

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

**Eighty-second Session  
March 15, 2023**

The Senate Committee on Government Affairs was called to order by Chair Edgar Flores at 3:32 p.m. on Wednesday, March 15, 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:**

Senator Dina Neal, Senatorial District No. 4  
Senator Melanie Scheible, Senatorial District No. 9

**STAFF MEMBERS PRESENT:**

Jered McDonald, Policy Analyst  
Spencer Jones, Committee Secretary

**OTHERS PRESENT:**

Jodi Hocking, Executive Director, Return Strong  
Nick Shepack, Fines and Fees Justice Center  
Lilith Baran, ACLU of Nevada  
James Dzurenda, Director, Nevada Department of Corrections  
Shaundell Newsome, Nevada Contractors Association  
Jarron Gray, Chair, Urban Chamber of Commerce Las Vegas  
Eric Garner, Nevada Grow  
Derek Rimson, NAACP

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Aileen Pastor, Regional Transportation Commission of Southern Nevada  
Dylan Keith, Vegas Chamber  
Glen Leavitt, Nevada Contractors Association  
Chase Whittemore, Nevada Northern Railway Foundation  
Mark Bassett, Nevada Northern Railway Foundation  
Nathan Robertson, Mayor, City of Ely  
John Gianoli, Nevada Northern Railway Foundation  
Stephen Wood, Nevada League of Cities and Municipalities  
Jerri Lynn Harper, City Councilwoman, City of Ely  
Caroline McIntosh  
Glenn Taylor  
Shadrach Robertson, White Pine Chamber of Commerce  
Con Trumbull, Nevada Northern Railway Foundation  
Michelle Beecher, Rural Nevada Development Corporation  
Bill Martin, Friends of the Nevada Southern Railway  
Brenda Scolari, Director, Nevada Department of Tourism and Cultural Affairs  
Myron Freedman, Division of Museums and History, Nevada Department of  
Tourism and Cultural Affairs  
Sean Pitts, Director, East Ely Depot Museum  
David Heald  
Dan Theilen, Director, Nevada State Railroad Museum in Carson City  
Christopher MacMahon, Director, Nevada State Railroad Museum in Boulder City  
Doris Dwyer, Board of Museums and History  
Todd Moore, Friends of the Nevada State Railroad Museum  
Barry Simcoe, Friends of the Nevada State Railroad Museum  
Sam Flakes, Friends of the Nevada State Railroad Museum  
Ashton Flakes

CHAIR FLORES:

I will open the hearing on Senate Bill (S.B.) 105.

**SENATE BILL 105**: Revises provisions relating to the Department of Corrections.  
(BDR 18-320)

SENATOR MELANIE SCHEIBLE (Senatorial District No. 9):

Senate Bill 105 is based on a recommendation from the Joint Interim Standing Committee on Judiciary. During hearings held last summer, the Committee learned of some issues discovered with the Nevada Department of Corrections (NDOC) which were uncovered by government audit. The

Nevada Constitution confers authority over regulatory measures to the Legislature to review, modify or veto administrative regulations adopted under *Nevada Revised Statutes 233B*, better known as the Nevada Administrative Procedure Act (NAPA), to ensure proposed regulations are consistent with statutory authority and carry out legislative intent. The audit concluded that NDOC should comply with NAPA and highlighted two specific problem areas, offender store fund markup limits and the Prisoner's Personal Property Fund (PPPF). The auditors determined that developing offender store fund markup limits and incorporating methodology into legislatively approved regulations will help determine deductions to defray other operations and maintenance costs and ensure that offenders can purchase items at a reasonable cost.

In addition, the audit found that increasing oversight of the PPPF by adopting Legislature-approved regulations and determining the reasonable medical copay to charge offenders will solve several issues. It will comply with statutes requiring adoption of regulations, include members of public in the process, increase transparency for PPPF operations, ensure assessments charged to offenders' accounts are reasonable, and conform with statutory authority and legislative intent.

In section 1, S.B. 105 removes the Nevada Department of Corrections from the list of agencies that are exempt from NAPA. Section 4 of the bill states that current regulations remain in effect until they are replaced by new regulations.

JODI HOCKING (Executive Director, Return Strong):

Return Strong is an advocacy group that works directly with people who are incarcerated and their families. This bill is important. Return Strong came into existence when restitution deductions happened without a public process. You deposited money in your loved one's account and next morning, it was gone. There were also mail revisions and other things that should have had a public process but did not. We created a public outcry to get those issues addressed. For the past several years, the public process has been allowed behind the implementation of administrative regulation (AR) changes. It was a welcome change to allow that public process to happen in advance of AR modifications. We can look at data and research before new regulations are adopted because this population is struggling. I have ten letters and two press releases ([Exhibit C](#)) attesting to that fact.

SENATOR DALY:

I support whenever an agency is going back under NAPA for regulations. As I understand S.B. 105, NDOC was exempt from NAPA except for two sections in the law and this bill would remove the exemption. But in S.B. 105, section 1, subsection 7, Department of Corrections is still exempt for contested cases. What type of contested cases we are talking about? What procedure do they use if they are not using NAPA? I want to know some of the procedures.

SENATOR SCHEIBLE:

I think it is fairly standard not to subject contested cases to NAPA, but I will confer with legal and get back to you.

SENATOR DALY:

Many agencies use NAPA for contested cases. There is a whole section on it. There are sections on adopting regulations, temporary regulations, emergency regulations and a provision for contested cases. I am curious what the Department of Corrections uses to adjudicate the cases. I assume the answer is going to be that due to the nature of some of the cases and the confidential information means that NDOC should not use NAPA. I am sure there is a process to adjudicate these cases, but I do not know what it is.

SENATOR OHRENSCHALL:

I am so impressed by everything Return Strong is doing to help folks land on their feet when they return to the community. Thank you, Senator Scheible, for presenting the bill.

