

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON NATURAL RESOURCES, AGRICULTURE, AND
MINING**

**Seventy-Third Session
February 21, 2005**

The Committee on Natural Resources, Agriculture, and Mining was called to order at 1:34 p.m., on Monday, February 21, 2005. Chairman Jerry D. Claborn presided in Room 3161 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Mr. Jerry D. Claborn, Chairman
Mr. Kelvin Atkinson, Vice Chairman
Mr. John C. Carpenter
Mr. Mo Denis
Mr. Pete Goicoechea
Mr. Tom Grady
Mr. Joseph M. Hogan
Mrs. Marilyn Kirkpatrick
Mr. John Marvel
Ms. Genie Ohrenschall
Mrs. Debbie Smith

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Paul Townsend, Legislative Auditor
Amber Joiner, Committee Policy Analyst

Mary Garcia, Committee Secretary
Matthew Mowbray, Committee Assistant

OTHERS PRESENT:

Bill Bradley, Chairman, Nevada Board of Wildlife Commissioners
Terry Crawforth, Director, Nevada Department of Wildlife
Larry Johnson, Director, Coalition for Nevada's Wildlife
Gerald Lent, President, Nevada Hunters Association
Tina Nappe, Private Citizen
Fred Church, Chairman, Nevada Bowhunters Association
Joe Johnson, President, Toiyabe Chapter, Sierra Club
Rick Elmore, Director, Nevada Bighorns Unlimited

Chairman Claborn:

[Roll called. A quorum was present.] We have two bills today, Assembly Bill 3 and Assembly Bill 15. We're going to take them out of order here. We're going to start with A.B. 15.

Assembly Bill 15: Revises provisions governing expenditure of money in Wildlife Heritage Trust Account. (BDR 45-177)

Bill Bradley, Chairman, Nevada Board of Wildlife Commissioners:

Assembly Bill 15 comes from the Board of Wildlife Commissioners as an attempt to get additional funding of wildlife projects. The Heritage Account, which A.B. 15 deals with, is an account that was established approximately 12 years ago to receive funds that are generated from a couple of different sources in wildlife.

Through legislative action, Heritage tags were established. A Heritage tag is a special kind of big game tag. It is subject to an auction, and we do an elk tag, a couple of mule deer tags, a couple of sheep tags—Rocky Mountain, California, and desert bighorns—and, surprisingly enough to many of us, there are people out in this area of interest that are willing to pay \$100,000 for a Nelson bighorn sheep tag. On an annual basis in the past several years, that income has been averaging \$400,000 to \$500,000 a year. That money goes into this account called the Heritage Account.

The Legislature created an opportunity for the Board of Wildlife Commissioners to use the interest off that account to help fund wildlife projects. If there is a sportsmen's group that would like to create a water project in Clark County, they will come to the Board of Wildlife Commissioners and say, "Could we have some of the Heritage Fund to do this project?"

[Bill Bradley, continued.] One of the things that happened with the Heritage Account I don't think was foreseen when it was established 12 years ago. Prior to the establishment of the Heritage Account, all that big-game auction tag money went to the agency. It was used, in great part, by the Game Bureau to help establish viable populations of big game and to transplant animals from one mountain to another to establish new populations. That's a very expensive program, because helicopters are involved, and they are quite costly.

When that money from those tags shifted from going to the agency to an endowment, the agency lost that good chunk of money to help fund the big Game Bureau. So now, on a yearly basis, when we get the assignment to distribute the interest from that account, not only do we have sportsmen's organizations asking for money, but we have the agency saying, "We need help with our transplant program." It is entirely okay under the statute.

The difficult part is when that money now is upwards of \$3.8 million sitting in an endowment account, and we get the interest off that money to use for wildlife projects. Because that money is part of the state funds, it is invested at state rates, and our return on \$3.8 million last year was \$62,000 dollars. That's the power of state money.

Having only \$62,000 to allocate to all these meritorious projects that people want to accomplish, we can't even come close to funding any of them, and we find ourselves distributing a little bit here, a little bit here, and a little bit here. Many worthwhile projects go unfunded, and, to a great extent, our transplant program comes up short.

There are 17 county advisory boards made up of volunteer members appointed by the county commission from each county who are intended to have meetings in advance of our Wildlife Commission meetings and take input from local sportsmen at the county level. Their comments are relayed to us at the Board of Wildlife Commissioners, and we evaluate those positions.

This idea of getting more of the Heritage Account money on the ground on a yearly basis came up through the ranks of the sportsmen's groups, through the county advisory board process, to the Commission. We thought it was a good idea. We asked that some language be drafted. We sent it back out to the county advisory boards to make sure that was what everybody wanted, and the answer came back a resounding yes.

Assembly Bill 15 requests that, rather than all the money that comes in from any of these auction tags going into the endowment and us being allowed to

use only the interest, we be allowed to use 75 percent of any new money in the same year it comes in for wildlife projects requested by sportsmen and the agency. The other 25 percent would go into the account. That way, we think we can better assist meritorious projects that benefit wildlife.

[Bill Bradley, continued.] Partnership in Wildlife is the other source of the funds. That is a different kind of tag. For those of you who have ever applied for a tag, if you're not able to go to one of these auctions and afford \$100,000 for a big game tag, as most of us cannot, another tag, which is better than just the normal deer tag, is a Partnership in Wildlife (PIW) tag.

What happens is, if you're applying for a big game tag, say a deer tag, after you fill out your application, there's a box that says "Do you wish to participate in the Partnership in Wildlife Program?" If you check that box "yes," and if you're unsuccessful in drawing a tag, your name goes into a second drawing for a Partnership in Wildlife tag, and you pay \$10. That \$10 is another source of funding for the Heritage Account.

