

**THE ONE HUNDREDTH DAY**

---

CARSON CITY (Tuesday), May 17, 2005

Senate called to order at 11:48 a.m.

President Hunt presiding.

Roll called.

All present.

Prayer by the Chaplain, Pastor Bruce Kochsmeier.

Gracious God, at the outset of this Session we ask that Your Holy Spirit would calm and clarify the minds of Your servants here. You have called them to great responsibility. Grant them wisdom and understanding of the tasks before them. Unify them for Your purpose. As the days of this session grow short, let them not feel pressure but Your peace. Teach them Your ways. Use their minds and voices for Your purpose. Give them a delight in the opportunity to make a difference for Your people. Let them know that they do make a difference as they trust You.

Thank You for the freedom we enjoy in this land because of the laws You call us to enact for Your people. Be seen, we pray, in all that we say and do this day.

AMEN.

Pledge of allegiance to the Flag.

Senator Raggio moved that further reading of the Journal be dispensed with, and the President and Secretary be authorized to make the necessary corrections and additions.

Motion carried.

**REPORTS OF COMMITTEES**

*Madam President:*

Also, your Committee on Finance, to which were referred Senate Bills Nos. 183, 265, 369, 404, 485; Assembly Bill No. 458, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

Also, your Committee on Finance, to which were rereferred Senate Bills Nos. 34, 242, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

WILLIAM J. RAGGIO, *Chair*

*Madam President:*

Your Committee on Government Affairs, to which were referred Assembly Bills Nos. 26, 165, 351, 426, 475, 477, 483, 509, 510, has had the same under consideration, and begs leave to report the same back with the recommendation: Do pass.

WARREN B. HARDY II, *Chair*

*Madam President:*

Your Committee on Human Resources and Education, to which were referred Assembly Bills Nos. 141, 162, 495, 519, 521, has had the same under consideration, and begs leave to report the same back with the recommendation: Do pass.

Also, your Committee on Human Resources and Education, to which were referred Assembly Bills Nos. 70, 168, 180, 337, 346, 454, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

MAURICE E. WASHINGTON, *Chair*

*Madam President:*

Your Committee on Natural Resources, to which were referred Assembly Bills Nos. 32, 379, has had the same under consideration, and begs leave to report the same back with the recommendation: Do pass.

DEAN A. RHOADS, *Chair*

#### MESSAGES FROM THE ASSEMBLY

ASSEMBLY CHAMBER, Carson City, May 16, 2005

*To the Honorable the Senate:*

I have the honor to inform your honorable body that the Assembly on this day passed Senate Bills Nos. 31, 91, 297.

Also, I have the honor to inform your honorable body that the Assembly amended, and on this day passed, as amended, Senate Bill No. 205, Amendment No. 715; Senate Bill No. 261, Amendment No. 716; Senate Bill No. 382, Amendment No. 690, and respectfully requests your honorable body to concur in said amendments.

Also, I have the honor to inform your honorable body that the Assembly on this day concurred in the Senate Amendment No. 659 to Assembly Bill No. 502.

Also, I have the honor to inform your honorable body that the Assembly on this day respectfully refused to recede from its action on Senate Bill No. 68, Assembly Amendment No. 684, and requests a conference, and appointed Assemblymen McClain, Pierce and Mabey as a first Conference Committee to meet with a like committee of the Senate.

DIANE KEETCH

*Assistant Chief Clerk of the Assembly*

#### MOTIONS, RESOLUTIONS AND NOTICES

By Senators Raggio, Titus, Amodei, Beers, Care, Carlton, Cegavske, Coffin, Hardy, Heck, Horsford, Lee, Mathews, McGinness, Nolan, Rhoads, Schneider, Tiffany, Townsend, Washington and Wiener:

Senate Resolution No. 9—Expressing appreciation to the Secretary of the Senate, Senate Front Desk Staff, Sergeant at Arms and his staff, Personal Secretaries, Committee Managers, Committee Secretaries, Clerical Services Staff, Bill Services Staff and the other Attachés of the Senate for their dedication and outstanding performance.

WHEREAS, The smooth and efficient operation of the Nevada Legislature is largely dependent on the quality and dedication of our staff; and

WHEREAS, The members of the Senate recognize the extraordinary demands made on the Secretary of the Senate, Senate Front Desk Staff, Sergeant at Arms and his staff, Personal Secretaries, Committee Managers, Committee Secretaries, Clerical Services Staff, Bill Services Staff and others who serve as Attachés of the Senate as they willingly accept and meet the challenges of the tasks set before them; and

WHEREAS, This body salutes all those whose diverse contributions, undertaken through the wonder of multitasking, create the "can-do" atmosphere essential to the Senators faced with the biennial task of directing the course of this State; and

WHEREAS, The professional attitude and tireless efforts of the staff of the Senate are truly appreciated and valued as these extraordinary individuals assist the Senators in carrying out their duties on behalf of the residents of the State of Nevada; and

WHEREAS, These special people have worked diligently and efficiently in their service to members of the Senate; now, therefore, be it

RESOLVED BY THE SENATE OF THE STATE OF NEVADA, That the members of the Senate of the 73rd Session of the Nevada Legislature do hereby express their deep appreciation and commend the outstanding support staff of the Senate, which includes Claire J. Clift, Mary Jo Mongelli, Ann-Berit Moyle, Mary R. Phillips, Molly Dondero, Susan S. Whitford, Lydia Lee, Jane Gill, Ruth B. Pierini, Sam A. Palazzolo, John D. Turner, Ronald Sandoval, Evelyn Mattheus, Rebecca M. Harris, Shirley Hammon, Betty Christenson, Joan Thran, Sandy Arraiz, Dorothy Souza, Donna Esposito, Billie Brinkman, Mollie Miller, Antonio Gutierrez, Stella

Blood, Jeanne Baret, JoAnn Wessel, Lela Uptergrove, Bob Adney, Michael Archer, Catherine T. Barstad, Ricka Benum, Cynthia Clampitt, Cynthia Cook, Tonya Cort, Barbara L. Evans, Jo Greenslate, Lynn Hendricks, Delia John, Ardyss Johns, Kekuhaupio F. Kamalani, Lee-Ann Keever, Olivia Lodato, Maudie Long, Gayle Maynard, Terri Miller, Tanya Morrison, Barbara Moss, Lora Nay, Juliet W. Newman, Emily Nichols, Candice Nye, Shirley Parks, Dee Crawford-Ramsey, Irene Rawlings, Brooke T. Reid, Sherry Rodriguez, Marion Sandoval, Paula M. Saponaro, Mary Savarese, Mavis Scarff, Makita Schichtel, Jonathan Sherwood, Carolyn Simnad, Sandra Small, Genevieve Tetherton, Judith Toscano, Patricia Vardakis, Anne Vorderbruggen, Ellen L. West, Elisabeth Williams, Johnnie Lorraine Willis, Donna Winter, Leticia Wischmeier, Jeanine M. Wittenberg, Carolyn Wood, Norman Wessel, Sharon Carter, Frank Baird, John Clendenning, Thomas Keeley Evans, Gail Herstead, Elaine Walker, Emory Lee Crews, Mary L. Thompson, Janet Meredith, Patty Woodworth, Jeff Benum, Alyce King, Frank Morelli, John Perondi, Joe Pieretti, James Silsby, Candy Trenoweth and Fred White; and be it further

RESOLVED, That the Secretary of the Senate prepare and transmit a copy of this resolution to each member of the staff of the Senate.

Senator Raggio moved the adoption of the resolution.

Remarks by Senator Raggio.

Senator Raggio requested that his remarks be entered in the Journal.

