

MINUTES OF THE  
LEGISLATIVE COMMISSION  
NEVADA LEGISLATIVE COUNSEL BUREAU (LCB)  
March 29, 2012

The second meeting in calendar year 2012 of the Legislative Commission, created pursuant to *Nevada Revised Statutes* (NRS) 218E.150, was held on Thursday, March 29, 2012. The meeting began at 9:13 a.m. in Room 4401 of the Grant Sawyer Office Building, 555 E. Washington Avenue, Las Vegas, Nevada. A simultaneous videoconference was broadcast to Room 4100 of the Legislative Building, 401 S. Carson Street, Carson City, Nevada.

COMMISSION MEMBERS PRESENT:

Senator Steven A. Horsford, Chair  
Senator Mo Denis  
Senator Don Gustavson  
Senator Michael Roberson  
Senator Michael Schneider  
Senator James A. Settelmeyer  
Assemblyman Marcus Conklin  
Assemblyman Ira Hansen  
Assemblywoman Marilyn Kirkpatrick  
Assemblyman Richard McArthur  
Assemblywoman Debbie Smith  
Assemblyman Lynn D. Stewart

OTHER LEGISLATORS PRESENT:

Senator John Lee, Clark County Senatorial District No. 1

LEGISLATIVE COUNSEL BUREAU STAFF:

Lorne J. Malkiewich, Director  
Brenda J. Erdoes, Legislative Counsel  
Risa B. Lang, Chief Deputy Legislative Counsel  
Rick Combs, Assembly Fiscal Analyst  
Mark Krmpotic, Senate Fiscal Analyst  
Paul V. Townsend, Legislative Auditor  
Donald O. Williams, Research Director  
Connie Davis, Legislative Commission Secretary  
Tarron Collins, Committee Assistant

Chair Horsford called the meeting to order at 9:13 a.m. Exhibit A is the agenda. Exhibit B is the guest list. Certain items may have been taken out of order but were placed in agenda order in the minutes for purposes of continuity.

At the request of a number of members of the Commission, Chair Horsford announced that the review of administrative regulations under agenda Item VII would be deferred to a subsequent meeting. Deferring the regulations, he said, would provide the Commission the opportunity to solely address the remaining action items on the agenda.

#### I. PUBLIC COMMENT

(Because of time considerations, the period for public comment by each speaker may be limited, and speakers are urged to avoid repetition of comments made by previous speakers.)

Chair Horsford began the meeting with public comment. He asked that remarks, concerning the feasibility of the incorporation of Laughlin, be limited to three minutes unless new information, since the hearing on February 15, 2012, was being brought forward.

James Vincent, a Laughlin resident, spoke in opposition to the incorporation of Laughlin at the February 15, 2012, meeting. He again expressed concern about the ability of the proponents of incorporation to shift the focus of the law to a political platform regarding the right to vote.

Mr. Vincent indicated familiarity with the transactions of the proponents of incorporation, specifically the Laughlin Economic Development Corporation (LEDC). He expressed suspicion that the LEDC had sent "communications" to the Commission members that were "full of threats, intimidation, and gloom and doom" unless they achieved their agenda. He said the group had also released a statement that claimed to be official to the *Las Vegas Sun* that the ENN Solar Project "loomed over the incorporation issue," which he stated was "false and irresponsible." Additionally, he advised that the LEDC was threatening to support a no-build option for a "much-needed second Laughlin-Bullhead city bridge unless they got their way." The bridge, he said, was a public-safety issue since the only hospitals in the area were located in Arizona. The bridge, he said, also provided an evacuation route for 10,000 Arizona residents. Mr. Vincent charged that the actions of the LEDC were "reckless, irresponsible and not in the best interests of the public."

Additionally, Mr. Vincent accused the LEDC of making false claims against those who had spent many hours gathering relevant fiscal data concerning incorporation. Marvin Leavitt, Chairman of the Committee on Local Government Finance, he said, testified before the Clark County Commission that duplicating service in the area

provided no savings and was not cost efficient. Based on Mr. Leavitt's testimony and a review of the financial reports, Mr. Vincent reported that the Clark County Commission voted 7 to 0 regarding the lack of fiscal feasibility for the incorporation of Laughlin.