That Partnership in Wildlife tag is a premium tag because it allows you to hunt statewide. All of our other big game tags require you to hunt in a unit, but the Partnership in Wildlife tag allows you to hunt in any unit in the state and during any season with any weapon. For example, if I applied for a muzzleloader tag for mule deer, with my regular tag I'm only allowed to hunt mule deer with a muzzleloader in a unit at a specific time. With that Partnership in Wildlife tag, I can take my muzzleloader to any unit in the appropriate season and hunt. So it is a premium tag. It's not as good a Heritage tag, but it's a good tag.

Those are the two sources of funding. On behalf of the Board of Wildlife Commissioners, we feel A.B. 15 is a meritorious bill that will help the hunters who put this money into this account get the money back out for meritorious wildlife projects. For that we would ask your support. I'd be happy to answer any questions.

Assemblyman Goicoechea:

In what year did it go out of the General Fund and become an endowment? How long did you function where it was going to the Game Bureau?

Bill Bradley:

I believe, Assemblyman Goicoechea, it was about 12 years ago. It was before I was a Wildlife Commissioner, so it had to be at least 10 years ago.

Assemblyman Goicoechea:

The other question I had was how many of the Partnership in Wildlife (PIW) tags do you issue?

Bill Bradley:

Twenty-five.

Assemblyman Goicoechea:

That's all species combined?

Bill Bradley:

There's a partnership in elk, there's a partnership in mule deer, I don't think there's a PIW sheep tag, but I'd like to check that. Maybe Mr. Crawforth can respond.

Terry Crawforth, Director, Nevada Department of Wildlife:

I'd have to look at the numbers myself. I think there are 25 deer tags. It's under 50 tags.

Assemblyman Goicoechea:

Combined?

Terry Crawforth:

Yes.

Assemblyman Marvel:

Bill, this money will go directly into your operating budget and not into a reserve?

Bill Bradley:

No, not into the operating budget. It would go into the account, but, rather than it being deposited into that account, 75 percent of that money would go to the Commission to distribute with discretion to various organizations, and 25 percent would go into the Heritage Account.

Assemblyman Goicoechea:

Then the 75 percent would go to the Board of Wildlife Commissioners to be used as discretionary funds.

Bill Bradley:

Yes. Let me explain what happens now. We have a Heritage Subcommittee. In advance of our Heritage Subcommittee meeting, Gabe Pincolini, who oversees the accounting of this account, will report to us that, in 2004, the

Heritage Account generated \$62,000. We anticipate that, should this bill pass, we will still get that full interest amount, plus we will get 75 percent of that year's dollars. Mr. Pincolini will then say, "You now have X number of dollars for distribution to meritorious wildlife projects.

Assemblyman Goicoechea:

That should be somewhere around \$300,000 to \$400,000, right?

Bill Bradley:

It should be 75 percent of \$300,000 to \$400,000, yes, sir.

Assemblyman Goicoechea:

You said \$400,000 to \$500,000 was what you were generating, so I'm assuming 75 percent should be around \$300,000 or so.

Bill Bradley:

Yes, sir.

Assemblyman Grady:

If this bill is successful, what kind of assurances could we have that your base budget would not be cut, and this money would be used to supplement your budget?

Bill Bradley:

I would hope that, with this Committee's assistance, we could get the assurances you refer to. Those would be very important to us.

Assemblyman Denis:

How many people actually apply for the Partnership drawing?

Bill Bradley:

A couple years ago, we changed it. We went to a \$10 fee rather than half the application fee. If memory serves me right, 15,000 to 20,000 people applied, but we can get you those numbers rather than give you the wrong impression. It was several thousand.

Assemblyman Denis:

Do the ones that apply for the Partnership also apply for the tags in the regular drawing?

Bill Bradley:

You have to. In order to be eligible for a Partnership in Wildlife tag, you first have to be unsuccessful in your application for a big game tag.

Assemblyman Denis:

So they are applying for a specific unit.

Bill Bradley:

Let me give you an example. If I wanted to hunt in Washoe County, in a premier area—Unit 33 would be the Sheldon National Wildlife Refuge; that's known as a great place—I would fill out my tag application and, through a number of boxes, indicate I wished to be drawn for a tag in the Sheldon National Wildlife Area, 033. At the bottom of that application, it would ask if I wished to participate in the Partnership in Wildlife hunt.

If I checked that box yes, my application would go in with 90,000 other hunters, and a computerized drawing would be held. One hundred tags are allocated out of Unit 033. If I was unsuccessful and didn't get a tag, since I had checked that PIW box, my application would go into a second drawing strictly for PIW tags. If I were lucky enough to draw one of those PIW tags, not only would I get to hunt in 033 during its season, but anywhere else. Actually, these applications will be coming out very shortly, and I will be able to sit down with you and explain it to you.

Assemblyman Denis:

That is \$10, and that \$10 goes into this endowment?

Bill Bradley:

Yes, sir.

Assemblywoman Kirkpatrick:

Do you have a list of the projects that you have been able to complete over the last few years? And what priorities do you have coming up?

Bill Bradley:

We do have a list, and I'd be happy to present that to the Committee. One of the things the committee that allocates these funds feels very strongly about is, when someone has come to us and requested \$30,000 to study a hawk issue in Elko County, we have asked what other support they have gotten from outside. We like to see partnerships. When we see partnerships, we are more inclined to say, "You went out and got Mr. Grady's group and Ms. Ohrenschall's group, and now you need some matching funds from us." We're much more likely to consider that type of partnership than a request that is single-based and without partners.