Thank you, Madam President. This is a very important resolution to each of us. Unfortunately, when we do this during each session we do it at a time when we are immersed in issues and we are no longer as collegial as we were earlier during the session. In spite of the idiosyncrasies of each member of the Senate, there is a glue that holds us all together. That glue is the wonderful staff that serves our needs.

After so many sessions, it still amazes me that a large number of them return each year. It is almost as if they enjoy misery. We come here each day to perform our duties in the Senate. We go home at a certain time; we have lunch and take a chance to relax, and they do not.

If you add up all the experience of those who are on this list, it would add up to hundreds of years. Some are new; some are veterans of several sessions. I am proud to work with them. They are here before we get here, and they stay long after we leave each day. In some cases, those who serve the committees listen to us not only once but several times as they write out the minutes. Thankfully, for most of us, they even clean up our grammar. In some cases, they perfect our language to make the minutes more readable. They do a tremendous job. We want them to know their efforts are appreciated. This is our way of saying thank you. I am certain each knows that even though we do not say it every day, their efforts are sincerely appreciated.

Resolution adopted.

#### SECOND READING AND AMENDMENT

Senate Bill No. 96.

Bill read second time.

The following amendment was proposed by the Committee on Finance:

Amendment No. 755.

Amend section 1, page 1, line 2, by deleting "\$125,000" and inserting "\$31,250".

Senator Raggio moved the adoption of the amendment.

Remarks by Senator Raggio.

Amendment adopted.

Bill ordered reprinted, engrossed and to third reading.

Senate Bill No. 195.

Bill read second time.

The following amendment was proposed by the Committee on Finance:

Amendment No. 714.

Amend section 1, page 1, line 2, by deleting "40" and inserting "37".

Amend sec. 2, page 2, line 3, by deleting "\$608,405" and inserting "\$335,105".

Senator Raggio moved the adoption of the amendment.

Remarks by Senator Raggio.

Amendment adopted.

Bill ordered reprinted, engrossed and to third reading.

#### MOTIONS, RESOLUTIONS AND NOTICES

Senator McGinness moved that Senate Bill No. 391 be taken from the Second Reading File and placed on the Secretary's desk.

Remarks by Senator McGinness.

Motion carried.

Senator Cegavske moved that Assembly Joint Resolution No. 8 be taken from the General File and placed on the Secretary's desk.

Remarks by Senator Cegavske.

Motion carried.

#### GENERAL FILE AND THIRD READING

Senate Bill No. 484.

Bill read third time.

The following amendment was proposed by Senators Coffin and Titus:

Amendment No. 655.

Amend the bill as a whole by deleting sections 1 and 2, renumbering sec. 3 as sec. 2 and adding a new section designated section 1, following the enacting clause, to read as follows:

"Section 1. 1. The Legislative Commission shall appoint a subcommittee consisting of three Senators and three Assemblymen to conduct an interim study concerning the elimination of subsidies for retirement health benefits for newly hired state and local governmental officers and employees.

2. The study must include, without limitation:

(a) An evaluation of the fiscal impact on the State and local governments if subsidies for retirement health benefits are eliminated for newly hired state and local governmental officers and employees; and

(b) An evaluation of the financial impact of the elimination of subsidies for retirement health benefits for newly hired state and local governmental officers and employees on such officers and employees.

3. Any recommended legislation proposed by the subcommittee must be approved by a majority of the members of the Senate appointed to the subcommittee and a majority of the members of the Assembly appointed to the subcommittee.

4. The Legislative Commission shall submit a report of the results of the study and any recommendations for legislation to the 74th Session of the Nevada Legislature."

Amend sec. 3, page 5, line 15, by deleting "2006." and inserting "2005."

Amend the title of the bill to read as follows:

"AN ACT relating to the Public Employees' Benefits Program; directing the Legislative Commission to conduct an interim study concerning the elimination of subsidies for retirement health benefits for newly hired state and local governmental officers and employees; and providing other matters properly relating thereto."

Amend the summary of the bill to read as follows:

"SUMMARY—Directs Legislative Commission to conduct interim study concerning elimination of subsidies for retirement health benefits for newly hired state and local governmental officers and employees. (BDR 23-1364)".

Senator Titus moved the adoption of the amendment.

Remarks by Senators Titus, Raggio and Coffin.

Senator Titus requested that the following remarks be entered in the Journal.

SENATOR TITUS:

This amendment replaces the bill with a provision requiring the Legislature to conduct an interim study instead. This study would consider the impact of eliminating health insurance coverage for future public-employee retirees and identify possible alternatives.

When the Governor's staff testified on Senate Bill No. 484 before the Senate Committee on Finance, little detail was presented about potential consequences of dropping health insurance for future state employees upon their retirement. All we heard was that health insurance is getting increasingly expensive; and under the new federal Governmental Accounting Standards Board rules, the State's growing liability will potentially have a negative impact on our bond rating and capacity.

We acknowledge that this is a serious problem and the State needs to address it, sooner rather than later. We believe, however, that such a major policy shift should be more thoroughly vetted before implementation. What is the potential impact on recruitment? What happens if people extend their time in service because they cannot afford to retire? What will happen then to health- insurance rates for an older work force? We need to look more carefully at potential costs and benefits; at possible unintended consequences; at what other states do; at options from the private sector, such as those suggested in a recent article in *American City and County*, a copy of which is on your desk.

For that reason, we offer this amendment which would establish an interim committee to study this issue and bring recommendations to the next Legislature. Waiting 18 months will make little difference in terms of the State's liability, but could make a huge difference in the quality of the policy we enact and its long-range impact on the future of Nevada.

SENATOR RAGGIO:

I oppose the amendment. The Senator who previously spoke is correct. This is an issue needing to be addressed sooner rather than later. The Governor has presented this proposal as a remedy, and under the bill, it would not affect any present public employees. It only applies to future, newly-hired public employees after July 1, 2005. When those employees hired after July 1, 2005, retire, they would not be entitled to a subsidy. The committee heard testimony that Nevada is one of only a few states that subsidize medical-health benefits for retirees. We need to deal with this in view of the new Governmental Accounting Standards Board requirements. It is similar to delaying action on Social Security issues at the national level. It is a serious matter with serious financial consequences that will impact the bond rating of the State of Nevada.

The proposal before us ensures that everyone presently in state employment will continue to be entitled to this benefit. Those public employees hired after July 1, 2005, will not be entitled to it. An interim study is not going to bring us any closer to dealing with this issue. If we delay our action to begin curtailing this benefit, our problem will worsen. I suggest we not approve this amendment.

SENATOR COFFIN:

We offered these amendments with an open mind weeks ago when Senate Bill No. 484 came out of committee. The amendments have been in many hands in the past several weeks. Another one will follow if one of these offered today does not pass. Everything stated by the Minority Leader and the Majority Leader is absolutely correct. There are no arguments about this issue now. The night in January when the Governor announced his initiative, it took me by surprise. There had been no consultation with the minority and none I am aware of with the majority. At that point, I thought it was unthinkable. I continued to think about it for several months, and I came to realize it is thinkable. We must consider this and in a bi partisan manner. There are many problems associated with health insurance, whether for retirees or current public employees. Our attempts to bring the parties together are contained in our amendments. We are trying to bring the parties together unilaterally to present something the Assembly could find acceptable on this issue. I believe the Assembly would reject this bill wholesale, leaving us back where we started from. I do not want that to happen. I have come to the belief that we must start looking ahead at the future and start planning now.

A study seems appropriate. I think the Assembly might be in agreement with that idea. If you just want to make a statement about how you feel about retirees and how they should be carrying their own burden, then, that is how you vote. If we can work together to set an example for Congress and how it is not handling its responsibility to address the future of Medicare and Social Security, maybe, we can encourage other state legislatures to take a leading role in similar issues taking place in their states.