Continuing, Mr. Vincent recalled that during the Legislative Commission's February 15, 2012, meeting, Senator Joe Hardy acknowledged that property taxes were likely to increase because of revenue shortfalls and had stated that the question was whether Laughlin residents were willing to pay the additional taxes through a vote. Mr. Vincent asked whether "another neutral study" would be conducted by the state to communicate the fiscal impact to "unsuspecting taxpayers or voters and how unbiased information would be disseminated to the voting public."

Mr. Vincent pointed out that the Commission members were being asked by the sponsor and proponents of Senate Bill (S.B.) No. 262 (2011) to ignore the provisions of the bill concerning the fiscal feasibility of incorporation. Recognizing the difficulty of the task before them, Mr. Vincent asked the members of the Commission to vote with "integrity" and to make a "nonpolitically motivated decision that served the best interests of the public as prescribed in S.B. 262."

Michael Bekoff, a Laughlin resident and Town Advisory Board member, testified in opposition to the incorporation of Laughlin. He recalled the book, *Profiles in Courage*, written by then United States Senator John Fitzgerald Kennedy. The book, he said, told the stories of Americans who had been faced with making difficult decisions and the choices they made between doing what seemed easy and popular or doing what was right thereby risking ridicule and derision. Each of those "courageous Americans," he said, chose the more difficult path to do what was right rather than what seemed popular.

Mr. Bekoff said that similarly members of the Commission faced the choice of listening to proponents of incorporation, who raised the "right to vote" issue using what he defined as "political theater," or the independent and impartial *Report on the Fiscal Feasibility of the Incorporation of Laughlin* prepared by the Nevada Department of Taxation. The Department of Taxation's Report, he said, evaluated the costs in governing a city compared with the lack of any significant revenues that would be produced by the proposed city of Laughlin. Mr. Bekoff pointed out that the Department of Taxation's conclusion was that the proposed city would face an immediate budget deficit with all revenues and beginning fund balance consumed in less than one year and a significant negative fund balance at the end of the first year of operation. Additionally, Mr. Bekoff pointed out that North Las Vegas, White Pine County and Fernley were examples of local governments experiencing financial difficulty. He said that it was "no accident that the Board of County Commissioners voted 7 to 0 that the incorporation of Laughlin was not yet feasible."

Mr. Bekoff also pointed out that Senator Joe Hardy admitted during the Legislative Commission's February 15, 2012, meeting that the new city of Laughlin would most likely increase property taxes. That tax burden, he said, would be placed on those least likely to afford an increase, such as senior citizens, living on fixed incomes and casino workers earning minimum wages. The Laughlin Economic Development Corporation (LEDC), Mr. Bekoff said, had already drafted proposed ordinances for the city of Laughlin without public participation and had begun recruiting a mayor, city council members, and chief of police, which he said represented a massive power grab.

In closing, Mr. Bekoff asked the members of the Commission to choose between doing what appeared popular or doing what was right. He encouraged them to do what was right and to vote that the incorporation of Laughlin was not yet feasible.

Herman Walker, a Laughlin resident, testified in opposition to the incorporation of Laughlin. Mr. Walker, who had practiced law for over 50 years, discussed the advice given him by a mentor. That advice, in essence, was that a litigator should argue the facts or the law, but if neither applied, the litigator could wrap himself or herself in the flag and become a patriot. The law, he said, did not favor the incorporation of Laughlin, and the reference to the flag was an analogy to the right to vote, which he said was not the issue. The issue, he said, was whether it was feasible to incorporate. Mr. Walker pointed out that incorporation would create a vacuum in Clark County with a "no-man zone" between the city and the Colorado River, which would become a problem for the county, the city, and those in the no-man zone.

Mr. Walker described the legislation as "repulsive, hideous", and "faulted." He said the facts in the *Report on the Fiscal Feasibility of the Incorporation of Laughlin* did not support the incorporation of Laughlin although the Laughlin Economic Development Corporation (LEDC) had attempted to "massage the financial figures." Mr. Walker questioned why an effort was being made to increase the size of the government in Laughlin at the same time an effort was being made throughout the United States to downsize government. Another political entity, he said, could not be created without increased cost.