Assemblywoman Kirkpatrick:

I would be interested in the projects you have completed in the past, and future projects you have, as well. I would like to see your application to see what it entails and what you're looking for.

Bill Bradley:

I appreciate your interest, and we'll give you a significant amount of paperwork that will show you how it works. It's a great program. There are actually sportsmen here who have taken advantage of the program. You might be able to ask them some questions as well.

Assemblyman Hogan:

Mr. Bradley, do I understand correctly that the Heritage Account has reached a level of \$3.8 million?

Bill Bradley:

Yes, sir.

Assemblyman Hogan:

In the operation of this suggested system, will that continue to grow by the 25 percent portion that continues to flow into that fund?

Bill Bradley:

Yes, sir, but another idea that has been talked about at the county advisory board level and at the Commission level is not letting that get so big. I think there is a desire out there that once that level reaches X—a lot of sportsmen's groups feel that, once it reaches X, maybe 100 percent of the year's funds should go to wildlife projects and the interest be taken out of it. That's down the road, but there have been discussions along that line.

Chairman Claborn:

Mr. Hogan, for your and the Committee's information, there's \$3.9 million plus in this fund today. Are there any more questions for Mr. Bradley? Okay, we have 2 more people to testify, Larry Johnson and Fred Church.

Larry Johnson, Director, Coalition for Nevada's Wildlife:

We were heavily involved in the formation of this fund, I can't remember whether it was 10, 12, or 14 years ago, but a long time in the past. It's a wonderful program. Every year, habitat improvement, big game reintroduction, all sorts of extremely valuable, worthwhile programs are funded out of this account.

[Larry Johnson, continued.] One of the things we failed to anticipate, though, was the extremely low rate of return which, at the moment, is pretty disappointing. The big-game transplant program last year cost approximately \$135,000. The interest off of this hard-earned money funded a lot less than half of that entire program. The remainder of those dollars came from private sportsmen's groups.

One of the other groups I sit on the board of directors of, Nevada Bighorns Unlimited, actually contributed in excess of \$50,000 to that transplant program last year. We put about \$200,000 into Nevada's wildlife every year. Quite frankly, the needs of wildlife and habitat out there far outstrip the returns on these dollars.

The Department of Wildlife really needs the ability to spend a part of each year's principal in addition to the interest. I really urge you to support this bill. It is badly needed. If interest rates were tremendously higher, we'd be doing a lot better.

Assemblyman Carpenter:

How is this administered? Are there any administration costs, or do you guys do it, or what happens?

Larry Johnson:

There is, I believe, an annual administration cost to the Department. I believe that cost is 18 percent of the proceeds. I probably need to get that figure clarified.

The other thing along the lines of administration of this—the Department of Wildlife Commission actually selects the projects that will be completed and funded each year. They send out, to all the county game boards and all the sportsmen's groups around the state, applications for projects to be considered. They do that approximately six months in advance. Those are collected, studied—I think there's a subcommittee that makes recommendations, a staff committee that makes recommendations back to the Commission on which projects to accept in which amounts.

Another thing is the types of projects and what these monies are spent for. We were originally very careful in the formation of this bill. We didn't want to buy paperclips and scratch paper for general administration. We wanted these monies on the ground, so you'll see the working in the original bill reads:

The money in this account must be used by the Department as provided in this section for the protection, propagation, restoration,

transplantation, introduction, and management of any game fish, game mammal, game bird, or furbearing mammal in the state.

That's been adhered to extremely closely. In fact, we're very pleased with the type of project that has been funded over the years by this program.

Bill Bradley:

The costs that are incurred on the Heritage Account are the actual costs the agency spends, subject to the approval of the Wildlife Commission. In the last three years, it was \$118 in 2004, \$112 in 2003, and \$112 in 2002. The agency, by statute, is allowed to collect up to 18 percent, but, as in many other accounts, we have been very stingy with allowing the agency anything other than actual costs. It's coming back to bite them a little bit, but that's what the direction of this was, and that's the way we're sticking with it, but the costs are minimal.

I can answer Assemblywoman Kirkpatrick's question a little more specifically. On February 10, Gabe Pincolini from our agency forwarded on to your staff a summary of the Heritage Account funds. Just to give you some idea—and we'll get you a more complete package—for example, in 2003, we had 14 requests for funds:

- The monitoring and maintenance of existing water development projects in the Mormon, Arrow, and Desert ranges. That was a request by the Fraternity of the Desert Bighorn, and they asked us for \$4,400. I believe we funded that.
- Construction of wildlife water catchments in eastern Elko County. That was SWEATCO [Soil and Water Enhancement Action Team Coalition]. That's a private sportsmen's organization. They asked for \$15,000, and I know we couldn't do that much.
- Purchase of a harrow, a piece of farming equipment, for the Overton Wildlife Management Agency—that came from an NDOW [Nevada Department of Wildlife] employee—at the cost of \$2,500.
- I told you a little bit about our statewide trapping and transplanting program that took a hit when we changed the source of this money. In 2002, they requested from us \$154,000. In 2004, they requested \$104,000 from us.
- We had Ducks Unlimited request wildlife food plots at Overton.

- We had development and maintenance of ten wildlife water guzzlers. A guzzler is an artificial water catcher that stores it for wildlife.
- The Pershing County Chukars Unlimited, another sportsmen's organization, asked us to fund to of those for \$13,000.