NICK SHEPACK (Fines and Fees Justice Center):

I am here in strong support of S.B. 105. I thank Senator Scheible as well as Director Dzurenda. Director Dzurenda has been amazing to work with on this issue. However, he will not be Director forever. The last four years have taught us that without oversight and public opinion, immense damage can be done to the incarcerated and their families.

We saw 80 percent of money drawn from PPPF accounts and taken away. Commissary prices have risen by over 40 percent since 2017 because there is no public input on any of this. We have seen changes on how visitation, disciplinary action and solitary confinement are handled, and the only place for public input was at Board of State Prison Commissioners' meetings. While I have a deep respect for that Board, it is made up of three busy people who do

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not meet often, and public comment is often not allowed by phone. Oversight like this bill would lead to better regulations and a prison system that does not require us to come back and regulate it repeatedly.

LILITH BARAN (ACLU of Nevada):

We support S.B. 105. We cannot put these people into State custody and not have oversight over their care.

JAMES DZURENDA (Director, Nevada Department of Corrections):

I am neutral on S.B. 105. I will continue to work with the public interest groups that are involved with this bill to come up with some solutions.

SENATOR DALY:

Can you answer the contested cases question? Based on the definition, I am not sure you will have many of them. I am happy that you are going back into NAPA.

MR. DZURENDA:

In my first three years as Director, we did not have any contested cases. Regarding the process, whether this bill goes forward or not, I have no problem including the public in our AR reviews. In our review process, we submit our concerns to subject matter experts and the Attorney General's Office. I have no problem with developing a public review committee and giving members the opportunity to look at the regulations not part of our confidential directives. For everything else, if there is a way to develop a public review process for every AR before it goes to the Board of Prisons, I think that will help with public input and oversight.

SENATOR DALY:

What is an AR?

MR. DZURENDA:

So, AR stands for administrative regulation, which is different from a business regulation, and includes policies and procedures for the Department. I make recommendations for AR changes, and they go in front the Board of Prisons, which is the Governor, Attorney General and Secretary of State, who approve any changes. After the Board of Prisons meeting, the public can give opinion on regulations if they do not approve. If an AR change is contested, then the Board can refer it to another hearing for further review.

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SENATOR DALY:

I think we might be talking about two different things as far as contested cases go. Under NAPA, for the adoption of regulations like your ARs, you must send out a notice and have a public hearing and adopt the regulation. Then it would come to the Legislative Counsel Bureau and the Legislative Commission. You would have legislative oversight and that is the way you should do it. That is what S.B. 105 does. But a contested case would be a different issue altogether; that would be more like a violation of the rules an agency has jurisdiction over. I am not sure those contested cases are going to apply to NDOC anyway.

MR. DZURENDA:

You are right, that is where the confusion is. Our ARs are policies that we follow, like how you wear your uniform, hygiene standards, where you have to report, how and when visits happen and how long they are. They are procedures that staff must abide by. Offenders can file grievances; when it gets to step three grievances and there is no remedy, then they could file litigation on cases.

SENATOR DALY:

I think I understand, but I am not seeing the distinction.

CHAIR FLORES:

We will close the hearing on S.B. 105 and open the hearing on S.B. 185.

**[SENATE BILL 185](#)**: Establishes provisions relating to businesses. (BDR 18-35)

SENATOR DINA NEAL (Senatorial District No. 4):

Senate Bill 185 is a bill that is long time coming. I have tried to create an economic opportunity business unit, a supplier diversity program, since I entered the Legislature. In the prior Legislative Session's version of the bill, I housed the unit under the Governor's Office, Department of Economic Development (GOED). This time, it will be housed under the Division of Purchasing. In the Seventy-second Legislative Session, we passed legislation that required local jurisdictions to start collecting data on purchasing and supplier diversity. In January 2023, the Clark County Regional Business Development Advisory Council (RBDAC) released a report on all its political subdivisions. This bill would connect RBDAC to the State, bring in microbusinesses and talk about bundling.

In S.B. 185, section 3, the creation of the business opportunity outreach unit is covered. The unit's purpose is to conduct outreach to minority-owned businesses, women-owned businesses, businesses owned by those with disabilities and local emerging small businesses and microbusinesses. The local emerging small business language is in S.B. 185 because in 2017 the Legislature passed an emerging small business legislation, and the bill would close loopholes in that existing legislation.

As you may know, GOED has programs to help emerging small businesses, but they have a higher threshold for who qualifies. Emerging small businesses must have ten or more employees and less than \$5 million in gross receipts. This bill tries to encapsulate microbusinesses below that threshold.

Page 3 of the bill sets out what information the business opportunity outreach unit will collect. Page 4 establishes the unit's annual goals for rewarding contracts to relevant business types and the program to facilitate microbusiness bundling for contracts and proposals. I wanted the bundling language because in some cases a single small business would not be eligible for a contract but with several small businesses bundled together, they would be. I wanted to create the opportunity for microbusinesses to get their feet in the door for contract procurement with the State and local government by joining together. At the bottom of page 4, subparagraph (h) lays out that the business opportunity outreach unit must coordinate activities and goals with existing diversity supplier programs.

I based the business opportunity outreach unit on programs at the Nevada Apex Accelerator (NAA). Businesses can go to NAA, fill out a form to say what industry they are interested in and are given codes based on that survey. Then NAA will inform the businesses of procurement opportunities that match their codes, not just in Nevada but in neighboring states and cities. I am trying to create a supplier diversity system that connects small businesses to State contracts.

Section 8 of the bill details the bundling process, such as how businesses should come together and submit proposals. My biggest interest with this bill is obtaining demographic information on State contract purchases and educating business on how to interact with the State system. I heard a long time ago that the College of Southern Nevada got a procurement opportunity notification but did not know how to engage with it. College officials did not know the

parameters of what the State expects in a procurement. This bill would create a dashboard that lays out how these opportunities are being spelled out.

