. Unclear title makes home purchases and refinancing become more difficult. Title companies will not offer title insurance when the title is unclear. In these particular town sites, usually there is only one title company that will provide a title insurance policy. Lenders require title insurance to be in place for a transfer.

Clearing title will also assist in the preservation of these historic communities. The entirety of Virginia City and Gold Hill are part of the Virginia City Historic District, a National Historic Landmark. Anything that can be done to standardize property records and lower barriers to entry will help encourage private investment into preserving this national treasure. The bill ensures the County

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will have proper and orderly records for smooth purchase and sale transactions for the owners.

WILL ADLER (Storey County):

Storey County supports A.B. 143. I ditto everything Mr. Mitchell said. This bill is trying to address a clouded title situation that should not exist but does in Storey County. To address some of the concerns stated today, this bill is not an open door for others to take advantage of; it has a fixed timeline before it sunsets and only applies in narrow circumstances.

LEE STERRETT:

Twenty years ago, my wife and I bought a house in Virginia City. We are looking forward to finally getting the title cleared. I support A.B. 143.

ASSEMBLYMAN O'NEILL:

Two decades of work have been devoted to helping families and small businesses get clear title on their lands in Storey County. The success of the 2018 Federal Lands Act was a major step toward this achievement. Passage of A.B. 143 will allow Storey County to complete the transition. I appreciate your consideration and passage of the bill.

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CHAIR FLORES:

I close the hearing on A.B. 143. Having no further business, the Senate Committee on Government Affairs adjourns at 4:38 p.m.

RESPECTFULLY SUBMITTED:

Spencer Jones,
Committee Secretary

APPROVED BY:

Senator Edgar Flores, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Introduced on Minute Report Page No.	Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster
A.B. 44	C	3	Fred Wagar / Nevada Department of Veterans Services	Presentation