We think this is a common-sense approach and not a radical amendment. These words apply to the next amendment as well, assuming one of them passes. There is a third amendment that is only partially germane to the issue, but it also has appeal. I like this amendment. It is my opinion we need to include an amendment that encourages discussion. I think we can have success if there is discussion.

With the support of both parties, I believe we can present the Governor a progressive move that he initiated. I am willing to give him credit for that. We need to accommodate each other's feelings and philosophies and move forward.

Senators Coffin, Carlton and Titus requested a roll call vote on Senator Titus' motion.

Roll call on Senator Titus' motion:

YEAS—10.

NAYS—Beers, Cegavske, Hardy, Heck, McGinness, Nolan, Raggio, Rhoads, Tiffany, Townsend, Washington—11.

The motion having failed to receive a majority, Madam President declared it lost.

The following amendment was proposed by Senators Coffin and Titus:

Amendment No. 680.

Amend the bill as a whole by renumbering sec. 3 as sec. 12 and adding new sections designated sections 3 through 11, following sec. 2, to read as follows:

"Sec. 3. NRS 287.320 is hereby amended to read as follows:

287.320 1. The State may agree with any of its employees, and the Board of Regents of the University of Nevada may agree with any of its

employees, to defer the compensation due to them in accordance with a program approved by the Committee which may consist of one or more plans authorized by 26 U.S.C. § 401(a), 401(k), 403(b), 457 or 3121, including, without limitation, a FICA alternative plan, or any other plan authorized by any federal law to reduce taxable compensation or other forms of compensation. The Board of Regents may agree with any of its employees to defer the compensation due to them as authorized by 26 U.S.C. § 403(b) without submitting the program to the Committee for its approval. An employee may defer compensation under one or more plans in the Program.

2. The employer shall withhold the amount of compensation which an employee has, by such an agreement, directed the employer to defer.

3. *Except as otherwise provided in NRS 287.340, if an employee who is initially hired by an employer on or after July 1, 2006, has agreed with his employer to defer compensation under one or more plans in the Program, the employer shall contribute each year a matching amount of up to \$5,000 to the Program on behalf of the employee.*

4. The employer may invest the withheld money *and any amount contributed to the Program by the employer pursuant to subsection 3* in any investment approved by the Committee or, in the case of deferred compensation under 26 U.S.C. § 403(b) for employees of the University and Community College System of Nevada , *in any investment approved by the Board of Regents of the University of Nevada.*

~~{4.}~~ 5. The investments must be underwritten and offered in compliance with all applicable federal and state laws and regulations, and may be offered only by persons who are authorized and licensed under all applicable state and federal regulations.

~~{5.}~~ 6. All amounts of compensation deferred pursuant to the Program, *all amounts contributed by the employer pursuant to subsection 3*, all property and all rights purchased with those amounts and all income attributable to those amounts, property or rights must, in accordance with 26 U.S.C. § 401(a), 401K, 403(b), 457(g) or 3121, including, without limitation, a FICA alternative plan, or any other federal law authorizing a plan to reduce taxable compensation or other forms of compensation, as applicable, be held in trust for the exclusive benefit of the participants in the Program and their beneficiaries.

Sec. 4. NRS 287.330 is hereby amended to read as follows:

287.330 1. The Committee shall:

(a) At its first meeting each year, designate one of its members to serve as Chairman of the Committee for a term of 1 year or until his successor has been designated.

(b) Act in such a manner as to promote the collective best interests of the participants in the Program.

2. The Committee may:

(a) Create an appropriate account for administration of money and other assets resulting from compensation deferred *or contributed by an employer* pursuant to the program.

(b) With the approval of the Governor, delegate to one or more state agencies or institutions of the University and Community College System of Nevada the responsibility for administering the Program for their respective employees, including:

(1) Collection of deferred compensation ~~and~~ *and contributions made by employers pursuant to subsection 3 of NRS 287.320;*

(2) Transmittal of money collected to depositories within the State designated by the Committee; and

(3) Payment of deferred compensation *and contributions made by employers pursuant to subsection 3 of NRS 287.320* to participating employees.

(c) Contract with a private person, corporation, institution or other entity, directly or through a state agency or institution of the University and Community College System of Nevada, for services necessary to the administration of the plan, including, without limitation:

(1) Consolidated billing;

(2) The keeping of records for each participating employee and the Program;

(3) The purchase, control and safeguarding of assets;

(4) Programs for communication with employees; and

(5) The administration and coordination of the Program.

3. The Committee and its individual members are not liable for any decision relating to investments if the Committee has:

(a) Obtained the advice of qualified counsel on investments.

(b) Established proper objectives and policies relating to investments.

(c) Discharged its duties regarding the decision:

(1) Solely in the interest of the participants in the program; and

(2) With the care, skill, prudence and diligence that, under the circumstances existing at the time of the decision, a prudent person who is familiar with similar investments would use while acting in a similar capacity in conducting an enterprise of similar character and purpose.

(d) Selected at least two plans from separate and distinct providers from which the participants in the Program may choose.

(e) Solicited proposals from qualified providers of plans at least once every 5 years.

Sec. 5. NRS 287.340 is hereby amended to read as follows:

287.340 1. Deferrals of compensation may be withheld as deductions from the payroll in accordance with the agreement between the employer and a participating employee.

2. The *sum of the* amount of deferred compensation set aside by the employer to a plan under the Program during any calendar year *and any amount contributed by an employer pursuant to subsection 3 of NRS 287.320*



may not exceed the amount authorized by 26 U.S.C. § 401(a), 401(k), 403(b), 457 or 3121, including, without limitation, a FICA alternative plan, or any other federal law authorizing a plan to reduce taxable compensation or other forms of compensation, as applicable.

Sec. 6. NRS 287.370 is hereby amended to read as follows:

287.370 ~~[No]~~ *Except as otherwise provided in subsection 3 of NRS 287.320, no appropriated money of the State may be spent in connection with the administration of the Program except as compensation for employees who participated in the administration as part of their regular duties, including without limitation:*

1. Members and staff of the Committee; and
2. Employees of the state agency or the institution of the University and Community College System of Nevada selected to administer the Program.

Sec. 7. NRS 287.420 is hereby amended to read as follows:

287.420 1. A political subdivision may agree with any of its employees to defer the compensation due to them in accordance with a program approved by the committee which may consist of one or more plans authorized by 26 U.S.C. § 401(a) or 457. An employee may defer compensation under one or more plans in the program.

2. The political subdivision shall withhold the amount of compensation which an employee has, by such an agreement, directed the political subdivision to defer.

3. *Except as otherwise provided in NRS 287.450, if an employee who is initially hired by a political subdivision on or after July 1, 2006, has agreed with the political subdivision to defer compensation under one or more plans in the program, the political subdivision shall contribute each year a matching amount of up to \$5,000 to the program on behalf of the employee.*

4. The political subdivision may invest the withheld money *and any amount contributed to the program by the political subdivision pursuant to subsection 3* in any investment permitted by law and approved by the committee.

~~[4.]~~ 5. The investments must be underwritten and offered in compliance with all applicable federal and state laws and regulations, and may be offered only by persons who are authorized and licensed under all applicable state and federal regulations.

Sec. 8. NRS 287.430 is hereby amended to read as follows:

287.430 1. The governing body of a political subdivision may create an appropriate fund for administration of money and other assets resulting from compensation deferred *or contributed by a political subdivision* under the program.

2. All amounts of compensation deferred pursuant to the program, *all amounts contributed by the political subdivision pursuant to subsection 3 of NRS 287.420*, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights must, in accordance

with 26 U.S.C. § 401(a) or 457(g), as applicable, be held in trust for the exclusive benefit of the participants in the program and their beneficiaries.