[Bill Bradley, continued.] In 2004, we had \$370,000-worth of requests. In 2003, we had \$236,000 worth of requests. In 2005, it looks like \$285,000. We've got a Palisade bitterbrush seeding project. Our big game capture and transplant is asking for \$127,000. The Fraternity is asking for maintenance of existing with limited access in the Pahrnagat, East Pahrnagat, and Hiko ranges. They're all good, meritorious projects, but the ability to fund is contingent upon how much we get out of that low-interest-earning account.

Chairman Claborn:

Is there anyone in Las Vegas who wants to testify? We're going to close the hearing on Assembly Bill 15 and take a five-minute recess. Then we'll have the hearing on Assembly Bill 3.

[Committee recessed from 2:03 p.m. to 2:13 p.m.]

Vice Chairman Atkinson:

[Called the meeting back to order.] I will now open the hearing on Assembly Bill 3. As you know, A.B. 3 is being sponsored by Chairman Claborn, so we'll allow him to speak on the bill at this time.

Assembly Bill 3: Requires Legislative Auditor to conduct performance audit of Department of Wildlife. (BDR S-493)

Assemblyman Jerry D. Claborn, Assembly District No. 19, Clark County:

This bill, of course, is an audit bill. In the 2003 Session, the Division of Wildlife was changed by Assembly Bill 41 of the 72nd Legislative Session to the Nevada Department of Wildlife (NDOW). This agency has not been audited since its change to a department. In fact, the last time this agency was audited was in 1998, when it was still a division.

You have been provided with a copy of that audit report ([Exhibit B](#)). William Molini was the Administrator at the time of the audit. Terry Crawforth is currently the Director of NDOW.

As you can see in this report, the audit found some weaknesses in the oversight and administration. For example, evidence of improper practices of financial administration in inadequate fiscal records with respect to the game draw is

noted in the 1998 audit report. Twelve recommendations were made in order to improve the Division's control over wildlife revenues and compliance with the laws, regulations, policies, procedures, and contract requirements.

[Assemblyman Claborn, continued.] It has been brought to my attention by many of my constituents, hunters, and fishermen that they have reasonable knowledge that the recommendations in the latest audit have not been complied with. As of this date, I have not been able to determine compliance with the twelve recommendations noted in the 1998 audit. Have those improper practices been corrected? I don't know.

Since the Division of Wildlife is now the Department of Wildlife, it is incumbent on us to require the agency to submit to a complete performance audit at this time. An audit is necessary to ensure accountability to the sportsmen and citizens of Nevada, who depend upon the Department of Wildlife to preserve, protect, manage, and restore wildlife and its habitat.

That's the bill. If you want to ask me some questions, I'll sure try to answer them.

Paul Townsend, Legislative Auditor:

The last audit report was in 1998, and we do go through an audit follow-up process. There were 12 recommendations, and as of September 24, 1999, the Department of Administration, which goes back in and verifies the implementation status, did report at that point that 11 of the 12 recommendations had been implemented. However, I would note a lot of the recommendations dealt with developing policies and procedures, and there was a lot of coordination with the State Treasurer in developing these controls. However, it does not provide absolute assurance that the recommendations have been fully implemented. It does note that the procedures and controls have been established. Then what we will normally do is, in a subsequent audit, we would go in and review those and actually perform audit procedures on those.

Assemblyman Marvel:

Where do you feel they might not be in compliance, though?

Paul Townsend:

The audit recommendations last time focused on a lot of weaknesses in regard to reconciliations of an outside bank account that was used by the contractor for the game draw. I don't have any feeling, actually I have not been informed, if there is noncompliance, but, if we were to perform procedures, we would be concerned about making sure those reconciliations were being performed and all monies were properly accounted for.

Assemblyman Marvel:

Ethically, what are the complaints right now, Mr. Claborn?

Assemblyman Claborn:

The complaints are that the hunters and my constituents would just like to know where the money's going. The only way you can find that out is with an audit, and we haven't had an audit since 1998. It stands to reason that if you were going to buy a home, you would naturally have to do a title search on it. If you were going to buy a company, naturally you would want to have an audit to see where you stand and have a clean slate.

We changed the Division with Assembly Bill 41 of the 72nd Legislative Session, from a division to a department. It only stands to reason that they should have a clean slate to get started with.

Assemblyman Marvel:

I don't think that has much to do with how you operate. We changed the Department of Minerals back to a department, more or less, and Agriculture went from a division to a department, too. It didn't really seem to cause any change in their operating procedures. I just want to know what the specific complaints are right now to warrant this audit.

Assemblyman Claborn:

I'm not accusing anybody of anything, if that's what you're asking.

Assemblyman Marvel:

Where are the weaknesses? What are the complaints?

Assemblyman Claborn:

As a matter of fact, I have not seen any of those that they had completed. The recommendations have not been completed, or very few of them.

Assemblyman Marvel:

Mr. Townsend seems to think they have been.

Paul Townsend:

That's based on the 1999 representations from the Department of Administration. One unusual thing is that the Department of Wildlife is currently on our audit program, as they were the last biennium. However, there were a number of statutorily mandated audits of Clark County and Washoe County school districts and the whole university system that took priority over them in the last program.

In spite of this bill, they do remain on our plan and are scheduled for audit as our workload permits.

Assemblyman Goicoechea:

Typically, how often would a department be audited?

Paul Townsend:

We're currently on about a five- to eight-year average cycle. However, as I noted, we are getting more and more statutorily mandated audits that take priority. We do try to get around to the larger agencies, and the Department of Wildlife is considered that, with roughly \$25 million going through their administrative accounts.

Assemblyman Goicoechea:

So, in reality, it's time, whether it's statutorily or on your own. It would probably be audited, one way or the other.