Mr. Walker also discussed the testimony of Senator Joe Hardy, the sponsor of the legislation, at the February 15, 2012, Legislative Commission meeting. Senator Hardy, he said, acknowledged that an increase in taxes and a decrease in services would most likely occur with incorporation. Mr. Walker described that increase in taxes and decrease in services as a microscopic picture of the nation's current economic problems. In closing, Mr. Walker said there was no reason to endure the additional expenses involved in incorporation because the cost of operating a city

could not be supported. Mr. Walker asked the Commission to vote against the feasibility of incorporation for Laughlin.

Chair Horsford welcomed former state Senator Sue Lowden to the meeting.

Sue Lowden, a resident of Las Vegas and a Laughlin business owner, testified in support of incorporation and of giving the citizens of Laughlin a choice in whether their town should become a city. Ms. Lowden's family owned the Pioneer Hotel and Gambling Hall in Laughlin and many of their employees, she said, had asked her to represent them and to let the Commission members know they wanted the right to vote on incorporation.

Ms. Lowden advised that she was before the Commission to support allowing the employees of the Pioneer and the other employees throughout the casino corridor to engage in open discussions and to decide the incorporation issue on the ballot. Ms. Lowden advised that if Laughlin incorporated, the Pioneer Hotel and Gambling Hall would become the first casino to opt out of being a part of Clark County. She explained that, as a business owner, it would be preferable to appear before Laughlin city officials for permission to expand or renovate their facilities rather than to appear before Clark County officials.

Although she was a Las Vegas resident and would not have the ability to vote in Laughlin, Ms. Lowden reiterated that she represented many of her employees who had asked her to speak, on their behalf, in favor of incorporation.

Chair Horsford asked Ms. Lowden whether the business community and residents of Laughlin were aware that, based on the report concerning the feasibility of incorporation, there could be a need to increase revenue.

Ms. Lowden responded that there were many in the town who debated the accuracy of the report. She said that if the Commission decided in favor of the feasibility of incorporation, open discussions would take place among the resident taxpayers of Laughlin concerning the validity of the report on feasibility. She said that the residents might vote against incorporation based on the feasibility report but reiterated that the figures in that report were debatable.

Bob Cantu, a resident of Laughlin and former resident of Mesquite, spoke in support of incorporation. Mr. Cantu discussed his past activities in Mesquite that centered around engineering and working with Assemblyman Crescent Hardy on the development of the Pulte-Del Webb Project.

Mr. Cantu also discussed the similarities of the incorporation process for Mesquite and Laughlin especially the differences in the budgets concerning public safety. After

seeing an almost identical situation prior to Mesquite becoming a city and the fact that Mesquite was currently a thriving community, Mr. Cantu reiterated that he was in favor of incorporation. In closing, Mr. Cantu said the Commission had sufficient data to review that could justify the incorporation of Laughlin.

April Tatro-Medlin, a member of the public, appeared before the Commission to express concerns regarding a contract the Department of Motor Vehicles (DMV) had with a multi-national private corporation to produce the Nevada ID. After expressing additional concerns regarding the sharing of DMV information with the National Association of State Chief Information Officers (NASCIO) who, she said, shared information with over 120 corporations, Ms. Tatro-Medlin called for an investigation into those activities.

Chair Horsford thanked Ms. Tatro-Medlin for appearing before the Legislative Commission and suggested that she also contact representatives of the Department of Administration under whose jurisdiction the DMV served. Additionally, the Chair advised that he would have Legislative Counsel Bureau staff provide Department of Administration contact information to her.

II. Determination of Feasibility of Incorporation of Laughlin Pursuant to Senate Bill (S.B.) No. 262 of the 76th Session (2011) –

Chair Horsford said that some of the facts concerning the determination of the feasibility of incorporation of Laughlin had been misconstrued. He explained that Senate Bill (S.B.) 262 of the 76th Session (2011), now state law, required the Legislative Commission or the Clark County Commission to determine the feasibility of incorporation of Laughlin. He also pointed out that, although additional reports were available, the law required the Legislative Commission and the Clark County Commission to review the *Report on the Fiscal Feasibility of the Incorporation of Laughlin* submitted by the Committee on Local Government Finance.

