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THE NATION

Senator's Bill Would Help Friend's Development Plan

Harry Reid of Nevada seeks to lift an easement. Two sons work at the landowner's law firm.

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WASHINGTON — Nevada's senior senator is pushing legislation that would benefit a close friend by removing an obstacle to plans to build 50,000 homes and 10 championship golf courses on land outside Las Vegas.

Democratic Sen. Harry Reid is co-sponsor of a bill that would eliminate a mile-wide federal easement on property owned by Harvey Whittemore, a senior law partner in a firm that employs two of Reid's sons.

The property, about 60 miles northeast of Las Vegas, could become Nevada's largest planned community.

Removal of the easement, which reserves a long stretch of land for future electrical transmission towers, would free up 10,750 acres for development.

The land could be worth as much as \$5 million with the easement removed. But though the legislation requires the federal government to collect fair market value for releasing the land, the bill defines "fair market value" in such an unusual way that the deal would cost Whittemore only an estimated \$160,000, according to a Times analysis of Interior Department records.

The bill requires the federal government to base fair market value on a 1988 appraisal adjusted for inflation — a method sponsors say is fair but the original appraiser says is flawed.

Susan McCue, Reid's chief of staff, said Whittemore's relationships with Reid and his sons had no bearing on the senator's support for the right-of-way provision or on the terms of the deal.

The provision benefiting Whittemore is part of a comprehensive public lands bill introduced last week for Lincoln County, where 98% of the land is owned by the federal government. Nevada's Republican senator, John Ensign, sponsored the bill with Reid. A similar bill has been introduced in the House. Local legislation backed by a state's delegation stands a good chance of winning congressional approval.

"The entire delegation is for this bill. Sen. Reid's sons are not a part of it," McCue said. "His sons had no

input into this bill."

Whittemore did not return calls seeking comment.

All four Reid sons once worked at Lionel Sawyer & Collins, the Nevada law firm where Whittemore is a senior attorney. Two sons, Rory and Leif, still work there, and both have worked with Whittemore on legal matters. Key Reid, who was a Washington lobbyist, and Josh Reid, who practiced environmental law, left late last year.

This is the second time Sen. Reid has pushed legislation to remove the power line corridor for Whittemore, whom he describes as a longtime friend. Reid withdrew a similar provision near the end of the 2002 legislative session after questions were raised by The Times and Senate committee staffers.

He was the subject of a Times report that revealed he had sponsored the bill benefiting Whittemore. In addition, the article told how Reid sponsored legislation that benefited special interests represented by two of his sons and his son-in-law, who have worked as lobbyists.

The 2002 bill, which was signed into law without the power corridor provision, contained separate measures that benefited at least five clients of Reid's family members. One son and his son-in-law lobbied Reid's office on some of the measures.

Congressional ethics rules do not specifically bar relatives from lobbying lawmakers or prohibit lawmakers from sponsoring legislation that benefits relatives' clients or employers.

In response to Times inquiries in 2002, Reid adopted a policy barring family members from lobbying his office, and he later asked the Senate Ethics Committee to review lobbying rules to determine whether they were adequate.

Reid is among 11 senators and representatives identified by The Times over the last year who have helped special interests that hired their family members as lobbyists, lawyers and consultants.

The pending Lincoln County land bill would eliminate the easement covering one-fourth of the 42,800 acres Whittemore wants to turn into the residential and commercial development.

The legislation would move the transmission corridor across U.S. Route 93 onto federal desert. The desert land had been a protected federal wilderness study area until recently. The 2002 legislation Reid sponsored changed the classification, making it easier to relocate the corridor there.

Unlike the original 2002 legislation, the new bill requires that Whittemore's development company, Coyote Springs Investment, compensate the federal government for removing the corridor easement. Interior Department officials had requested that compensation be paid.

In a statement last week, Reid said, "The owners of the private property currently encumbered by the utility corridor will pay the federal government fair market value for the appreciation of their property due to this provision."

But the bill does not spell out the specific dollar figure Whittemore and his company would have to pay.

None of the staffs of the five Nevada lawmakers who sponsored the bill knew or were willing to say the amount.

The Bureau of Land Management at the Interior Department generally requires a new valuation to determine fair market value if the most recent one is more than a year old, according to an agency spokesman.

But the bill directs the government to use a formula based on the 16-year-old appraisal, done when the government traded the land to a rocket manufacturer.

The company later sold the property to Whittemore.

The appraisal reduced the value of the land because of the federal easement. The difference between the value of the land with and without the easement is known as the "discount." The legislation calls for Whittemore to pay the 1988 discount amount adjusted for inflation using the consumer price index. It is a formulation that does not take into account the rise in land values since then.

Appraisal records at the Bureau of Land Management show the discount was \$99,500, which adjusted for inflation comes to \$159,598.

"It does not make sense to me to use 16-year-old information," said Paul Meiling, the appraiser on the property in 1988. "You need a new appraisal with current market values."

Meiling, of West Jordan, Utah, said any appraisal should take into consideration the price Whittemore paid when he bought the land from the rocket company in 1998. Records show he paid \$15 million for the 42,800 acres.

Allen Freemyer, a lobbyist for Whittemore, said his client just wanted to get the process moving and avoid "two or three years of hassles" over appraisals. "This was not over how much money he had to pay," he said.

He said it made sense to adjust the earlier value for inflation because "nothing has changed out there.... It is still open desert. There has been no development to affect value."

Janine Blaeloch, director of the Western Land Exchange Project, an independent group that monitors federal-land policy, said a new appraisal could be done in a matter of weeks.

"After 16 years, it only makes sense to go back and do another appraisal and see how skyrocketing land values in Southern Nevada have affected this area," she said.

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