In S.B. 185, section 3, subsection 3, subparagraph (b), the bill requires the unit to create, assist and provide pathways to microbusinesses to bundle and become eligible for contract procurement. It also requires the unit to provide virtual education for bonding insurance and local government because meetings via Zoom are a cost-saving measure and more convenient to set up. In a coming conceptual amendment, I add that the business opportunity outreach unit must report on the total number of request for proposals issued and the number of responses to them.

SENATOR DALY:

There is a difference between equality and equity, and to get the equity we seek requires forces that move people in a certain way. It is important that the State keep track of not just what opportunities were provided but how many responses they got. Would you want to give this unit the ability to adopt regulations? Because your goals would be achieved by regulation. How does a person qualify to be these businesses, and how long can one last? Is there a good faith effort that somebody can make to show that the business was advertised, but no one offered a bid? We do not want cases, and I can think of one in particular, where a business remains in a Disadvantaged Business Enterprise (DBE) program for 30 years. It is not disadvantaged at all. The owners built themselves a niche and everybody uses them. So, some regulations might be helpful.

SENATOR NEAL:

For the record, I am aware of the people who game the system. I called out such a DBE and was told about how it was still trying to make a way in the world. Regarding regulations, that would be handled by the Division of Purchasing, which is why I put the unit in the Division.

SENATOR DALY:

The Division probably has regulatory powers. But you must have a push in order to create the opportunities and get people the equity we are seeking.

SHAUNDELL NEWSOME (Nevada Contractors Association):

The Nevada Contractors Association is in support of S.B. 185. Our Diverse Contractors Council is made up of small and diverse businesses and it



unanimously supports the efforts to help. Our mission is to elevate diverse contractors within southern Nevada's construction industry, and our vision is to have diverse contractors in southern Nevada, ready to commit, willing to compete and able to complete. We welcome the opportunity to discuss any potential adjustments to S.B. 185. I love the idea of small, minority-owned firms joining forces on contracts to bring value to the project or campaign which helps them succeed in the long term.

JARRON GRAY (Chair, Urban Chamber of Commerce Las Vegas):

I offer the Urban Chamber of Commerce Las Vegas' support for S.B. 185. It will fill the gap in resources for our small business members. That is a critical part of what we want to do for our small businesses. We offer a program called Contract Connections where we talk about getting business owners ready for procurement opportunities. This bill would marry well with some of the work we are doing. We look forward to this bill coming to fruition.

ERIC GARNER (Nevada Grow):

I am a small business owner. I am also the interim director of small business and entrepreneurship development for the College of Southern Nevada. Senate Bill 185 will allow small businesses and microbusinesses of all types to get the support they need for submitting proposals and bidding on State and local contracts.

DEREK RIMSON (NAACP):

The NAACP thanks Senator Neal for drafting and submitting this essential bill for supplier diversity. One of the things we have been pushing for is minority contractors having the opportunity to bid on State and local contracts. We support S.B. 185.

AILEEN PASTOR (Regional Transportation Commission of Southern Nevada):

The Regional Transportation Commission supports S.B. 185 because we are invested in the success and development of local small and diverse businesses. The Commission's Resources, Involvement, Support and Education program promotes economic opportunities for local small businesses and local diverse businesses. Additionally, the Commission provides technical support and education to help businesses become more competitive in the bidding process. We welcome the extra support.

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DYLAN KEITH (Vegas Chamber):

If passed, S.B. 185 will be great for Nevada entrepreneurs, creating more jobs and supporting the economy. Since small businesses are the backbone of Nevada's economy, we support on this bill.

GLEN LEAVITT (Nevada Contractors Association):

The Nevada Contractors Association supports S.B. 185 for the reasons others have laid out.

CHAIR FLORES:

We will close the hearing on S.B. 185 and open the hearing on S.B. 186.

**SENATE BILL 186**: Revises provisions relating to certain state property.  
(BDR S-197)

SENATOR PETE GOICOECHEA (Senatorial District No. 19):

Variations on S.B. 186 have been argued for the last 20 years, and I have been on both sides of the issue. The main attraction in Ely is the Ely Railroad Museum. Though the museum owns two buildings, the locomotives are the draw. In the past, I have supported the Nevada State Museum's position on this bill. But we have reached a point where the people of Ely think it is time for a change. Through no fault of their own, the Museum did not accomplish some of the things that have been on the agenda for the last ten years. There have been funding issues, and it is starting to hamper the facility. Unlike the Boulder City Railroad Museum, the locomotive and most of the railway facility in Ely is owned by the Nevada Northern Railway Foundation; the State Museum only owns the passenger depot and the freight barn. The freight barn has not changed much in the last 50 years; if anything, it has gotten worse. Plenty of things could be put there, need to be put there, but they have not.

CHASE WHITTEMORE (Nevada Northern Railway Foundation):

The trains at the Ely Railroad Museum are main tourist attractions of this National Historic Landmark. The second floor of the passenger depot is the State-operated museum. The bottom floor is the Foundation's gift shop where tickets are sold for the train. Senate Bill 186 transfers ownership of the freight barn and the passenger depot to the City of Ely and the Foundation for no consideration, just as they were given to the State 30 years ago.

According to Museum Director Sean Pitts, this bill would eliminate the State's museum in Ely. This is not true; the State Museum system would not lose its presence in Ely. Senate Bill 186 specifically requires that the City and Foundation lease the second floor of the passenger depot to the Division of Museums and History (DMH) at no cost to the State. There would be no obligations that the Division would incur for the 99-year lease, which we cannot make longer due to existing law. The Foundation would pay all the expenses and utilities of operating the passenger depot and the freight barn and invest money to rehabilitate the freight barn and create a new indoor museum.