Sec. 9. NRS 287.440 is hereby amended to read as follows:

287.440 1. The governing body of a political subdivision may appoint a committee to which it may delegate the responsibility for administering the program for its employees, including:

(a) Collection of deferred compensation ~~and~~ *and contributions made by employers pursuant to subsection 3 of NRS 287.420;*

(b) Transmittal of money collected to depositories within the State; and

(c) Payment of deferred compensation *and contributions made by employers pursuant to subsection 3 of NRS 287.420* to participating employees.

2. The committee may contract with a private person, corporation, institution or other entity, directly or through an agency of the political subdivision, for services necessary to the administration of the plan, including without limitation:

(a) Consolidated billing;

(b) Recordkeeping for each participating employee and the program;

(c) Purchase, control and safeguarding of assets;

(d) Communication with its employees; and

(e) Administration and coordination of the program.

Sec. 10. NRS 287.450 is hereby amended to read as follows:

287.450 1. Deferrals of compensation may be withheld as payroll deductions in accordance with the agreement between the political subdivision and a participating employee.

2. The *sum of the* amount of deferred compensation set aside by the political subdivision *and any amount contributed by a political subdivision pursuant to subsection 3 of NRS 287.420* to a plan under the program during any calendar year, may not exceed the amount authorized by 26 U.S.C. § 401(a) or 457, as applicable.

Sec. 11. NRS 287.480 is hereby amended to read as follows:

287.480 ~~[No]~~ *Except as otherwise provided in subsection 3 of NRS 287.420, no* appropriated money of the political subdivision may be spent in connection with the administration of the program except as compensation for employees who participated in the administration as part of their regular duties."

Amend the title of the bill to read as follows:

"AN ACT relating to the Public Employees' Benefits Program; providing that any state or local governmental officer or employee who is hired on or after July 1, 2006, is not entitled to receive a subsidy for coverage under the Program upon retirement; requiring state and local governmental employers to pay each year a matching contribution of up to \$5,000 on behalf of employees who are hired on or after July 1, 2006, and who participate in a deferred compensation plan; and providing other matters properly relating thereto."

Senator Titus moved the adoption of the amendment.

Remarks by Senators Titus, Raggio, Beers, Coffin and Carlton.

Senator Titus requested that the following remarks be entered in the Journal.

SENATOR TITUS:

Rather than simply eliminating health-insurance coverage for future public-employee retirees, this amendment would establish a safety net for them by requiring state and local governments to match any future employees' contributions to a deferred compensation plan up to \$5,000 per year. Such a program would be less expensive than providing health insurance for retirees; its cost would be more stable and, therefore, more predictable which is viewed favorably by the bond market; and it would be easier to implement. At the same time, it would not leave a group of people who have worked in public service their whole careers with no resources to draw upon for health insurance in their later years.

Nevada is already the fourth worst state in the Country in terms of percentage of people who are uninsured; it is up to almost 24 percent, or one in four. The taxpayers eventually pick up the costs of these people either in emergency rooms or through social services. We do not need to add to that burden which is exactly what eliminating health care for future retirees without providing a safety net would do.

The Governor's staff has said in public hearing that they would consider other reasonable alternatives to elimination of benefits; and we believe this plan represents just that. We recognize that there is a growing problem which must be addressed, but we do not want to implement a quick, easy fix that could mean greater costs and more problems in the long run.

SENATOR RAGGIO:

First of all, we are not denying benefits to those employees who are hired after July 1, 2005, either at the state or local level. What is being considered is that there would not be a subsidy for those persons when they retire. This does not affect anyone presently in state or local government employment.

The fiscal impact of what is being proposed according to the information from the Department of Personnel is as follows: in fiscal year 2004, we had 2,300 new employees in the State of Nevada that were added to the central payroll system, and if you add the University, there may be a potential of 3,200 new hires a year. Those new hires, under this proposal, have the ability to come on immediately under this deferred compensation plan. If we assume, as was previously stated by another speaker, that it is up to \$5,000 annually per employee that would be matched, then, the cost beginning in fiscal year 2006, without any waiting period, would be as much as \$16 million or more depending on how many employees elect to participate. The amount obviously would increase each year by a similar amount. For example, if the same number of new employees would be hired each year and a portion from the previous year, either leaving or terminating their State employment, but taking into account a reasonable number of \$16 million the first year, then maybe \$24 to \$28 million in additional costs would be required for the State to match. I am only talking about the State's part of this because the local governments are in a similar position. It is a substantial amount of money that our State government would have to commit to pay. That is exactly what we are trying to get away from, the tremendous cost that results in continuing to subsidize new retirees.

Eventually, 25 to 30 years down the road, when every employee began his service after July 1 of this year, if you based it on the current number of employees which is approximately 25,000, you would be looking at a cost to the State potentially of \$125 million a year. This proposal will not only aggravate and not help to solve the problem.

SENATOR TITUS:

The previous speaker is making a number of assumptions that have little validity. You are assuming you are going to have 3,200 people hired every year; we do not know that will be the case. You are assuming that they are all going to opt into the program, and you can not be certain that will be the case. You are assuming that they are all going to opt into the maximum \$5,000; you do not know that that will be the case. Using speculative figures as though they are

hard facts is irresponsible and again points to the need for that study that I proposed in our first amendment.

I would now ask the Majority Leader for a comparison of his figures estimated at the maximum with what it is costing the State now to provide health insurance. To offer a proposal that includes some state investment and some private investment so that people have some control over their own dollars seems to me to be going a long way in the direction of the things the party across the aisle usually promotes.

SENATOR BEERS:

Thank you, Madam President. We should probably include in this debate the knowledge that starting in 1987 our employees were opted into Medicare coverage. In 2007, those who started in the first year or later on this program can retire on through 2017 when virtually everyone who retires will be covered. These employees will all have Medicare coverage. In effect, it is the way we have structured this for our retirees as a subsidy for their health care. It is not like we are leaving employees with no health care.

SENATOR COFFIN:

I knew we could come together and make progress. The points are still on target, and people are talking the same kind of language, just getting a little tougher on each other.

Medicare is in the future at age 65. If they retire at 55 or 60, they will not be getting Medicare. I have been in the insurance business selling medical insurance for 36 years. I was told forget that business and just sell life insurance because national health insurance is around the corner. I did not quit selling health insurance. However, this type of movement across the Country will do more than anything to bring national health insurance along.

There will be a rebellion among people who are in their 50s and 60s who are going to say they want health insurance. No matter how you stand on this today, you will be under tremendous pressure and your successors will, too, to provide health care until the federal government provides health care. It will be national health insurance in the form of Medicare down to the age; first of 62, then 60, then 55 and then 50 will be what we are inviting.

No matter which way you go, you will have to pay for health care. Our second amendment addresses the issue in a cold, hard reality that there is money to be paid for health care. If we do not have the employees contributing, we will be paying on the other end.

We drafted these amendments in exactly 30 minutes after the bill was passed out of committee, and we did not seek out more fiscal information to be clear on any numbers for certain. As an insurance person, I can tell you that our state health plan is aging. Those of you who sit in Committee on Finance or those who are familiar with the system know that our group is aging and the employee group rate is getting higher. People will not retire and the group rates will skyrocket.

You will see the affects of this bill next session. Giving the benefit of doubt to the Majority Leader's fiscal figures for a second, it could be possible to meet those figures if, again, we do not come together and find a solution in this House to send a bill to the Assembly that they could work on instead of one they would dismiss.

SENATOR CARLTON:

Thank you, Madam President. We should remember that state employees do not pay into Social Security. They do not have the other side of the safety net. They will not have Social Security when they retire. We must keep that in mind when we are looking at what a retiree's budget is really going to look like.

