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POSTED – July 28, 2014

NOTICE OF PUBLIC HEARING FOR THE ADOPTION OF PERMANENT REGULATION OF THE COMMITTEE ON LOCAL GOVERNMENT FINANCE

The Committee on Local Government Finance (CLGF) will hold a public hearing on August 28, 2014 commencing at 1:30 p.m., at the Nevada State Legislative Building, 401 South Carson Street, Room 2135, Carson City, Nevada, with videoconferencing to the Grant Sawyer Office Building located at 555 East Washington Avenue, Room 4412E, Las Vegas, Nevada. CLGF will receive testimony from all interested persons and consider and take action on the following proposed permanent adoption of amendments, additions and deletions to the Nevada Administrative Code. If no person who is directly affected by the proposed action appears to request time to make an oral presentation, CLGF may proceed immediately to act upon any written submissions:

1. **The Need for and Purpose of the Proposed Permanent Regulations.**
   The need and purpose of the proposed permanent regulation, **LCB File No. R010-13**, as revised, is to provide for appropriate financial reporting and liability disclosures of health care and disability benefits required by NRS Chapter 617 for local government public safety employees.

2. **Terms or Substance of the Proposed Permanent Regulation or Description of the Subjects and Issues Involved.**

   First: The regulation requires local governments that employ public safety personnel to file a report with the Department of Taxation about the actuarially estimated liabilities associated with NRS Chapter 617 medical and compensation obligations. The report must be on a form provided by the Department of Taxation and must be submitted with the tentative budget.

   Second: The reporting form requires information about how the obligation is funded, such as through a pre-funding plan or self-funded pay-as-you-go plan; the number of current and eligible non-current public safety employees; the number and amount of known and accepted claims paid by a local government net of reinsurance during the prior 10 years; the estimated total actuarial liability for the medical and disability benefits required by NRS Chapter 617; the basis for the estimated actuarial liability, such as an actuarial study; a 10 year history of current benefit payments made and reserves established; the funded ratio of the present value of contributions compared to the present value of the accrued liabilities; and how the actuarial study may be obtained. The regulations provide certain exceptions to the information required.

   Third: The regulation provides that employers that participate in an association of self-insured public employers must report benefit expenditures equal to the employer's contractually required contributions and report where the actuarial study may be obtained.

   Fourth: The regulation provides criteria for best practices for inputs into actuarial valuations; and requires the computation of accrued liability be based using the probability of occurrence over a 30 year period, using certain confidence levels. An actuarial study must be performed at least once every five years, and must identify the type of obligation and the public safety employees for which the obligation is paid.

3. **Estimated Economic Effect of the Proposed Permanent Regulation on the Business which it is to Regulate, and the Public.**

   A. Adverse and Beneficial Effects.
   The proposed permanent regulation presents no reasonably foreseeable or anticipated adverse economic effects to businesses or to the general public. The regulation provides a reporting procedure for determining the amount of future liability to local

governments which provide benefits to public safety employees pursuant to NRS Chapter 617. The regulation does not directly affect private businesses.

The information collected in the reports will enable interested parties to better understand the nature of future liabilities associated with the benefit; and enhances transparency in government.

B. Immediate and Long-Term Effects.

The long-term effect is to provide a transparent process to determine the cost of NRS Chapter 617 medical and compensation obligations provided by local governments to public safety employees. The immediate effect is to provide guidance with regard to the criteria for developing actuarial studies.

4. Estimated Cost to Agency for Enforcement of the Proposed Permanent Regulation.

The proposed permanent regulation will require preparation of documents, oversight, and compilation of reports by the Department. The Department anticipates these activities will require approximately 120 man hours annually.

5. Regulations of Other State or Local Governmental Agencies which the Proposed Permanent Regulation Overlaps or Duplicates and the Necessity Therefore.

The proposed permanent regulation does not overlap or duplicate regulations of other state or local governmental agencies.

6. Establishment of New Fee or Existing Fee Increase.
None.

Persons wishing to comment on the proposed action of the Committee on Local Government Finance may appear at the above scheduled public hearing or may address their comments, data, views, or arguments, in written form, to the Department of Taxation, 1550 College Parkway, Suite 115, Carson City, Nevada 89706. **Written submissions must be received at least two weeks prior to the above scheduled public hearing.**

A copy of this notice and the proposed permanent regulations to be adopted and amended will be on file at the Nevada State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the proposed permanent regulations to be adopted and amended will be available at the Department of Taxation, at the addresses listed below and on the Department of Taxation website, http://tax.nv.gov/ and in all counties in which an office of the Department of Taxation is not maintained, at the main public library, for inspection and copying by members of the public during business hours. The text of the proposed permanent regulations will include the entire text of any section of the Nevada Administrative Code, which is proposed for amendment or repeal. Copies will be mailed to members of the public upon request. A reasonable fee may be charged for copies if deemed necessary.

Under NRS 233B.064(2), when adopting any regulation, the Agency, if requested to do so by an interested person, either prior to adoption or within 30 days thereafter, shall issue a concise statement of the principal reasons for and against its adoption and incorporation, and its reason for overruling the consideration urged against its adoption.

Marvin Leavitt, Chairman

By Terry E. Rubald, Deputy Executive Director
Department of Taxation
July 28, 2014

Note 1: We are pleased to make reasonable accommodations for members of the public who are disabled and wish to attend the workshop. If special arrangements for the meeting are necessary, please notify the Department of Taxation in writing, at 1550 E. College Parkway, Carson City Nevada, 89706 or call (775) 684-2180 prior to the meeting.

Note 2: Materials and files for items on this notice are maintained in the offices of the Department of Taxation located in Carson City, Nevada. Requests for copies of materials and files for items on this notice may be made to:
Terry Rubald, Deputy Executive Director, Department of Taxation, 1550 College Parkway, Carson City, NV 89701

Note 3: Notice of this meeting was posted in the following Carson City, Nevada location: Department of Taxation 1550 E. College Parkway; Legislative Building, 401 South Carson Street; and Nevada State Library, 100 Stewart Street. Notice of this meeting was emailed for posting to the following locations: Department of Taxation, 4600 Kietzke Lane, Building L, Suite 235, Reno; Department of Taxation, 2550 Paseo Verde, Suite 180, Henderson; Department of Taxation, 555 E. Washington Street; Las Vegas; Clark County Office, 500 South Grand Central Parkway, Las Vegas. Notice of this meeting was posted on the Internet through the Department of Taxation website http://tax.nv.gov/ and on the Internet website maintained by the Legislative Counsel Bureau http://leg.state.nv.us/ and the Department of Administration website https://notice.nv.gov/.