The Foundation's plan is to turn the freight barn into a Smithsonian Affiliate museum. This bill would give the City local control and ownership of the entire complex so that it can realize its full potential for the State and the local economy and visitors can get the best possible experience. Senate Bill 186 will allow the Foundation to invest millions into the freight barn building. The new museum would be the perfect investment to bring more visitors to the region.

The Foundation and State Museum often clash over upgrades, maintenance, operation times and other issues. These problems have been occurring for decades. It is illogical not to have the entire complex under one owner. The Foundation will protect the historical value of these two buildings. In S.B. 186, section 2, subsection 2, is language that includes restrictions on the Foundation to "protect all historical and recreational value of the real property in a manner consistent with or greater than prior practice" and "guarantee public access to the real property in a manner consistent with or greater than prior practice." The same language was used in the Belmont Courthouse case, a good example of precedent for transferring a State resource back to local control. In 2013, S.B. No. 121 of the 77th Session transferred the Belmont Courthouse from State ownership to Nye County. The bill passed unanimously in both Houses, and the reasoning behind the ownership transfer was that the most important stakeholders are those closest to the project. They are the ones that best understand the resource, its place of importance in the local economy, the family histories and its value to the community.

The State cannot sell the buildings in question because the original deeds ([Exhibit D](#)) transferring these buildings from Kennecott to the City and the Foundation were restricted by Kennecott. The deeds restricted the perpetual use of the buildings to the White Pine Historical Railroad program, the prior name of the Nevada Northern Railway Foundation.

The opposition claims this is a hostile takeover. The Director of Museums believes S.B. 186 sets a dangerous precedent, that somehow other State-owned museums would be lost in the future by similar means. That is untrue.

The Ely Railway's situation is unique. The transfer is not to a private entity, but to the City of Ely and the Foundation, a nonprofit charity governed by articles and bylaws. All assets owned by the City and the Foundation must be used in furtherance of the Foundation's mission to preserve, protect, develop and display the Nevada Northern Railway National Historic Landmark for the public. The Foundation and the City gave the State the same two buildings, including the records and artifacts, for free over 30 years ago. This transfer is simply granting these buildings back to the original owners, who have a proven track record of preservation. Additionally, the State does not own the buildings free and clear. They are subject to the Foundation's broad right of perpetual use. The State Museum in Ely has no parking, ingress or egress except through Foundation property. No other museums in Nevada are in a similar situation, and they have nothing to fear from S.B. 186. The Foundation's strong financials show it has the capability to raise funds to restore the freight barn and make it a showpiece museum. The State's vision for the freight barn is for it to be primarily operated as convention space.

MARK BASSETT (Nevada Northern Railway Foundation):

The Nevada Northern Railway Foundation came into being in 1984. The railroad, copper mine, and the mill and smelter in McGill were built by Kennecott Copper. The copper mine shut down in 1978 and the community had its first mass exodus. In 1983, Kennecott shut down everything and 20 percent of the population of White Pine County left, with 20 percent of those who remained unemployed. The community was scared it would disappear. There is a history of that happening in Nevada; we probably have more ghost towns than any other state in the union.

The community asked Kennecott to donate the railroad, and oddly enough Kennecott said yes. Kennecott transferred the 56-acre complex, complete with 60 buildings, 1 steam locomotive, 100 antique railcars and 30 miles of track, to the City of Ely and the Foundation. It was up to us to maintain it all. However, the Foundation was a fledgling organization at the time and was unsure if it could operate the entire complex. The Foundation and the City gave two buildings to the State without consideration. The intent was to eventually

transfer the entire complex to the State and have it build a major museum there. In 1993, the State backed out and decided against any other building transfers because of financial difficulties.

The State operates the second floor of the passenger depot as the Ely Railroad Museum. The Foundation operates the first floor of the passenger depot and the rest of the complex. The State's second building is the freight barn which is idle more than 330 days a year and only used for special events. The State Museum amounts to a long hallway with seven offices to visit. These office exhibits, protected by a barrier, take 10 to 15 minutes for visitors to tour. The State has maintained the buildings for the past 30 years, but there is still \$12 million minimum required for critical needs. The Division of Museums and History is asking for \$7.7 million in Capital Improvement Program (CIP) to rehabilitate the freight barn and \$821,347 for the passenger depot. There is no CIP or funding for weatherproofing the passenger depot or installing an HVAC system.

The Foundation greets the tourists, provides a walking map of the complex and explains what there is to see and do. The Foundation worked with Senator Harry Reid to obtain National Historic Landmark status for the complex during the railroad centennial in 2006. The Foundation provides almost all the marketing, promotion and advertising for the complex. The Foundation operates programs that can only be done in Nevada, including the Be the Engineer Experience, where we allow the public to operate a steam locomotive on a 14-mile round trip. We have Railroad Reality Week, where people pay \$1,000 to work on the railroad for a week. The Foundation works with Great Basin National Park, an International Dark-Sky Park, to offer the Great Basin Star Train. The Star Train is wildly successful and sells out a year in advance.

The Foundation has an incredible presence on social media. Last month, the foundation reached over 3 million people. Our Facebook page has 130,000 likes and 178,000 followers. The Foundation has been featured on *CBS Sunday Morning*, *CBS This Morning*, *Pawn Stars*, *American Restoration* and the *Big Bang Theory*. The Foundation owns and cares for the steam locomotives, including the official State Locomotive, the 1910 Baldwin Locomotive 40.