Chair Horsford advised that at the Legislative Commission's February 15, 2012, meeting, proponents and opponents expressed their opinions and presented their facts. He reiterated, however, that S.B. 262 necessitated a review of the *Report on the Fiscal Feasibility of the Incorporation of Laughlin*, which the Legislative Commission was required to follow. Chair Horsford also clarified that at the previous meeting he deferred consideration of the feasibility of the incorporation of Laughlin to the Clark County Commission because Clark County, as the local government representatives directly affected by the decision, needed to have an opportunity to "weigh in" prior to a determination by the Legislative Commission.

Chair Horsford expressed respect for all of the mail he had received concerning the incorporation of Laughlin and asked Senator John Lee, who had been working on a

suggestion to present to the Commission, to proceed with his presentation. The presentation, he said, would be followed by discussion and action on the item.

Senator John Lee, representing Clark County Senatorial District No. 1, reported that he had no property interests in Laughlin. He said, however, as Chair of the Senate Committee on Government Affairs, he had a responsibility to follow the legislation, passed by the Committee, and to ensure that the provisions of S.B. 262 were carried out.

Senator Lee advised that the Legislative Commission had an important position in voting on the feasibility of the incorporation of Laughlin and could consider the following three options:

- Incorporation was not feasible, which would result in a denial of the Laughlin residents' right to vote on the issue
- Make no decision, which would have the same effect as incorporation not being fiscally feasible
- Incorporation was fiscally feasible, which would result in a vote on the issue by Laughlin residents

Senator Lee noted that the Commission's affirmative vote was important and would allow the citizens of Laughlin the opportunity to determine their own destiny. Although arguments for and against incorporation had been heard, Senator Lee said that the citizens of Laughlin should have the opportunity to express their opinions. He encouraged the members of the Commission to consider the following forth option:

- Incorporation was fiscally feasible with a caveat that would acknowledge the findings in the *Report on the Fiscal Feasibility of the Incorporation of Laughlin* and require that the residents of Laughlin be informed before the election that incorporation might require additional revenue and/or a decrease in expenditures to make the new city fiscally solvent. The residents of Laughlin must be informed that the burden from implementing one or both budget actions would fall directly on them, most likely in the form of increased taxes and fees, or a reduction in the level of government services that could be provided.

If the Legislative Commission voted for the fourth option, Senator Lee said he would pledge to sponsor and encourage passage of legislation in 2013 to ensure that the new city of Laughlin, if approved by the voters, would not fail financially. If it was determined that the solvency of Laughlin could not be achieved, Senator Lee said the legislation could include an increase in taxes, or the repeal or delay of the charter before becoming effective July 1, 2013.

Since it was not possible to predict, with certainty, that the proposed new city would be fiscally feasible before organization decisions were made, Senator Lee again encouraged the members of the Commission to consider the proposed fourth option. In summary, he said the voters would have the opportunity to be informed of the potential ramifications before voting to incorporate, and the 2013 Legislature could also be involved in the process.

Senator Lee reiterated that Option 4 would allow the residents of Laughlin to vote on the incorporation in a primary election, which would start the process. He pointed out that if the ENN Solar Energy Project was not realized, there was a potential for some funding from the Fort Mohave Development Fund as well as revenue from increased property tax, and funding from the CTX distribution. Additionally, as previously stated by Mrs. Lowden, the Pioneer Hotel and Gambling Hall might want to annex into the new community along with other properties. Senator Lee also pointed out that other towns, such as Moapa and Pahrump were also attempting to incorporate.

Senator Denis indicated his understanding of the proposal was that the residents of Laughlin would be provided the opportunity to vote to incorporate and to elect a mayor and city council but that incorporation would not become effective until July 1, 2013, which was after the 2013 Legislative Session.

As Chair of the Assembly Committee on Government Affairs, Assemblywoman Kirkpatrick expressed concerns regarding incorporation. Recalling Senator Lee's testimony regarding the efforts of other towns to incorporate, she pointed out that residents of Moapa had been gathering signatures on a petition for incorporation, which she said was the method Mesquite used to incorporate and the way Laughlin should have proceeded as well.

Additionally, Assemblywoman Kirkpatrick, as Chair of the Subcommittee to Study the Allocation of Money Distributed from the Local Government Tax Distribution Account (CTX), said questions were raised at its last meeting concerning Laughlin, such as paying Arizona for police and fire services. Assemblywoman Kirkpatrick indicated that paying another state for services over which Nevada residents had no control was not a good idea. The Subcommittee's agenda for the next meeting, she said, would include an overview of the CTX provisions regarding the creation of a new local government entity.