In my regular job, I have dealt with health insurance and with retirees' insurance; there have been times when I have had to tell people that they will not receive a raise for the next year because the cost of health insurance is so high. We need to shore up our health insurance, and we need to make certain our retirement plan is in good shape so that the generation behind us will benefit the way we have. I see this as an olive branch to the other side of the aisle. We have a problem; we need to fix it. If the way to help fix it is to let the employees contribute to their plan, then, let them do so.

I never thought I would say rather than going to a totally employer-funded plan, lay some of the burden on the employees for their insurance costs. That shows how significant a problem we

have with the retiree plan. If employees want to contribute and have something matched, which happens in the private sector all of the time, I believe it is a valid option to offer to future state employees. Let us not say this is the line in the sand that we will not cross anymore. I think there are other ways to address this.

SENATOR BEERS:

Thank you, Madam President. Everyone in this room understands the reality. For those watching at home, we need to point out that not being covered by Social Security is a tremendous benefit to our employees. They are covered by Public Employees Retirement System (PERS) which will offer them retirement benefits two to five times what a Social Security recipient will receive. The State retirement is far better. Social Security is about 1.5 percent funded. PERS is more than 80 percent funded. I do not want anyone to be left with the impression that we are kicking these people out into the cold.

Senators Coffin, Mathews and Titus requested a roll call vote on Senator Titus' motion.

Roll call on Senator Titus' motion:

YEAS—10.

NAYS—Beers, Cegavske, Hardy, Heck, McGinness, Nolan, Raggio, Rhoads, Tiffany, Townsend, Washington—11.

The motion having failed to receive a majority, Madam President declared it lost.

The following amendment was proposed by Senator Amodei:

Amendment No. 772.

Amend section 1, page 3, line 36, before "*Program*" by inserting: "*Public Employees' Benefits*".

Amend section 1, page 4, between lines 2 and 3 by inserting:

*"7. The governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of this State shall ensure that the rates for coverage established for persons who continue coverage for group insurance, a plan of benefits or medical and hospital service with the governing body pursuant to subsection 1 and for whom their primary health insurance coverage is provided by the Health Insurance for the Aged Act, 42 U.S.C. §§ 1395 et seq., are less than the rates for persons for whom primary health insurance coverage is provided under the group insurance, plan of benefits or medical and hospital service by an amount which approximates the difference between the average percentage of a claim that is paid by the governing body for persons for whom primary health insurance coverage is provided and the average percentage of a claim that is paid by the governing body for persons for whom secondary health insurance coverage is provided."*

Amend the bill as a whole by renumbering sections 2 and 3 as sections 4 and 5 and adding new sections designated sections 2 and 3, following section 1, to read as follows:

"Sec. 2. NRS 287.043 is hereby amended to read as follows:

287.043 1. The Board shall:

(a) Establish and carry out a program to be known as the Public Employees' Benefits Program which:

(1) Must include a program relating to group life, accident or health insurance, or any combination of these; and

(2) May include a program to reduce taxable compensation or other forms of compensation other than deferred compensation,  
➔ for the benefit of all state officers and employees and other persons who participate in the Program.

(b) Ensure that the Program is funded on an actuarially sound basis and operated in accordance with sound insurance and business practices.

2. In establishing and carrying out the Program, the Board shall:

(a) For the purpose of establishing actuarial data to determine rates and coverage for active and retired state officers and employees and their dependents, commingle the claims experience of such active and retired officers and employees and their dependents.

(b) Except as otherwise provided in this paragraph, negotiate and contract pursuant to paragraph (a) of subsection 1 of NRS 287.025 with the governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State of Nevada that wishes to obtain group insurance for its active and retired officers and employees and their dependents by participation in the Program. The Board shall establish separate rates and coverage for active and retired officers and employees of those local governmental agencies and their dependents based on actuarial reports that commingle the claims experience of such active and retired officers and employees and their dependents.

(c) Except as otherwise provided in paragraph (d), provide public notice in writing of any proposed changes in rates or coverage to each participating public agency that may be affected by the changes. Notice must be provided at least 30 days before the effective date of the changes.

(d) If a proposed change is a change in the premium or contribution charged for, or coverage of, health insurance, provide written notice of the proposed change to all participants in the Program. The notice must be provided at least 30 days before the date on which a participant in the Program is required to select or change his policy of health insurance.

(e) Purchase policies of life, accident or health insurance, or any combination of these, or, if applicable, a program to reduce the amount of taxable compensation pursuant to 26 U.S.C. § 125, from any company qualified to do business in this State or provide similar coverage through a plan of self-insurance established pursuant to NRS 287.0433 for the benefit of all eligible participants in the Program.

(f) Except as otherwise provided in this title, develop and establish other employee benefits as necessary.

(g) Investigate and approve or disapprove any contract proposed pursuant to NRS 287.0479.

(h) Adopt such regulations and perform such other duties as are necessary to carry out the provisions of NRS 287.0402 to 287.049, inclusive, including, without limitation, the establishment of:

(1) Fees for applications for participation in the Program and for the late payment of premiums or contributions;

(2) Conditions for entry and reentry into the Program by local governmental agencies that wish to enter or reenter the Program pursuant to paragraph (a) of subsection 1 of NRS 287.025;

(3) Procedures by which a group of participants in the Program may leave the Program pursuant to NRS 287.0479 and conditions and procedures for reentry into the Program by those participants; and

(4) Specific procedures for the determination of contested claims.

(i) Appoint an independent certified public accountant. The accountant shall:

(1) Provide an annual audit of the Program; and

(2) Report to the Board and the Interim Retirement and Benefits Committee of the Legislature created pursuant to NRS 218.5373.

(j) Appoint an attorney who specializes in employee benefits. The attorney shall:

(1) Perform a biennial review of the Program to determine whether the Program complies with federal and state laws relating to taxes and employee benefits; and

(2) Report to the Board and the Interim Retirement and Benefits Committee of the Legislature created pursuant to NRS 218.5373.

3. *The Board shall ensure that the rates for coverage established for participants in the Program for whom their primary health insurance coverage is provided by the Health Insurance for the Aged Act, 42 U.S.C. §§ 1395 et seq., are less than the rates for persons for whom primary health insurance coverage is provided under the Program by an amount which approximates the difference between the average percentage of a claim that is paid by the Program for persons for whom primary health insurance coverage is provided and the average percentage of a claim that is paid by the Program for persons for whom secondary health insurance coverage is provided.*

4. The Board shall submit an annual report regarding the administration and operation of the Program to the Director of the Legislative Counsel Bureau not more than 6 months before the Board establishes rates and coverage for participants for the following plan year. The report must include, without limitation:

(a) The amount paid by the Program in the preceding plan year for the claims of active and retired participants in the Program; and

(b) The amount paid by the Program in the preceding plan year for the claims of retired participants in the Program who were provided coverage for medical or hospital service, or both, by the Health Insurance for the

Aged Act, 42 U.S.C. §§ 1395 et seq., or a plan that provides similar coverage.

~~{4-}~~ 5. The Board may use any services provided to state agencies and shall use the services of the Purchasing Division of the Department of Administration to establish and carry out the Program.

~~{5-}~~ 6. The Board may make recommendations to the Legislature concerning legislation that it deems necessary and appropriate regarding the Program.

~~{6-}~~ 7. A participating public agency is not liable for any obligation of the Program other than indemnification of the Board and its employees against liability relating to the administration of the Program, subject to the limitations specified in NRS 41.0349.

~~{7-}~~ 8. As used in this section, "employee benefits" includes any form of compensation provided to a public employee except federal benefits, wages earned, legal holidays, deferred compensation and benefits available pursuant to chapter 286 of NRS.

Sec. 3. NRS 287.04335 is hereby amended to read as follows:

287.04335 If the Board provides health insurance through a plan of self-insurance, it shall comply with the provisions of *title 57 of NRS* ~~{689B.255, 695G.150, 695G.160, 695G.164, 695G.170, 695G.173, 695G.200 to 695G.230, inclusive, and 695G.241 to 695G.310, inclusive,}~~ , *except the provisions of chapter 680B of NRS*, in the same manner as an insurer that is licensed pursuant to title 57 of NRS is required to comply with those provisions."