Next, I want to discuss the freight barn. In over 20 years, the display cases brought from Carson City have never had displays in them. The freight barn is open periodically for special events, but the display cases are empty. Though the Foundation does not own the freight barn, we receive negative feedback

about it on our social media. In fact, the No. 1 question that we receive is, “Where is the museum?” People going to a museum expect more than what the State Museum offers. If S.B. 186 passes, the Foundation would turn the freight barn into a Smithsonian Affiliate museum and open it to visitors on a permanent basis. The Foundation would put in a fire suppression system, which the State has not done in its 30-year ownership of the building. The Foundation would bring the building up to code and install an HVAC system and other important safety features. Community events would still take place in the freight barn. The Foundation has the capacity, the funding and the experience needed to protect the historic integrity of the site.

MR. WHITEMORE:

This bill does not change the operations of the State Museum in Ely. The Foundation wants to keep the Ely Railroad Museum just as it is today. The Foundation has over 6,000 donors who have donated an average of \$1,041,000 each year. Over the last three years, Foundation train rides have yielded \$755,000 per year in revenue. The Foundation has raised and invested over \$39 million into the complex over 30 years through a combination of gifts and donations, dues from members, grants, room tax revenue and operations. The Foundation has over 25 employees, including a curator of education and archivist, and over 125 volunteers. The Foundation is overseen by a board of directors. Five are elected by the members and two are elected officials from the City of Ely. Should S.B. 186 pass, the City would be a joint owner and the public would still have oversight. The Foundation closely follows the Secretary of the Interior’s standards for the treatment of historic properties.

The Foundation was recently awarded its third Southern Nevada Public Lands Management Act grant for over \$10 million. This handout ([Exhibit E](#) contains copyrighted material. Original is available upon request at the Research Library.) details some of the Foundation building rehabilitation success stories. [Exhibit E](#), pages 3 and 4, show the chief engineer building in 2000 versus today. The Foundation is responsible for 58 of the buildings and has saved 9 of the structures from collapse and rehabilitated another 7.

This legislation has strong local support. The Ely City Council approved a resolution supporting S.B. 186 in a unanimous vote. White Pine Main Street Association has approved supporting S.B. 186 in the unanimous vote. Additionally, there are over 350 emails and letters of support ([Exhibit F](#)) from foundation supporters and members of the local community. We would work

with the State in creating a space for the records and artifacts currently in the freight barn. The Foundation would enter into a cooperative agreement with the State to house, display and store the material in the freight barn. The State would not need to take documents out of Ely or get a new space for them. The Foundation has a Save America's Treasures grant that will allow for installation of modern space-saving shelving. The Foundation is heavily regulated and has a proven track record.

SENATOR KRASNER:

The State only owns seven museums. This bill would transfer one of them to a private foundation for free. Why would this Body agree to do that?

MR. WHITTEMORE:

Yes, there are seven State museums. This bill does not change the operations of the State Museum in Ely. The State would still have the second floor of the passenger depot. It would still have the museum.

SENATOR GOICOECHEA:

If you look at S.B. 186, section 2, subsection 4, there is a clause that reverts ownership of the title to the real property if the Foundation breaches any restrictions imposed elsewhere in the bill. Your question is why would the State give a museum away? It is not giving the museum away, it is giving the Foundation the ability to improve that facility for White Pine County. And if the Foundation fails, there is the reversionary clause.

SENATOR KRASNER:

My understanding from the bill is that the State is transferring the museum to the Foundation, including the 1.8 acres of land it is located on, for free. Is that correct?

SENATOR GOICOECHEA:

Correct, the same way the State received it.

MR. WHITTEMORE:

There is a need for over \$12 million in upgrades between the two buildings. So, the transfer is not really for free. It transfers the liability from the State to the City and the Foundation, neither of which are private entities. Now, the State has \$9.5 million in requested CIP funds for other State projects within the State

Museum system. The Foundation would not be paying for the property, but it would not be free.

SENATOR KRASNER:

You just said the transfer is for no consideration. That means the buildings and the 1.8 acres of land would be for free. Is that correct?

MR. WHITTEMORE:

The transfer would be for no consideration. The Foundation and the City are not paying the State for the buildings.

NATHAN ROBERTSON (Mayor, City of Ely):

I am a fifth generation Ely resident and have been going to this property since before the State owned it. I have had a front row seat to the developments that have taken place there over the years. I appreciate the State's participation over the last 30 years. The City wants to make sure that the State's facilities continue on the complex. But it is evident the local community has raised more money and invested more heavily in the success of this property than the State.

The State has threatened to close this museum twice, and any time there are budget cuts, this museum is first on the chopping block. Mr. Pitts, who has been there since the beginning, is an indispensable member of our community and a huge asset to our educational institutions. He has taken pay cuts to remain, and the City wants to ensure he continues on.

The City of Ely is not some shadowy separate entity, it is a subdivision of the State of Nevada. I take the same oath the Legislature does. The City wants everybody to benefit from this. This bill partners the State and the City and offers the best outcome for all citizens. The City supports S.B. 186.

JOHN GIANOLI (Nevada Northern Railway Foundation):

I am here in support of S.B. 186. My love and appreciation of the railroad goes back to my youth. My mother would tell me about how her father, the chief mechanical engineer, would provide fixes to the trains at all hours. So, it is deeply seated in my psyche and my love of my community. It would be best to unify the ownership of this property. It would make things much more seamless from a tourism perspective. It would be good for everyone concerned.



STEPHEN WOOD (Nevada League of Cities and Municipalities):

The Nevada League of Cities and Municipalities echoes the sentiments brought by the Mayor of Ely, and we have submitted a letter of support ([Exhibit G](#)) from the President of the Nevada League of Cities explaining our reasoning. The League encourages your support of S.B. 186.