Paul Townsend:

That's correct.

Assemblywoman Smith:

Along those same lines, if you were doing a statutorily required audit, who pays for that? What budget does that come out of?

Paul Townsend:

It varies. One like this that is on our normal schedule has been built into our budget, so there isn't a specific assessment. In some cases, like last time with the university system, they were assessed \$90,000 to help cover a portion of the cost of the audit, because they are funded by sources outside the General Fund.

No specific money has been built into this bill. However, all our audits are subject to a cost allocation plan similar to the services of the Controller, the Treasurer, anyone who provides a service across State government. At the conclusion of our audits, that assessment will take place, and it's split over a period of seven years so it doesn't have a very significant impact.

Assemblywoman Smith:

So, if that audit is on your schedule, can you give us a realistic idea of when you would get to that versus the regular audit cycle?

Paul Townsend:

At this point, I'm not sure exactly what bills we'll have coming through during this Legislative Session, so I probably cannot answer that question just yet. Currently, this is the only bill that is requiring a performance audit of this type, but I'm not quite sure what else might be coming.

Assemblyman Claborn:

That's exactly why I filed this bill, so I would make sure our fishermen, our hunters, and our constituents see what's happening here. Yes, I knew there was going to be an audit one of these days, but eight years from now? We'd like to know now.

Assemblyman Denis:

Could we conceivably have departments that aren't audited for eight to ten years? If we continue to do special audits, does that mean you're going to continue to put off other audits?

Paul Townsend:

Yes. We do prioritize as best we can, but we do place a priority on statutory audits, because that is the direct interest of the Legislature. So conceivably yes, some get pushed to the back of the line.

Assemblyman Denis:

If we continue to do that, they could go many, many years without getting an audit, right?

Paul Townsend:

The Department of Wildlife has now been on for two consecutive plans, so they're moving up in the order in which we would get to them. There again, the more demands that come through direct legislation. Last time, the Legislative Commission assigned a priority to the Transportation Services Authority and moved them to the front of the line.

Assemblyman Claborn:

If we had that audited, and it was audited this year or when this bill becomes effective, we would not receive the audit until 2007. So if we don't do this, you won't get an audit until maybe 2009, 2010, or 2012. This is our chance for an audit now. Like I say, we will not even get the results of it until 2007. We need not be sitting on our hands. We'd like to know what's going on.

Assemblywoman Ohrenschall:

I don't quite understand. Is there any way we can push this ahead or get a definite date?

Paul Townsend:

The bill would do it. The Legislative Commission can dictate our priorities as well.

Assemblywoman Ohrenschall:

How expensive would such an audit be? Is that part of your normal overhead? How does that work?

Paul Townsend:

This audit is built into our program at this point, which is considered part of our budget. We haven't really assigned a price tag to it.

Assemblywoman Ohrenschall:

So it would not be paid by NDOW [Nevada Department of Wildlife] from their funds?

Paul Townsend:

No, not directly, except, as I mentioned, through the cost allocation plan. That is similar to the way the Attorney General, Treasurer, and Controller have an assessment built into the budget for all agencies that would be included in that. However, it is divided up over a period of seven years to minimize the impact.

Assemblywoman Ohrenschall:

Could you explain that cost allocation a little better? You said that NDOW doesn't pay for it directly, so cost allocation means it goes over a seven-year period, and it would come from them, but who determines how much is allocated? Are you the folks who do that, or is it the Legislative Commission? How does that work?

Paul Townsend:

The cost allocation plan is prepared every year by the Department of Administration and the Executive Branch. It is designed to try and capture any costs that benefit all agencies and recover that amount, mainly through federal funds. So they do a fairly complicated procedure. I think they even use a contractor to assist them with it. It is a very large exercise that then allocates it out across all state agencies to help try and recover some of the funds from, primarily—

Assemblywoman Ohrenschall:

If this bill were to pass, which would set a definite date, regardless of who pays for it, how much would it cost to do this audit?

Paul Townsend:

At this point, the bill just requires a performance audit. There hasn't been a specific scope identified, so it's difficult for me to provide an estimate of the cost. I'm not sure what areas we'll be looking at. I believe as we go through the process and hear testimony, which lets us know a little bit about where the areas of concern would be. Otherwise, we'd start off our audit just like we do all of them. We do a preliminary survey, and then identify the areas of risk. At a minimum, we would follow up on the recommendations from the last audit, but the extent of work is unknown until you really get started on it.

Assemblywoman Ohrenschall:

Would that make any difference, then? You said it's in your budget, but if you don't know what it's going to cost, how is your budget determined?

Paul Townsend:

I would allocate resources. If it required more resources, I would probably delay the opening of a new audit to make sure I focused staff on this audit if it were needed.

Assemblywoman Ohrenschall:

So, ultimately, NDOW does pay through its funds by the seven-year system.

Paul Townsend:

They would pay for a portion of it, yes.

Assemblywoman Ohrenschall:

Just a portion?

Paul Townsend:

Our entire allocation goes over state agencies. It's a very complicated formula that—

Assemblywoman Ohrenschall:

I'm sure it is. That's why I'm trying to understand it. You don't have a formula we could just look at and feel easy about? You don't have a general formula like $E=mc^2$ or something?

Paul Townsend:

I think it's somewhere along the complexities of that, yes.

Assemblywoman Ohrenschall:

I'm still not getting the full picture of who does what where, but I do understand, then, if we want a definite date on an audit, we have to pass this

bill. However, we don't know how much it's going to cost or who is going to pay it.