Assemblywoman Kirkpatrick also expressed concerns about how the residents of Laughlin would be informed about their options as well as the difficulty that would be encountered in gaining bipartisan support to increase taxes or fees to make Laughlin financially viable. Additionally, Assemblywoman Kirkpatrick discussed the importance



of services for residents, which she did not want to see diminished and questioned again how the residents would be informed.

Senator Lee responded that members of the local media, as well as the media from Laughlin were in attendance, and had been provided a copy of his proposal. Although he could not predict exactly how the residents would be informed, Senator Lee said there were enough proponents and opponents to demand public-forum discussions. Additionally, Senator Lee advised that he would support Assemblywoman Kirkpatrick in whatever method was used to inform the residents of Laughlin about the proposal to incorporate. He indicated he would be willing travel to Laughlin to explain the proposal to the residents in a town meeting, or to publish information in the newspapers for 30 days prior to the primary election.

Chair Horsford advised that he had asked for clarification concerning the ballot question and had been advised that the pro and con arguments would be written by a group appointed by the Clark County Commission. He pointed out that the potential impact of incorporation needed to be specifically outlined in the ballot, particularly that the residents and businesses needed to be aware that if the vote to incorporate was affirmative, revenue could be raised based on the findings in the *Report on the Fiscal Feasibility of the Incorporation of Laughlin*.

Assemblyman Stewart expressed his admiration for the Assembly and Senate Chairs of the Committees on Government Affairs. He said, however, that he believed the residents of Laughlin understood the issues and that the opponents of incorporation would, he was certain, publicize that there could be an increase in taxes. Additionally, he noted that the Chairs of the Senate and Assembly Committees on Government Affairs had the authority to sponsor legislation to ensure the proposed city did not fail.

In response to Assemblyman Stewart, Chair Horsford returned to his initial statement that the Legislative Commission, according to the provisions of S.B. 262, had to determine feasibility before the residents could vote on incorporation. He advised that Senator Lee's proposal provided the option that feasibility was fiscally feasible with the caveat to prevent misinterpretation. The Chair indicated that the report submitted by the Committee on Local Government Finance did not make a strong case for feasibility and that a favorable vote by the Commission based solely on feasibility would be unlikely.

Assemblyman Stewart reiterated that he believed the residents of Laughlin were capable of becoming informed on their own, through the media, and public discussions with proponents and opponents of incorporation.

Chair Horsford advised that after the Commission determined feasibility, the voters would have the opportunity for debate before the primary election.

Senator Roberson thanked Senator Lee for the time he spent working on the proposal. Many legislators, he said, were in favor of providing Laughlin residents the opportunity to vote on incorporation. Having had only a few minutes to review the proposal, Senator Roberson expressed concern about being expected to vote on a new concept so quickly and asked whether the proposal had been discussed with the proponents of incorporation.

Senator Lee advised that the fourth option has been vetted with Bob Bilbray [a long-time Laughlin resident and developer] who had been instrumental in the Laughlin incorporation movement. He said, however, he had not shared the option with other members of the Commission prior to the meeting.

Senator Lee indicated that he believed the fourth option could solve a problem and at the same time give Laughlin residents an opportunity to establish their own community. He pointed out that the Commission had one last opportunity to vote on the feasibility of incorporation and that the option was reasonable, easy to understand and that the promises that had been made would be kept.

Assemblywoman Kirkpatrick expressed support for Laughlin residents' right to vote on incorporation but pointed out that the transfer of CTX "was a primary focus" of the analysis provided in the *Report on the Fiscal Feasibility of the Incorporation of Laughlin*. She said, however, that both the Department of Taxation and the Laughlin Economic Development Corporation estimated a different amount of CTX for transfer, which left many unanswered questions. As Chair of the Subcommittee to Study the Allocation of Money Distributed from the Local Government Tax Distribution Account (CTX) ([A.B. 71](#)), Assemblywoman Kirkpatrick said she could not support a determination for feasibility unless the caveats provided by Senator Lee's proposal were included.

As a member of the Subcommittee to Study CTX, Senator Lee reported that the Subcommittee was working "very hard" on the CTX distribution. Senator Lee said that if Laughlin was incorporated and failed financially, he and Assemblywoman Kirkpatrick would "decertify the community."