JERRI LYNN HARPER (City Councilwoman, City of Ely):

I am an educator with over 42 years of experience, the last 35 years serving as an academic administrator. I have served as an assistant principal, superintendent and everything in between at four different school districts. The Nevada Northern Railway Foundation continues to protect, preserve and display the best kept historic railroad facility in the Country. As an educator for over 40 years, my focus is always on developing and executing commonsense solutions. Supporting S.B. 186 is a commonsense solution. It allows the State Museum in Ely to continue operating cost-free and allows the Foundation to utilize its tremendous skill to create an incredible Smithsonian Affiliate museum in the freight barn, which will finally realize the full potential of the Historic Landmark. This venture relates beautifully to the mission of educating and preserving in perpetuity the legacy and foundation of how the railroads were and continue to be a foundation for this Country. I want S.B. 186 to pass for my community, and my community wants this.

CAROLINE MCINTOSH:

I fully support S.B. 186. I am a retired educator and superintendent of schools, involved in our community and serve as the chairman of the White Pine Main Street Association. The Main Street Association voted unanimously in support of the passage of S.B. 186. The Ely Railway is the cultural and tourism anchor of White Pine County. The entire complex needs to come under unified control. This fragmented ownership situation at the complex is not working. The Foundation's vision for the property contrasts significantly with that of the State. The Foundation wants a Smithsonian Affiliate museum at the freight barn and has the staffing to make it happen. The State wants to keep using the freight barn as a convention space and has no staffing to keep the freight barn open. During the 30 years of State control of the records and artifacts, nothing has been preserved or cataloged. With the passage of S.B. 186, the Ely Railroad Museum will continue operations in the same location, and people will not lose their jobs.

GLENN TAYLOR:

I am a substantial donor to the Nevada Northern Railroad Foundation. Senate Bill 186 needs to be passed. I have watched the Foundation grow and succeed through the years; it has never disappointed me. I am amazed at what the Foundation members have accomplished. They have saved buildings from collapse. They have restored buildings and their steam locomotives, the ones that I played on as a child that were on display on Main Street. I never dreamed those engines would be running on the tracks again. I grew up on the railroad when it was operated by Kennecott Copper; we lived right next to the tracks. I spent many enjoyable hours in the railroad yard in East Ely. When the railroads shut down, I was distraught that they we are talking about scrapping it. I was excited to learn Kennecott donated the railroad and equipment to the City and the Foundation. They are one of the greatest things that White Pine County has ever had. Please pass this bill and help build a great environment for the historic railroad societies.

SHADRACH ROBERTSON (White Pine Chamber of Commerce):

The White Pine Chamber of Commerce supports S.B. 186. The State Museum has done little to have any distinct presence or economic impact benefiting our City or County. However, the Foundation is a cornerstone to the economic well-being of both. The Ely Railway is the No. 1 tourist attraction in our County and the most used film industry production location. There is no entity more devoted to the historic preservation and promotion of our region's history than the Foundation. The White Pine Chamber of Commerce Board of Directors and I make up a socioeconomically and demographically diverse group of community leaders, and we all encourage you to support the bill.

CON TRUMBULL (Nevada Northern Railway Foundation):

I first came to Ely through a Foundation program called Be the Engineer Experience, operating one of the restored steam locomotives up and down the canyon. When given the chance to work for the Foundation, I quickly jumped on board, bringing with me experience from 13 different museums, education centers and archives in 3 states, as well as almost 10 years of federal records management experience. The Foundation has a long track record of doing things people did not think were possible, countless restoration projects and new endeavors that continue to grow upon each other. Personally, I brought about the Foundation Archive Department, starting with just myself. I quickly developed a program with the mission of taking our written records and providing them to the public in an easily accessible free format so visitors from

around the globe can learn about our history. The Ely Railway is a nationally significant collection and site used by researchers, genealogists and others to learn about our Nation's history. As one of the writers of the America's Treasures grant, I am proud of my team. I urge you to support S.B. 186.

MICHELLE BEECHER (Rural Nevada Development Corporation):

I support S.B. 186. While I greatly appreciate Museum Director Sean Pitts and the State for the work that they have done on the buildings in their care, more can and needs to be done. With the additional manpower that the Foundation has, it can bring the entire railroad complex to it is full potential. This is so important for the City of Ely and our economic development, tourism and culture. I urge you to support this bill.

BILL MARTIN (Friends of the Nevada Southern Railway):

The Friends of the Nevada Southern Railway opposes S.B. 186. We are a nonprofit charitable corporation that manages the membership and programs supporting the Nevada State Railroad Museum in Boulder City. It is one of the three railroad-related museums in the State system. At our March 9, 2023, meeting, the board approved a letter ([Exhibit H](#)) explaining our objections.

BRENDA SCOLARI (Director, Nevada Department of Tourism and Cultural Affairs):

The agencies within the Nevada Department of Tourism and Cultural Affairs are committed to the stewardship and support of cultural resources in the public trust and to the heritage and artifacts of Nevada's history that should be preserved for all. Each of the seven museums within DMH is home to the artifacts that anchor Nevada's present to its storied past, artifacts that bring those stories to life and give character to our origins as a Western State. For 30 years, the State-held historic buildings in Ely have been a part of that family of museums that belong to every Nevadan like our State parks and recreation areas. The buildings have been restored and preserved for and by the people of Nevada.

These historic buildings represent a special piece of history in eastern Nevada, preserved for everyone to experience. This bill proposes removing the buildings from the public trust and placing them under the management of a private foundation. In doing so, S.B. 186 may set a legal precedent for the disposal of Nevada's resources cared for in the public trust and the preservation of fewer historic places for the benefit of all Nevadans. I oppose S.B. 186.

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MYRON FREEDMAN (Division of Museums and History, Nevada Department of Tourism and Cultural Affairs):

I submit written testimony ([Exhibit I](#)) and a presentation ([Exhibit J](#) contains copyrighted material. Original is available upon request at the Research Library.) explaining my opposition to S.B. 186.