Paul Townsend:

Not until we get into the extent of it. We are funded by the General Fund, so it's paid through the General Fund. A portion of our costs go into a cost allocation plan, whereby they allocate it to all state agencies to try and recover some of that cost from the federal government.

Assemblywoman Ohrenschall:

So it's the federal government, then, that would be reimbursing you, not NDOW?

Paul Townsend:

It would be the federal government, other outside fees, so a portion of it would be coming through federal receipts as well as other fees that are collected.

Assemblyman Grady:

I see in the 1997 Division funding that 37 percent came from federal funds. When you audit, does your audit go to the federal government also, or do they do their own audit, or are they involved in any way with auditing of their funds?

Paul Townsend:

Every year we contract out with a CPA firm to do what's called the single audit. They do that audit statewide of all federal funds that come into the State. I believe last year it was \$1.9 billion. They don't audit every single agency. They do a risk assessment as well, and, based on a dollar amount coming in to various agencies, they'll perform their audit.

They may not perform procedures at every single agency, but the federal funds are subject to that audit. In the course of our audit, we will review things, do a preliminary survey, make sure everything looks—if we've got any concerns in a particular area that could involve federal funds, we may look at them there as well. If we did have findings in that area, we would pass those findings along to federal agencies.

Assemblyman Carpenter:

Do I understand that all state agencies participate in the funding of the audits, whether they are audited or not?

Paul Townsend:

Every year I will provide a breakdown of the percentage of costs of our audits to the Department of Administration, and then they'll prepare a cost allocation

plan. Those agencies that were subject to audit will be included as part of recovering our cost. All state agencies pick up a portion of the cost of services that are provided. The Treasurer writes checks for all state agencies; the Controller does some services for all state agencies, so they're across all of them. Ours is built into that same formula, but it only applies to the agencies we audited.

Assemblyman Hogan:

I'm glancing through the reports of the 1997 audit ([Exhibit B](#)). Some of the findings that seem to me very much matters of concern, certainly with respect to the hunters and anyone who participate in, or is interested in, the game draws (page 13 of [Exhibit B](#)). "Game draw revenues and disbursements have not been controlled." "There was a \$40,000 unexplained cash variance." "About \$97,000 of checks issued that had not been formally reported to the Division." Over 300 game tags from the 1996 hunt were unaccounted for as of two years later.

I guess I have two concerns with that. One, I hope we weren't satisfied with a six-month report saying, "We're working on these things," and didn't pursue that further, and now, seven years later, they're still unresolved. Secondly, it seems the combination of these things that could cause people observing this situation to really be concerned about the integrity of the process, whether it's properly controlled, whether the money is moving under careful watch and getting where it belongs.

I think we're as responsible for things working well, but we're also responsible for the public having confidence and feeling that they're working well. If concerns are being expressed, I would tend to favor moving on with this audit. I hope everything has been resolved, that everybody gets a clean slate established for them, but it would be very reassuring to know that these matters have been resolved and everybody is doing their job like they should.

Vice Chairman Atkinson:

Do we have any other questions from the Committee?

Assemblyman Denis:

If we vote to do this audit, do we have a list to know who we are not going to be doing if we do this one? I would want to know, if we say yes, let's do this, what are we saying no to? Which one are we not going to do?

Paul Townsend:

I can provide you with our two-year audit program that does list all the agencies we're intending to audit or that were on our plan for the next two years.

However, without knowing what else is coming through the session, I cannot specifically state which ones we would not be doing. I will provide you that list.

Assemblyman Claborn:

Assembly Bill 3 would definitely put it on its way, and we wouldn't receive it until 2007 in mid-term. It's very essential that we do something with this.

Vice Chairman Atkinson:

If we don't know, and we do pass this bill, who may not get audited? Would it be a more important agency or more important department that may get knocked out if we move this one up in the chain? In other words, Mr. Townsend, you said that we're going to, and Mr. Claborn, you recognize as well, that we're going to have an audit no matter what, maybe not this term, maybe in another two years. However, if we, as a Legislature, start moving other people up the ladder and moving others down, are we taking out some important ones as well? Could that possibly happen?

Paul Townsend:

Yes. I can provide the list of the audits we've got in mind. It includes agencies from large to small. You would see the ones that are on our plan.

Vice Chairman Atkinson:

Okay, I would like to see that. I think a few of us would like to see that.

Assemblyman Marvel:

Mr. Townsend had it right. He won't know exactly what his list is going to be until the session is over with, because there may be other audits, but in response to some of the concerns, I've been on the Audit Subcommittee since 1987, and I have every confidence that our auditors do a great job in the follow-up in making sure that the recommendations they're making are being implemented. That's one of their jobs to follow up and make sure the work they put in is being heeded.

Assemblyman Hogan:

I think everyone's concerned about the issue as to whether, by proceeding at an earlier time with this audit, we would be bumping some other, perhaps very important, audit. Didn't I understand that this agency is on that list to come up for audit within the next cycle? If that's the case, wouldn't it be true that nobody is bumping anybody? Maybe we're moving it up within the list of the two-year cycle, but it's not that we're pushing someone off the list and doing this instead. Do I understand that correctly?

Paul Townsend:

Yes, Mr. Hogan. They are on the list. As a staff member of the Legislative Counsel Bureau, I have to note as well that I'm neither for nor against the bill. We're here to provide a service. If it does come into law, we are required by law to complete that audit. We do have more flexibility, when it's on the plan, to get to them as we see fit. Certainly the discussion we're having in here today increased the priority of the audit, but your question is correct. We would just be moving them around. We're not necessarily bumping anyone off, but it would shift the priority.