Amend the title of the bill to read as follows:

"AN ACT relating to programs for public personnel; providing that any state or local governmental officers or employees who are hired after July 1, 2006, are not entitled to receive a subsidy for coverage under the Public Employees' Benefits Program upon retirement; providing requirements concerning the rates of coverage for certain retirees under the Public Employees' Benefits Program or under group insurance, a plan of benefits or medical or hospital coverage of a local government; requiring the Program to comply with certain provisions governing insurers if health insurance is provided through a plan of self-insurance; and providing other matters properly relating thereto."

Amend the summary of the bill to read as follows:

"SUMMARY—Revises provisions governing programs providing health insurance coverage to public personnel. (BDR 23-1364)".

Senator Amodei moved the adoption of the amendment.

Remarks by Senators Amodei, Beers and Titus.

Senator Titus requested that the following remarks be entered in the Journal.

SENATOR AMODEI:

Thank you, Madam President. I appreciate the discussion we have had on the two preceding amendments today. The discussions have represented more floor discussion than we have had on



this in the eight years I have been in this body. I respect the work that my colleagues have done on this issue in the Committee on Finance over the years and during this session. I appreciate the work that the subcommittee has done regarding some challenges we have faced with the funding. There have been changes and much work has been done to try to minimize some of the impacts and to share in the spend-down of a surplus in the system which has been beyond the allowed reserve that applies. I think the work is an example of my colleagues on that committee trying to do what is fair, hearing the facts and adjusting things based on that.

I would like you to look at this amendment and take a global-policy view. I understand that health insurance is a money issue. We need to look at what has happened historically. In 1999, my first session in the Senate, we were asked to reconfigure the board that manages this program. We responded and did that. That request came because of the problems with how the plan was being administered and the shape that it was in both administratively and financially. As a result of that, the contribution which is shared by employees and the State was increased. Employee premiums were increased to help rebuild reserves. Unfortunately, that is not the only time it has happened.

Amendment No. 772 represents a few small steps that are common sense to gain an additional measure of accountability for this plan. The amendment has been scaled back from how it was originally set. Those of you who may have seen the original version can see that there was initially an attempt to create a reserve fund and to cap increases to medical Consumer Price Index subject to approval of the Legislature. I have tried to scale that back trying to steer it away from the financial issues.

This amendment contains two essential elements. The first requires that Medicare retirees in the plan for whom the plan is not the primary payer pay a rate that reflects that the State is secondarily insured. There will be those who will say that this is a better deal than it is for others in the plan.

The Legislature previously ordered commingling. We made a value judgment, something that is done often in insurance. More people in a plan make it work better.

We did not say that we would ignore common sense and reality and give everyone the same premium if the State is not the primary insurer. This amendment will recognize that those who do not place the same potential claim burden on the plan should get a rate that reflects that.

We have heard in previous committee meetings that you cannot do that. We have heard that it is against the law. That information is inaccurate. I want to thank the Legislative Counsel Bureau for providing the specific United States Code annotation in the amendment that says we can do that should we make that value judgment. It is common sense. It represents a step to bring something to bear in this plan that makes total sense. Do not think this a political move. There are many more employees in the active plan than are Medicare Type-A people.

Let us talk about the people who are active. We have heard testimony in hearings about multiple rates that in ten days will be applicable. We have heard about multiple benefit plans. We have heard we will take these benefits away if we impose this rate on us. That is the second part of the plan that is for everyone. This brings some measure of oversight to the process whereby we decide what the rates are going to be and what the plans are going to be for people in this plan.

Insurance is a benefit to people who do our work. We have heard testimony about predictability and stability in the business environment. We have capped property taxes because we do not want huge swings. We have reacted to medical-liability insurance because the swings were unacceptable to us. The swings in this plan represent unacceptable swings for the people who do our work.

The decisions of this plan should be submitted to the Insurance Commissioner in a similar manner that other rate and benefit decisions are for other private companies. It is the best way.

My colleague from District 10 indicated they did their amendment in 30 minutes. If any of you here think I am an expert on this type of plan and its benefit, I am not. I think the time has come to take a step. We created this. This is not in the Constitution of the State. We should start exercising a little more oversight on how this works. I earnestly solicit your support for this amendment.

SENATOR BEERS:

Thank you, Madam President. I rise in reluctant opposition to this amendment. I do not have a problem with the part that places the system under the Department of Insurance, but the Medicare portion gives me concern. I was chair of the subcommittee that studied this for the past two weeks. When we started session, there was a proposal before us that took 10 percent of the people in the health plan that are retired and have Medicare eligibility and had them paying the same rates as someone who is retired and does not have Medicare eligibility. That had the effect of taking the money that Medicare was going to pay and subsidizing everyone else.

I agreed with the Senator from Carson City that was not fair and worked with him to develop a solution. As a result of that, the Medicare-eligible retirees have seen their premiums drop. The 90 percent who are not Medicare eligible, both retirees and the active participants, have seen their premiums go up. The increase is about \$20 per month per plan. Those are the best numbers we have to work with today.

I think that plan recognizes the relatively small portion of the overall benefit in health care that our retirees are granted that Medicare pays. Understand that Medicare is not a deluxe plan. It does not include pharmacy benefits, vision, dental and mental health coverage—all things that our retirees have access to through our health plan that pays nothing toward Medicare. The Medicare portion of this amendment would have the effect of increasing the premium cost for active employees and nonMedicare-eligible retirees.

SENATOR TITUS:

Thank you, Madam President. Even though this amendment is off the subject because it does not have anything to do with future retirees, I support it because I believe commingling is a good idea. Anything that makes the current plan more predictable and, possibly, less expensive is worthwhile. It would be less expensive for taxpayers of the State and for employees and their families.

I support the amendment. I would like to ask the previous speaker, however, how this amendment fits with the conclusion of the subcommittee concerning a possible rebate to State employees. Where is that going? How does it work?

SENATOR BEERS:

Thank you, Madam President. I do not believe it will have any impact on the rebate issue. There are two separate issues at play in this debate.

The first issue was the degree of commingling to which we subjected the Medicare- and nonMedicare-eligible retirees. That is the issue addressed in this portion of the amendment before us.

The other issue has to do with when a reserve is built up larger than is required in the plan. That can happen through payments to the plan where roughly 80 percent comes from the employer and 20 percent comes from the paychecks of our employees and out of the pockets of our retirees. Either revenue increases more than we spend or we spend less than we anticipated. In either case, we build up a cash reserve. Instead of using it all on new General Fund programs, the subcommittee decided to take the amount that we were reducing from the over-funded reserve and give 80 percent back to the employers and 20 percent to the employees. That seemed equitable given the way that reserve was created. It is a separate issue from commingling between Medicare- and nonMedicare-eligible people. Having heard the debate, I remain reluctantly opposed to this amendment because it will increase the out-of-pocket expenses for most of our employees.

SENATOR AMODEI:

I asked our legal staff if this amendment would be germane to this proposed legislation. The reason my amendment is here is because this is the only potential vehicle to discuss this.

My colleague from District 6 is correct. The work of the subcommittee has determined that the people who help pay into that plan will share in that spend down. I think that is fair.

This may result in rates going up for some people who are not covered by another insurance program for which that insurance program is the primary payer. A small step in common sense, but hopefully, one that we can apply to the rest of the program.

No one's health-insurance rates are going down. This is not about reducing rates in this present market. It is about bringing about stability and predictability. The Insurance Commissioner can look at the decisions of this board and the staff for the program so that we can have one more filter through which these actions go and one more opportunity for public scrutiny and discussion to provide some level of predictability and stability.