Senator Denis, to ensure that he and the members of the Commission understood the ramifications of the available options, noted that if feasibility was determined, Laughlin residents would vote, and if they voted to incorporate, incorporation would not take effect until July 1, 2013. In the meantime, he said that if the new city required additional revenue, the legislature had the option to pass a measure that increased taxes or fees [a two-thirds vote of both houses was required], or the legislature could repeal the city charter. Although the legislature would want the new city to succeed, Senator Denis pointed out that the state could not pick up a funding difference.

In response to Senator Settelmeyer, who discussed publishing the ballot language in the newspaper, Chair Horsford advised that the incorporation question was written in S.B. 262 and could not be changed, but he agreed that the Commission could recommend that the language concerning an increase in taxes be placed in the language for the argument against incorporation.

Assemblywoman Kirkpatrick also agreed that the pro and con arguments should be published in the newspaper, which she said would help to inform the voters on the possibility of a tax increase.

In response to a request from Senator Roberson for a copy of the fourth option, Senator Lee advised that the proposal had been distributed to the members of the Commission prior to the beginning of the meeting.

Senator Roberson indicated he was unaware that the document had been distributed and asked for some additional time to review the proposal. While he expressed his understanding of the need to publish the pro and con arguments, Senator Roberson said he believed that the voters in Laughlin were already well aware that a tax increase might be required.

Chair Horsford agreed that the members of the Commission should take additional time to review Senator Lee's proposal and restated the available options:

- Determine, based on the *Report on the Fiscal Feasibility of the Incorporation of Laughlin*, that incorporation was not feasible
- No determination, which would have the same effect that incorporation was fiscally infeasible
- Determine that incorporation was fiscally feasible, which would result in a vote on incorporation by the residents of Laughlin
- Determine that incorporation was fiscally feasible with a caveat that additional explanation would be provided to prevent misinterpretation, which would also result in a vote by the residents of Laughlin

Chair Horsford advised that if the Commission approved the fourth option and Laughlin residents voted affirmatively for incorporation, as well as for mayor and city council members, the new city council in September would prepare ordinances, adopt a budget, and negotiate with Clark County for fixed assets and cooperative agreements. He reiterated that the effective date of incorporation, if approved by the voters, would be July 1, 2013. The Legislature would be in session in 2013, and the CTX study

would have determined the effect the incorporation of Laughlin had on the CTX formula. The budget the new city leaders would have created would be shared with the Legislature in 2013, and if the city was not financially stable, the 2013 Legislature could delay the incorporation from July 1, 2013, to a future date, or vote to repeal the charter.

In response to Assemblywoman Kirkpatrick's concerns regarding information provided to the voters concerning the pro and con arguments, Brenda Erdoes, Legislative Counsel, Legislative Counsel Bureau, advised that *Nevada Revised Statutes* (NRS) 295.121 required that for any question placed on the ballot by the Board of Clark County Commissioners, a committee must be established to write the pro and con arguments, and those arguments would be included on the ballot. Additionally, Ms. Erdoes advised that S.B. 262 required that the *Report on the Fiscal Feasibility of the Incorporation of Laughlin* be published in the newspaper for three consecutive weeks before the primary election.

At 10:24 a.m. Chair Horsford advised that he would recess the meeting for five minutes. The Chair reconvened the meeting at 10:38 a.m.

ASSEMBLYWOMAN KIRKPATRICK MOVED FOR THE APPROVAL OF OPTION 4 WITH THE CAVEATS PREVIOUSLY STATED.

SENATOR SETTELMAYER SECONDED THE MOTION.