SEAN PITTS (Director, East Ely Depot Museum):

Senate Bill 186 is an unprecedented move that would give away a functioning State Museum held in public trust to another entity. It is unnecessary, since we are a complimentary organization, not a competing organization. The two buildings that make up the Ely Railroad Museum were deeded to the State when the City of Ely and the Foundation determined they would not be able to maintain them. The State accepted these historic structures and committed to maintain them for the benefit of all Nevadans, something we have done for more than three decades. Capital Improvement Plans in the Governor's recommended budget will establish the museum in the freight building and make it the go-to place to discover the past of eastern Nevada.

The Ely Railroad Museum meets the definition of a museum which is, and I quote from the American Alliance of Museums, "an organization, educational in purpose who owns, cares for and exhibits artifacts to the public on a regular basis." The Ely Railroad Museum holds to the highest standards of professional museum work. We collect the artifacts of eastern Nevada that show our industrial heritage. We preserve these artifacts, including the two historic buildings that have been entrusted to us in perpetuity. As a public entity, our collections and financial operations are entirely open and transparent to the public.

The two State buildings at the Ely Railroad Museum are necessary to fulfill our mission. We cannot continue to collect or preserve artifacts without the buildings nor preserve the collection we already have. We cannot continue our restoration of these 115-year-old buildings without the space that we currently occupy. And most regrettably, we cannot continue to educate on a level that we have maintained. For more than 30 years, we have provided free educational programming to every classroom who requested it. Our educational programs have been developed with the teachers' curricula to provide an enhanced educational experience for Nevada students.

Our collections have provided hundreds of Nevadans proof of residency in order to receive Radiation Exposure Compensation Act payments after above-ground nuclear testing in the 1950s. Our staff provided the document that proved Japanese Americans were unfairly relocated at the beginning of World War II. That document led to the reparations of their families and the righting of a 60-year-old wrong. The Ely Railroad Museum operates at the highest standards, and S.B. 186 makes it far more difficult for our staff to do the job the State entrusted to us, so we oppose the bill.

DAVID HEALD:

I am in opposition to S.B. 186. The State buildings in Ely should remain in State possession due to the significant investment already made in their preservation and maintenance. The State has dedicated considerable funds to ensure the upkeep of these buildings and is essential to continue their long-term preservation. The financial capacity of the City of Ely is unknown, as their books have been closed since 2020, and may not be enough to handle the cost of maintaining these buildings. The City asked the State to take the buildings over in the past when the City was not financially able to maintain them. If the City takes ownership of the buildings, there would be no safety net if Ely were hit by hard times in the future. Partnership with the State opens more possibilities for grants and other funding opportunities. Therefore, it is essential to maintain State ownership of these buildings for the benefit of the community and future generations.

DAN THEILEN (Director, Nevada State Railroad Museum in Carson City):

I am a retired U.S. Army veteran. I ran the construction facilities management office for the Nevada National Guard, three buildings throughout Nevada, and maintained and restored other buildings for the State. The State had invested over \$4.5 million in the facilities in the Ely Railroad Museum on behalf of the people of Nevada so they can have access to their history. Historic preservation is tough work and requires professionals, oversight and time. The best work is not done in haste, does not look for the least restrictive codes to follow or the cheapest alternative.

The goal for the State is to preserve local history for the people of Nevada. The State has made the best decisions to that end. It has not sold historic fabric to sustain operations. These \$4.5 million investments in the two buildings average to about \$50,000 per building per year. That represents the highest standard of care in the industry. These are the best-preserved buildings on the site. It is no

wonder the Foundation wants them, but they are just two buildings. The State does not have to worry about 30 miles of track, 50 other buildings or the switches, culverts and crossings. The Foundation will tell you it has spent \$39 million on the complex over the last 30 years. That averages to about \$22,000 per building per year, less than half of what the State has invested in its buildings. The Foundation's investment should probably be \$60 million to \$100 million to be on par with what the State has spent. If the Foundation could invest that kind of money, it would have. The McGill depot would be open to the public. The paint building would not be in disrepair, the foundry and forge would be open. By the next biennium, the State will invest another \$8.5 million in upgrades to the two buildings. We oppose S.B. 186.

CHRISTOPHER MACMAHON (Director, Nevada State Railroad Museum in Boulder City):

An artifact is defined as an object made by a human being, typically of historical and cultural interest. Humans create objects large and small, and the State Museum houses artifacts of all sizes. The two largest artifacts are the passenger depot and freight barn themselves. These structures are objects made by Nevadans, demonstrating the varied lives and cultures of the myriad people who lived in eastern Nevada, allowing visitors to the structures to step back in time and reflect on those who came before. The State Museum holds artifacts whose history and heritage were deemed so significant, the State agreed to take custody of these structures and preserve them in perpetuity.

This Body considering S.B. 186 is being asked to take the unprecedented step of transferring these artifacts and historic landmarks out of the public trust. Once this is done, this Pandora's box cannot be closed. I ask you now to consider the ramifications beyond Ely, what would you give away next? Would it be the ship's bell and silver collection of the U.S.S. Nevada? The exquisite baskets of Dat So La Lee? Would you give away the Nevada Constitution itself? All these items are artifacts held in the public trust by Nevadans for Nevadans. The Ely passenger depot and freight barn are no different. I ask the Committee to reflect on the words of John Adams: "Facts are stubborn things and whatever may be our wishes, our inclinations or the dictates of our passion, they cannot alter the state of facts and evidence." It is a fact that S.B. 186 proposes transferring Nevada's history, culture and heritage held by the people for the people to a private entity for its own gain. I oppose S.B. 186.