Senators Amodei, Beers and Coffin requested a roll call vote on Senator Amodei's motion.

Roll call on Senator Amodei's motion:

YEAS—17.

NAYS—Beers, Cegavske, Raggio, Tiffany—4.

The motion having received a majority, Madam President declared it carried.

Amendment adopted.

Bill ordered reprinted, reengrossed and to third reading.

Senate Bill No. 22.

Bill read third time.

The following amendment was proposed by the Committee on Finance:

Amendment No. 775.

Amend section 1, page 2, line 2, by deleting "11," and inserting "12,".

Amend sec. 2, page 2, line 4, by deleting "11," and inserting "12,".

Amend sec. 2, page 2, line 6, by deleting: "3, 4 and 5" and inserting: "3 to 6, inclusive,".

Amend sec. 3, page 2, line 9, by deleting "6" and inserting "7".

Amend the bill as a whole by renumbering sections 5 through 12 as sections 6 through 13 and adding a new section designated sec. 5, following sec. 4, to read as follows:

"Sec. 5. *"State Rehabilitation Council" means the State Rehabilitation Council established pursuant to 29 U.S.C. §§ 725 et seq."*

Amend sec. 9, page 5, line 37, after "generally." by inserting: "*The per diem allowance and travel expenses provided to a member of the Advisory Board who is an officer or employee of the State of Nevada or a political subdivision of this State must be paid by the state agency or political subdivision which employs him."*

Amend sec. 10, page 6, line 10, by deleting "Governor's".

Amend sec. 10, page 6, by deleting lines 11 and 12 and inserting: "*State Rehabilitation Council;*".

Amend sec. 11, page 7, by deleting lines 7 and 8 and inserting:

"*(d) The State Rehabilitation Council;*".

Amend sec. 11, page 7, by deleting lines 21 and 22 and inserting:

"*(2) The State Rehabilitation Council;*".

Amend sec. 12, page 7, line 36, by deleting "11," and inserting "12,".

Amend the bill as a whole by deleting sec. 13.

Amend sec. 14, page 10, by deleting lines 27 through 30 and inserting:

"334.025 1. ~~[If the Governor has created a Committee on Employment of Persons with Disabilities, the Committee]~~ *The Rehabilitation Division of the Department of Employment, Training and Rehabilitation shall establish and administer a Program to Encourage*".

Amend sec. 14, page 11, line 5, by deleting "Committee" and inserting: "~~[Committee]~~ *Rehabilitation Division*".

Amend sec. 14, page 11, line 7, by deleting "Committee," and inserting: "~~[Committee,]~~ *Rehabilitation Division,*".

Amend sec. 14, page 11, lines 14 and 15, by deleting: "Committee on Employment of Persons with Disabilities" and inserting: "~~[Committee on Employment of Persons with Disabilities]~~ *Rehabilitation Division*".

Amend sec. 14, page 11, line 19, by deleting "Committee" and inserting: "~~[Committee]~~ *Rehabilitation Division*".

Amend sec. 15, page 11, line 32, by deleting "11" and inserting "12".

Amend sec. 15, page 11, line 34, by deleting "11." and inserting "12.".

Amend sec. 15, page 11, by deleting lines 43 and 44 and inserting:

"(d) The State Rehabilitation Council;".

Amend sec. 15, page 12, by deleting lines 13 and 14 and inserting:

"(2) The State Rehabilitation Council;".

Amend the bill as a whole by renumbering sec. 16 as sec. 18 and adding new sections designated sections 16 and 17, following sec. 15, to read as follows:

"Sec. 16. 1. There is hereby appropriated from the State General Fund to the Department of Human Resources for the purpose of carrying out the provisions of this act:

For the Fiscal Year 2005-2006..... \$25,909

For the Fiscal Year 2006-2007..... \$26,254

2. Any balance of the sums appropriated by subsection 1 remaining at the end of the respective fiscal years must not be committed for expenditure after June 30 of the respective fiscal years and must be reverted to the State General Fund on or before September 15, 2006, and September 21, 2007, respectively.

Sec. 17. The Rehabilitation Division of the Department of Employment, Training and Rehabilitation shall submit a report concerning its progress in establishing and administering a Program to Encourage and Facilitate Purchases by Agencies of Commodities and Services from Organizations pursuant to NRS 334.025, on or before:

1. October 1, 2005, to the Legislative Committee on Persons with Disabilities established pursuant to NRS 218.53791; and

2. December 31, 2006, to the Director of the Legislative Counsel Bureau for transmission to the 74th Session of the Nevada Legislature."

Amend sec. 16, page 12, line 26, after "inclusive," by inserting "and 17".

Amend sec. 16, page 12, line 29, after "2." by inserting: "Section 16 of this act becomes effective on July 1, 2005.

3.".

Amend the title of the bill to read as follows:

"AN ACT relating to persons with disabilities; creating the Interagency Advisory Board on Transition Services within the Office of Disability Services of the Department of Human Resources to study matters relating to transition services for persons with disabilities who are transitioning from secondary school to adult living; providing for the prospective expiration of the Advisory Board; requiring the Rehabilitation Division of the Department of Employment, Training and Rehabilitation to establish and administer a program to encourage and facilitate the purchase of commodities from certain organizations by agencies of state and local governments; making an appropriation; and providing other matters properly relating thereto."

Senator Raggio moved the adoption of the amendment.

Remarks by Senator Raggio.

Amendment adopted.

Bill ordered reprinted, reengrossed and to third reading.

Senate Bill No. 107.

Bill read third time.

Roll call on Senate Bill No. 107:

YEAS—21.

NAYS—None.

Senate Bill No. 107 having received a constitutional majority, Madam President declared it passed, as amended.

Bill ordered transmitted to the Assembly.

Senate Bill No. 304.

Bill read third time.

The following amendment was proposed by the Committee on Finance:

Amendment No. 718.

Amend section 1, page 2, line 23, by deleting "*shall*" and inserting "*may*".

Amend section 1, page 2, by deleting lines 32 and 33 and inserting: "*by the Attorney General that identifies a person who has filed with a local or state law enforcement agency in the State of Nevada a signed written crime report that he is a victim of an alleged crime of identity theft and, except as otherwise provided in this section, must be given a reasonable opportunity to prove to a law enforcement agency, creditor or other lawfully interested person or governmental entity that he is the victim and not the perpetrator of any alleged crime, breach of contract or other wrongdoing normally associated with victims of the crime of identity theft.*".

Amend the bill as a whole by renumbering sec. 3 as sec. 4 and adding a new section designated sec. 3, following sec. 2, to read as follows:

"Sec. 3. 1. There is hereby appropriated from the State General Fund to the Office of the Attorney General for expenses relating to the implementation of section 1 of this act:

For the Fiscal Year 2005-2006 ..... \$24,156

For the Fiscal Year 2006-2007 ..... \$11,554

2. The sums appropriated by subsection 1 remaining at the end of the respective fiscal years must not be committed for expenditure after June 30 of the respective fiscal years and must be reverted to the State General Fund on or before September 15, 2006, and September 21, 2007, respectively."

Amend sec. 3, page 2, after line 43, by inserting:

"3. Section 3 of this act becomes effective on July 1, 2005."

Amend the title of the bill, ninth line, after "passports;" by inserting: "making an appropriation;"

Senator Raggio moved the adoption of the amendment.

Remarks by Senator Raggio.

Amendment adopted.

Bill ordered reprinted, reengrossed and to third reading.

Senate Bill No. 509.

Bill read third time.

Roll call on Senate Bill No. 509:

YEAS—21.

NAYS—None.

Senate Bill No. 509 having received a constitutional majority, Madam President declared it passed.