CHAIR HORSFORD RESTATED THE MOTION FOR THE RECORD:

THE LEGISLATIVE COMMISSION MOVED APPROVAL TO DETERMINE THE INCORPORATION OF LAUGHLIN WAS FISCALLY FEASIBLE WITH THE CAVEATS THAT INCLUDED A RECOMMENDATION THAT THE PRO AND CON ARGUMENTS ON THE BALLOT WOULD SPECIFICALLY EXPLAIN THAT INCREASED REVENUE MIGHT BE NEEDED FOR THE CITY TO BE SOLVENT; THAT THE CTX STUDY WOULD REVIEW ANY IMPACT THE INCORPORATION OF LAUGHLIN WOULD HAVE ON THE DISTRIBUTION OF FUNDS AND MAKE ADDITIONAL RECOMMENDATIONS TO THE 2013 LEGISLATURE THAT, AS REQUIRED BY S.B. 262, THERE WOULD BE AS MUCH PUBLIC DISCLOSURE AS POSSIBLE ON THE QUESTION INCLUDING THAT THE PRO AND CON ARGUMENTS BE PUBLISHED IN THE NEWSPAPER AND DISCUSSED IN PUBLIC HEARINGS, A BILL DRAFT WOULD BE PREPARED FOR THE 2013 LEGISLATURE IN

THE EVENT THE CITY WAS NOT FINANCIALLY FEASIBLE, AND AN UNDERSTANDING THAT THE INCORPORATION OF THE CITY COULD BE DELAYED FROM JULY 1, 2013 TO A FUTURE DATE, OR, IF THE 2013 LEGISLATURE SO DECIDED, THE CHARTER WOULD BE REPEALED.

THE MOTION CARRIED. (Assemblyman Conklin and Assemblywoman Smith voted no.)

- III. Appointment of Member to Legislative Commission's Subcommittee to Study the Allocation of Money Distributed from the Local Government Tax Distribution Account (A.B. 71) – Lorne Malkiewich, Director

Lorne Malkiewich, Director, Legislative Counsel Bureau, advised that the following four items were placed on the agenda because of vacancies created by the resignations of Senator Elizabeth Halseth and Senator Sheila Leslie.

The members of the Commission had been provided a handout listing the current members of the Legislative Commission's Subcommittee to Study the Allocation of Money Distributed from the Local Government Tax Distribution Account (A.B. 71). Mr. Malkiewich advised that A.B. 71 required the Commission to appoint three members of the Senate and three members of the Assembly to the Subcommittee and thus, an appointment of one senator was needed to replace Senator Halseth.

SENATOR ROBERSON MOVED APPROVAL TO APPOINT SENATOR MCGINNESS TO THE LEGISLATIVE COMMISSION'S SUBCOMMITTEE TO STUDY THE ALLOCATION OF MONEY DISTRIBUTED FROM THE LOCAL GOVERNMENT TAX DISTRIBUTION ACCOUNT (A.B. 71).

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- IV. Appointment of Member to Legislative Commission's Committee to Study the Structure and Operations of the Nevada Legislature (A.C.R. 12) – Lorne Malkiewich, Director

Lorne Malkiewich, Director, Legislative Counsel Bureau, advised that an appointment was required to replace Senator Sheila Leslie on the Legislative Commission's Committee to Study the Structure and Operations of the Nevada Legislature (A.C.R. 12). Mr. Malkiewich advised that Assembly Concurrent Resolution 12

required the appointment of three members of each house, and the appointment of a senator was needed to replace Senator Leslie.

SENATOR DENIS MOVED APPROVAL TO APPOINT  
SENATOR MARK MANENDO TO THE LEGISLATIVE  
COMMISSION'S COMMITTEE TO STUDY THE STRUCTURE  
AND OPERATIONS OF THE NEVADA LEGISLATURE (A.C.R. 12)

SENATOR SCHNEIDER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- V. Appointment of Member(s) to Legislative Commission's Committee to Consult with the Director (NRS 218E.225) – Lorne Malkiewich, Director

Chair Horsford asked Senator Denis to nominate a senator to serve on the Legislative Commission's Committee to Consult with the Director.

SENATOR DENIS MOVED APPROVAL TO APPOINT  
SENATOR PARKS TO THE LEGISLATIVE COMMISSION'S  
COMMITTEE TO CONSULT WITH THE DIRECTOR  
(NRS 218E.225).

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- VI. Election of Vice Chair of the Legislative Commission –  
Senator Steven A. Horsford, Chair

Chair Horsford asked Senator Schneider to nominate a senator to serve as the Vice Chair of the Legislative Commission.

SENATOR SCHNEIDER MOVED APPROVAL FOR THE  
APPOINTMENT OF SENATOR DENIS AS VICE CHAIR OF THE  
LEGISLATIVE COMMISSION.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- VII. Review of Administrative Regulations – Brenda J. Erdoes, Legislative Counsel  
See attached list of regulations to be considered or access list electronically at  
<http://www.leg.state.nv.us/register/Indexes/RegsReviewed.htm>

Chair Horsford deferred the review of administrative regulations under agenda Item VII to a subsequent meeting.