Vice Chairman Atkinson:

We're going to take testimony in support in support of A.B. 3, followed by testimony against. Then we will hear from anyone who remains neutral. The first person on my list that wants to speak in favor of A.B. 3 is Gerald Lent.

Gerald Lent, President, Nevada Hunters Association:

I'm here to speak in favor of this bill, A.B. 3. I've been through a lot of audits with wildlife, and so has Assemblyman Marvel. A couple of concerns. With Assemblywoman Ohrenschall, audits are supposed to save agencies money with their recommendations. A lot of audits that I've seen really save the state agency because they're doing something wrong and they really save money.

This bill establishes a mandate for an audit. This gives the State Auditors direction. That's all this does. Audits are helpful to an agency. It shows them a better way to do things that they might not have looked at. Audits do help an agency. The Legislative Auditors are your people. They work for the Legislature, and they are very, very capable of helping state agencies find problems within their agencies and how they can save money.

Who wouldn't want an audit if it helps them? I don't know of anyone who would. All state agencies that handle public funds and, if I'm not wrong, must undergo these performance audits. All state agencies get audited, and this one is way overdue. The reason we want this audit is because it's overdue.

It's important. As Speaker Perkins said with the university one last year, you know, that it's important that citizens have a right to know where their public funds are going. You increased the \$7.5 million in this agency last year, and an audit's going to see where these funds go. There's a big increase in their budget last year, and you're just trying to help them become a better state agency.

Who wouldn't want better government? Nobody, I hope, because that's what you do with the audit—you make better government. You make sure the public funds are going for what they are supposed to be. It's just a better government

process. This just moves it up and mandates that they do it, because it's been a long time. It's overdue with this agency.

Tina Nappe, Private Citizen:

[Read from prepared testimony, [Exhibit C](#).] I've had a lifelong interest in Nevada's wildlife and, in fact, served on the Wildlife Commission from 1979 to 1994. During that time I remember experiencing two audits from the Department of Wildlife.

I am sure these audits are a function, as Dr. Lent says, by looking at the Department of Wildlife's finances and making recommendations, but I do recollect that they were not cheap, and that auditors, by and large, are not interested in the future of wildlife. Auditors, being accountants, love to demand more accounting systems in which invariably reduced funds for other purposes.

Having heard Terry Crawford give the budget presentation last week, I am a little bit concerned about the future of the Department, its budget notwithstanding the \$3 million that's in the Heritage Account. It is about the role if the Department of Wildlife and its ability to manage the state's wildlife that brings me here today.

The sportsmen and the general public look to the Department of Wildlife to ensure the future of Nevada's wildlife. Last week, Director Crawford indicated that funds to do the kind of job that we all hope the Department will do to ensure the future of wildlife are not available to them.

Perhaps I missed some of the questions or comments, but I did not hear anyone asking how the Legislature could provide more funds for the Department, so I have some suggestions about the scope of this audit.

1. First of all, I am assuming that one of the purposes of the audit will be to indicate where NDOW money is going, where the gaps in funding are, and to recommend to you how much more money is needed to meet wildlife needs. When we, as a state, are encouraging more people to come to Nevada and view our natural resources, why are not we, as the public, investing more in our wildlife so they will be around for people to see? Why is the General Fund not helping with the education programs, for instance, or providing more law enforcement to protect wildlife, or more biologists to understand what our wildlife needs are? So I'm hoping, first of all, not just to look at what's there, but what's missing.
2. I would like to have the auditors separate the cost of managing wildlife from the cost of managing sportsmen. If any of you receive Commission

minutes, you would know that the Commission does not manage wildlife, it attempts to manage sportsmen's use of wildlife. Time spent on managing sportsmen does not necessarily have any relationship to managing wildlife. A good example of that fact occurred last session, when the Commission wanted to administer a program managing guides. Why? It had nothing to do with helping wildlife or, for that matter, helping the average sportsman. The Commission likes to manage processes. The role is so much easier than helping to protect wildlife habitat.

The amount of time spent in season recommendations is unbelievable, and I hope you'll look at this. It doesn't matter whether there are 20,000 deer or 1,000. The amount of time spend in allocating tags will be the same. If any of you have read the recent and excellent mule deer report prepared by the Department of Wildlife, the deer hunt seasons are not the reason mule deer are declining. Members of the Commission, the sportsmen of Nevada, and the Department of Wildlife have an excellent eyeball on hunting and fishing in relation to the number of available game species. There are just not enough game species or animals to hunt. When will the sportsmen admit they have won this battle and go on to the major issues facing wildlife in this state? Season-setting, to me, is like rearranging chairs on the Titanic. So, I hope you'll look at time allocation.

3. Thirdly, I'd like to know how much NDOW money goes into managing wildlife, and what are the sources of that money? By managing wildlife, I include land and water acquisition, wildlife surveys and studies, improvements that supposedly benefit wildlife, range restoration, and plans. Most of the habitat that supposedly benefits wildlife, most of the habitat that NDOW now owns and administers, has been acquired through public bonds. The federal government manages most of the wildlife habitat. State parks administer some critical fishing and picnicking areas. Ranchlands provide another important and, in fact, critical, component of wildlife use. In the last year, for instance, several conservation easements on ranchlands have been acquired. This should be looked at as part of the audit. What are the total resources going into protecting wildlife?

Counties are beginning to administer fishing ponds, trails, and natural areas which contribute to wildlife and to fishing opportunities and to hunting access. NDOW may be managing the wildlife, but, if it weren't for the habitat, the wildlife wouldn't be there. If NDOW is the place where the state wildlife issues are addressed, should not providing to the

public a full picture of wildlife habitat administration and acquisition be included?