Bill ordered transmitted to the Assembly.

#### MOTIONS, RESOLUTIONS AND NOTICES

Senator Raggio moved that Assembly Bills Nos. 40, 104, 105, 124, 395, 404, 418, 421, 532, 542 be taken from the General File and placed on the General File for the next legislative day.

Motion carried.

#### UNFINISHED BUSINESS

##### CONSIDERATION OF ASSEMBLY AMENDMENTS

Senate Bill No. 30.

The following Assembly amendment was read:

Amendment No. 701.

Amend sec. 3, page 2, by deleting lines 25 through 27 and inserting: "*company, must not exceed 25 cents each month; and*".

Senator Hardy moved that the Senate concur in the Assembly amendment to Senate Bill No. 30.

Remarks by Senator Hardy.

Motion carried by a constitutional majority.

Bill ordered enrolled.

Senate Bill No. 35.

The following Assembly amendment was read:

Amendment No. 702.

Amend section 1, page 1, line 7, by deleting: "~~tax of \$6~~ fee of \$10" and inserting: "~~tax~~ fee of \$6".

Amend the bill as a whole by renumbering sections 2 and 3 as sections 3 and 4 and adding a new section designated sec. 2, following section 1, to read as follows:

"Sec. 2. NRS 533.438 is hereby amended to read as follows:

533.438 1. Except as otherwise provided in subsection 4, if an appropriation of groundwater pursuant to a permit to appropriate groundwater results in the transfer to and beneficial use of water in a county in this State other than the county in which the water is appropriated or in another state, the county of origin may impose a fee of ~~[\$6]~~ \$10 per acre-foot per year on the transfer.

2. A county of origin shall not impose a fee pursuant to subsection 1 without the prior approval of the State Engineer. The county of origin shall notify the State Engineer in writing of its intent to impose the fee. The State Engineer shall review the notice of intent to impose the fee to determine:

(a) Whether the appropriation of groundwater pursuant to the permit specified in subsection 1 results in a transfer to and beneficial use of water in a county in this State other than the county of origin or in another state; and

(b) The amount of water, if any, that is:

(1) Subject to the proposed fee because of that transfer and beneficial use; or

(2) Not subject to the proposed fee pursuant to subsection 4.

3. Within 30 days after reviewing the notice of intent to impose the fee, the State Engineer shall send a written notice to the county of origin that includes the results of his review. If the State Engineer determines that the appropriation of groundwater pursuant to the permit results in a transfer to and beneficial use of water in a county in this State other than the county of origin or in another state, the State Engineer shall include in the notice the amount of water that is subject to the proposed fee. The county may, upon such a determination, impose the fee on the transfer.

4. A fee may not be imposed pursuant to this section on water that is appropriated and beneficially used pursuant to a permit to appropriate groundwater which is issued for a point of diversion and a place of beneficial use in the county of origin and which, after the water is diverted and beneficially used, is discharged or migrates into a county in this State other than the county of origin or into another state.

5. All money collected from a fee imposed pursuant to this section must be deposited in a trust fund for the county. The principal and interest of the trust fund may be used by the county only for the purposes of economic development, health care and education.

6. For the purposes of this section, if a basin includes land lying in more than one county, each county any part of whose land is included is a county of origin to the extent of the proportionate amount of water transferred from it. The State Engineer shall determine the respective proportions.

7. As used in this section:

(a) A "basin" is one designated by the State Engineer for the purposes of chapter 534 of NRS.

(b) "Origin" means the place where water is taken from underground."

Amend sec. 3, page 3, by deleting line 21 and inserting:

"Sec. 4. 1. This section and sections 1 and 3 of this act become effective on July 1, 2005.

2. Section 2 of this act becomes effective on January 1, 2007."

Amend the title of the bill to read as follows:

"AN ACT relating to water; redesignating the tax that a county of origin may impose for intercounty and interstate transfers of groundwater as a fee; increasing the amount of the fee; and providing other matters properly relating thereto."

Senator Rhoads moved that the Senate concur in the Assembly amendment to Senate Bill No. 35.

Remarks by Senator Rhoads.

Motion carried by a two-thirds majority.

Bill ordered enrolled.

#### SIGNING OF BILLS AND RESOLUTIONS

There being no objections, the President and Secretary signed Senate Bills Nos. 43, 199, 270, 417, 449; Senate Joint Resolution No. 11 of the 72nd Session; Assembly Bill No. 502.

#### REMARKS FROM THE FLOOR

Senator Titus requested that her remarks in tribute to her intern, Antonio Gutierrez, be entered in the Journal.

They answer our calls  
 They patrol the halls,  
 The bills they write, they stay all night.  
 They cook our meals.  
 Sometimes it feels like they run the place.  
 They are our ace in the hole  
 What a role!  
 They monitor meetings.  
 They arrange the seatings.  
 They fix our books.  
 They give us looks to let us know  
 When it's time to go.  
 That's not all.  
 They've learned to spell y'all.  
 They guard the door.  
 And what's more, they do their best  
 To make all the rest of us look smart.  
 It is an art.  
 So we say to you for all you do  
 Thanks so much for your special touch.



Senator Raggio requested that his remarks be entered in the Journal.

The Assembly is conducting a very significant ceremony today inducting three of their former Assemblymen, Joe Dini, Jan Evans and Louis Bergevin, into the Assembly Wall of Distinction. All of us want to extend our congratulations to former Speaker Joe Dini as well as to the memory of the two Assemblymen, Jan Evans and Louis Bergevin, who served with great distinction.

GUESTS EXTENDED PRIVILEGE OF SENATE FLOOR

On request of Senator Beers, the privilege of the floor of the Senate Chamber for this day was extended to Patte Purcel and Len Purcel.

On request of Senator Heck, the privilege of the floor of the Senate Chamber for this day was extended to the following students, chaperones and teachers from the Nate Mack Elementary School: Cassidy Fehr, Selena Ghazali, Marina Palmer, Brittney Gray, Rebecca Screnock, Karrienne Weigant, Dominick Musumeci, Christian Cauwel, Christine Garner, Joshua Cane, Amber Rivera, Annmarie Pickett, Amelia O'Keefe, Alec Candelaria, Michael Slayden, Christian Petito, Mark Dodds, Ryan Goodwin, Joseph Tanefski, Justin Little, Jacob Morris, Amber Ruccia, Brett Haney, Genesis Mejia, Craig Freeman, Brendan Torrejon, Ryan Mezher, Dominique Middlebrooks, Sydni Barday, Leah Smith, Paisley Alms, Michaela Gilmore, Rikki Nelson, Donna Smith, Austin Enninga, Daniel Guel, Nickolas Hickey, Caroline McCullough, Nathaly Serna, Samantha Jackson, Tyler Vance, Zeke Castellanos, Spencer Hoeft, Ronald Reyes; chaperones: Brandy Everett, Amanda Ghazali, Deborah Bergin, Ann Marie Musumeci, Susan Cane, Cynthia Weber, Jennifer Weber, Carol Pickett, Theresa Lenhart, Thomas O'Keefe, Julie Morris, Margaret Dodds, Kimberly Goodwin, Mark Tanefski, Bob Haney, Jose Mejia, Angelo Ruccia, Sunshine Middlebrooks, Julie Smith, Ms. Pelusio, Michael Gilmore, Todd Enninga, Kimberly Squires, Colleen McCullough, Kirsten Castellanos, Jolene Hoeft; teachers: Mr. Diggins and Mrs. Pelusio.

Senator Raggio moved that the Senate adjourn until Thursday, May 19, 2005, at 11 a.m.

Motion carried.

Senate adjourned at 1:39 p.m.

Approved:

LORRAINE T. HUNT  
*President of the Senate*

Attest: CLAIRE J. CLIFT

*Secretary of the Senate*