VIII. PUBLIC COMMENT

(Because of time considerations, the period for public comment by each speaker may be limited, and speakers are urged to avoid repetition of comments made by previous speakers.)

Senator Schneider proposed that the Commission appoint a special committee to review construction defect reform. He suggested that former Senator Terry Care and former Senator Randolph Townsend, if a bipartisan effort was needed, be put in charge to develop a bill the committee could take to the Governor and request a special session of the legislature.

Senator Schneider explained the reason for his request was the ongoing federal corruption investigation of homeowner associations in Nevada that began with the case against Nancy Quon, a Las Vegas construction defense attorney. Senator Schneider reported that in connection with the two-year-old case, retired police officer and HOA board member, Chris Van Cleef, Robbie Castro, a former HOA board member in Visitation, Nevada, Nancy Quon, and attorney David Amesbury had all committed suicide. Additionally, in connection with the case, Senator Schneider advised that Steve Wark, a respected Nevada "political operative" had helped to rig elections to gain control of homeowner association (HOA) boards that handed out legal work and false construction defect contracts at the expense of the associations and homeowners.

Senator Schneider said that after recently meeting with expert witness who were owed money by Nancy Quon, it was his understanding the illegal activity connected to HOA boards and false construction defect contracts was ongoing. The continuing scandal, he said, damaged the reputation of the community and the state.

Senator Schneider provided assurance that he was not calling for tort reform but rather for oversight over the entire construction defect process. He reported that some property managers in the case had already pled guilty to charges of embezzling money, rigging elections, and setting homeowners up to be defrauded. While those persons had been fined, he questioned the fact that they had not lost their state licenses.

Senator Schneider reiterated the need for legislation to reform the construction defect process, which he said could not be delayed until the 2013 Legislative Session.

Chair Horsford expressed his appreciation to Senator Schneider for bringing the issue forward but advised that action could only be taken on items currently on the agenda. Additionally, the Chair noted that the case was being federally investigated.

In response to Senator Schneider's request that appointment of a special committee be placed on the next Legislative Commission agenda, Chair Horsford said he would take the request under advisement.

Assemblyman Hansen echoed the sentiments of Senator Schneider and asked that the Chair "carefully" consider the request because the issues that had been addressed were huge and "dramatically" affected the construction industry in the state.

Jonathan Friedrich, a nonpaid lobbyist and advocate for homeowners involved in HOA board disputes, also expressed agreement with Senator Schneider's request. Mr. Friedrich said he wanted to see the special committee, if appointed, go beyond construction defect problems. He said that he and others who suffered abuses through HOA boards could not get responses or advisory opinions from the Nevada Real Estate Division (NRED). The NRED, he pointed out, was required to respond to requests for advisory opinions within 60 days of a request.

April Medlin, a Las Vegas resident, reported that Palm Mortuary in Las Vegas was recently sold to another company [Houston-based Service Corporation International]. Ms. Medlin objected to the door-to-door canvassing of her neighborhood by representatives of the new company and inquired as to the legality of the practice.

Chair Horsford advised that although her inquiry appeared to be a local community issue, a member of the Legislative Counsel Bureau's Constituent Services Unit would contact her to provide a more specific response.



Chair Horsford congratulated Mr. Malkiewicz, who had announced his retirement as Director of the Legislative Counsel Bureau. On behalf of the Commission members, the Chair thanked Mr. Malkiewicz for his many years of dedicated service to the Legislative Counsel Bureau and wished him good luck as he moved on to new endeavors and a new position.

Chair Horsford adjourned the meeting at 10:48 a.m.

Respectfully submitted,

Connie Davis, Secretary  
Legislative Commission

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Senator Steven Horsford, Chair  
Legislative Commission

<b>EXHIBITS</b> <b>Nevada Legislative Commission</b> <b>Date – March 29, 2012 – Time 9:13 a.m.</b>		
<b>Exhibit</b>	<b>Witness/Agency</b>	<b>Description</b>
A		Agenda
B		Guest List
C		
D		
E		
F		
G		
H		