DORIS DWYER (Board of Museums and History):

As a professional historian, I am concerned about the state of the archives at the Ely complex. The archives of the Northern Nevada Railway Company belong to the State. They are housed in a vault that belongs to the Foundation. The vault is not temperature-controlled. I saw weather damage the two times I visited the vault. The vault contains fragile documents from the late 1800s and early 1900s, which cannot survive in that environment. The planned renovation of the freight barn, the \$7.7 million recommended in the Governor's Budget for this year, includes temperature-controlled archival quality storage for these documents. It would be a shame if we could not proceed with that planned renovation for the archival material alone. I was happy to hear the unanimous comments of support for Mr. Pitts and his value to the community. He is a unique historical resource, well documented by all sides on this issue. Given that S.B. 186 would turn over the two State buildings to a private entity, which would lease back one floor of one building to the State to run as a museum, I think it strains credulity to say that his job is not in jeopardy. I am concerned that the millions of dollars of State money already invested in the State Museum would be turned over to an entity that might not be able to continue that level of support.

I have been on the Foundation's train ride, and it is a wonderful experience. The only downside to the train ride is that you see a lot of dilapidated buildings not shown on [Exhibit E](#), page 1. The Foundation was given control of 60 structures, the vast majority of which are in disrepair. If someone should get on the property, it would be a safety hazard. I am not sure I would like to see the two State buildings turned over to a private entity. The Foundation has been in existence since 1984, and most of the buildings they control are visibly in ruins. The first two or three structures that you see when you arrive give the first impressions to visitors. Two of those three buildings belong to the State, and I want the State to retain control of them. As the chairman of the East Ely Committee on the Board of Museums and History, I relate that we have reached out to the Foundation to make a new agreement. The last attempt was in February; no response came from the Foundation. I oppose S.B. 186.

TODD MOORE (Friends of the Nevada State Railroad Museum):

The Friends of the Nevada State Railroad Museum is opposed to S.B. 186. When the public trust is violated, it makes it enormously more difficult for us to raise money for the needs of the State's three railroad museums because we must tell our potential donors that in Nevada, someone can hire a lobbyist,

come to the Legislature and transfer State property to a private entity against the recommendation of the State's professional historic staff.

BARRY SIMCOE (Friends of the Nevada State Railroad Museum):

I am 80 years old and have seen a lot of stuff go away over the years. The museums have done a great job of keeping these treasures. I do not believe that it makes sense to transfer from the museum system to a private entity. I oppose S.B. 186.

SAM FLAKES (Friends of the Nevada State Railroad Museum):

The Carson City Railroad Museum wishes we had a lot of the things that Ely has. We do not have our engine house anymore. We wish we had gotten to acquire that building like Ely did. That is the difference between historic buildings that belong to the State and those that do not. If it does not belong to the State, it does not get saved. I oppose S.B. 186.

ASHTON FLAKES:

I oppose S.B. 186. We have lost a lot of history, and we should try to at least preserve some.

MR. WHITEMORE:

A lot was said about the public trust and how S.B. 186 somehow violates it. This bill does not transfer the two State buildings to a private entity. It transfers them to the City of Ely and a nonprofit. This distinction matters; facts matter. The City is a political subdivision of the State; public trust is still protected under S.B. 186. This bill specifically states the transfer must include restrictions that protect all historical and recreational value of the real property, guarantee public access and prohibit the City and Foundation from selling, leasing, encumbering, alienating or otherwise disposing without a concurrent resolution of the Legislature. The bill preserves these buildings. It allows the City and Foundation to jointly own them and invest the necessary money into the rehabilitation of the freight barn. The CIP money requested is just a request, and it has not been funded. The State Museum has not been given those dollars. If this bill were to pass, the Legislature would decide where those dollars go. The museum system has requested over \$40 million in CIP. The \$9.5 million requested by the Ely Railroad Museum can go to its counterparts in Boulder City or Carson City.



Mrs. Dwyer said that the Foundation did not respond to mediation requests. I do not know what she is talking about. We spent three days trying to mediate. It failed. This is the best solution moving forward. It preserves the museum on the second floor. If this bill were to pass tomorrow, operations would remain exactly the same in Ely for the State. It remains on the second floor just as it is today as a State Museum. No one is losing a job. None of the history is lost. The Foundation and the City's goal is preserving and protecting the historical integrity of this National Historic Landmark.

SENATOR GOICOECHEA:

These buildings were given to the State by the City of Ely at no cost. The reversionary clause in S.B. 186 makes me comfortable with the ownership transfer. If the City and Foundation do not protect the complex, it reverts to the State. I truly believe that the people of Ely want to see this change as verified by the supporting testimony.

Remainder of page intentionally left blank; signature page to follow.

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CHAIR FLORES:

Let the record reflect that the Committee received six letters ([Exhibit K](#)) of opposition to S.B. 186. We will close the hearing on S.B. 186. As there is no further business, the Senate Committee on Government Affairs adjourns at 5:56 p.m.

RESPECTFULLY SUBMITTED:

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Spencer Jones,  
Committee Secretary

APPROVED BY:

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Senator Edgar Flores, Chair

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

<b>EXHIBIT SUMMARY</b>				
<b>Bill</b>	<b>Exhibit Letter</b>	<b>Introduced on Minute Report Page No.</b>	<b>Witness / Entity</b>	<b>Description</b>
	A	1		Agenda
	B	1		Attendance Roster
S.B. 105	C	3	Jodi Hocking / Return Strong	Ten Letters and Two Press Releases
S.B. 186	D	11	Chase Whittemore / Northern Nevada Railway Foundation	Ely Deeds
S.B. 186	E	14	Northern Nevada Railway Foundation	Handout
S.B. 186	F	14	Chase Whittemore / Northern Nevada Railway Foundation	Letters of Support
S.B. 186	G	17	Stephen Wood / Nevada League of Cities and Municipalities	Letter of Support
S.B. 186	H	19	Bill Martin / Friends of the Nevada Southern Railway	Letter of Opposition
S.B. 186	I	20	Myron Freedman / Division of Museums and History	Testimony
S.B. 186	J	20	Myron Freedman / Division of Museums and History	Presentation
S.B. 186	K	26	Senator Edgar Flores	Six Letters of Opposition