[Tina Nappe, continued.] The purpose of my recommendations is not to belittle, in any way, the contributions of the sportsmen or the federal and state laws' funding mechanisms which created and sustained state wildlife agencies. The contributions of sportsmen, both directly, through tags and licenses, are supplemented by volunteer hours and additional funds which have been, and continue to be, of inestimable value.

At one time, the sportsmen's contributions might have been sufficient, but they fall far short of the need today. The overwhelming forces arrayed against wildlife require a much broader array of organizations and individuals investing in the future of wildlife. Sportsmen need to be the leaders in this effort, because hunters depend on excess numbers of animals to hunt, and that excess depends on many factors over which they and NDOW have almost no control.

So, if you would, Mr. Chairman, please ensure that this audit results in the ability of the Department of Wildlife to rise and meet the challenge of preserving wildlife rather than emphasizing what I consider the meticulous nature of accountants to focus on process and thereby reduce NDOW's capacity to address wildlife needs.

Fred Church, Chairman, Nevada Bowhunters Association:

The Nevada Bowhunters Association, and I'm even going to expand that to sportsmen of Nevada—just to give you a basic idea, I've had 20 years experience on the Washoe County Advisory Board. I work a lot with the Wildlife Commission and the Department. I go to many meetings throughout the state, meet a lot of sportsmen, see a lot of people—and I would like to tell you that these sportsmen in Nevada supported the Nevada Division of Wildlife, and, two years ago, we supported going back to a Department. We think that the Department and its personnel are doing a very good job.

We do not support having an audit, as this one is requested, coming out of line. The reason we say that is because of the fact that we know the condition of the budget, and we do not think that we should be spending any more money out of our budget right now to pay for this audit. That is a concerning fact. It sounds like several of the people on the Committee here are also looking at that particular issue. That's our greatest need right now, that we get our budget and get it funded properly. That is why we would oppose this particular bill at this time.

Vice Chairman Atkinson:

Anyone have any questions for Mr. Church? I believe Mr. Townsend testified to this. I don't know if there is any money coming out of their budget. I believe it is coming out of the General Fund.

Fred Church:

That's the question that I don't think was really answered. I guess I would point out that, apparently, the auditors have a schedule. If the Department is on that this year or next year, so be it. That would be fine. Again, if they apportion so much out from the Department, we have no problem with that, but I'm worried that, if you call for a special audit now, it is going to have some kind of effect on our budget. We're going to be paying for it. If I'm not incorrect, I think the last one we had in 1998, we paid a lot of money for it.

Vice Chairman Atkinson:

Yes, we need to find that out. I will ask Amber Joiner to look into that for us.

Assemblywoman Kirkpatrick:

If I were to join your organization and be a member, would I be able to look at your books, or how do your current members see where your money's going?

Fred Church:

Are you talking about Nevada Bowhunters Association?

Assemblywoman Kirkpatrick:

You said you serve on the Board of Commissioners, so you would—

Fred Church:

Let me correct that. I represent the Nevada Bowhunters Association. I said, "In the past, I was on the Washoe County Advisory Board for almost 20 years."

Assemblywoman Kirkpatrick:

Let me change my question, then. If I were to go to the Board of Commissioners' meeting, would they have a treasurer's report, or how does that work exactly?

Fred Church:

Yes, ma'am. About the last five months, maybe even six months, they have been having hearings on the budget, so anybody who wanted to go to the Wildlife Commission meetings would have heard those. They would have seen documentation. The 17 county advisory boards get that documentation. They take public input from the actual counties, from their sportsmen and

conservation groups. That's how they get involved if they wish to find out what's going on.

Assemblywoman Kirkpatrick:

So if I missed the meeting, where could I go to get that information?

Fred Church:

You could contact the Commission itself. They have a website. I think those documentations could be found there, although I haven't gone to look at that. Since I attend meetings, I'm not quite sure. You could certainly contact Mr. Crawforth or Patty Wagner. She has that information available, I'm sure.

Larry Johnson, Director, Coalition for Nevada's Wildlife:

First of all, I probably want to describe how the Department of Wildlife has organized and made the process available to the public. Each county has a county advisory game board that is appointed by the county commissioners. Those items that are on the State Wildlife Commission agenda are circulated to each of those county game boards, who meet before each Commission meeting. The boards make recommendations, which are forwarded on to the full Commission.

The full Commission meeting is also a public hearing with public input, so that any sportsman, anyone from the public interested in wildlife, can have any pertinent information they desire on any issue and become part of the process at a local level that's forwarded to the State level. Quite frankly, it is the most democratic organization of any state or federal agency that I've ever seen. It's in stark contrast to sitting on a BLM Committee for two and a half years on an EIS [environmental impact statement] study and, at the end of the two and a half years, they go do whatever they please. The Commission takes the recommendations of the county game boards almost verbatim. It is an extremely involved but extremely democratic process.

I signed in as being neutral, but crossed that out and marked "against." I have mixed emotions simply because audits are healthy. It's extremely useful, after sitting here two years ago and testifying before this Committee in support of the largest fee increase in history, to understand why we have budget shortfalls at this date. There are issues with the demographics of sportsmen and so forth that need to be understood. One side of me says that audits are periodically needed. It is comforting to hear from the State Auditor that the Department is on schedule for a normal audit sometime in the near future.

My reason for being in opposition to Assembly Bill 3 is that the Department and we sportsmen who support wildlife programs around the state have budget

issues. This is an awfully tough time to ask for us to pay for additional funds for audits. I understand that those funds are prorated between departments and that they are paid over a period of time. I heard "federal funds." Those federal funds are, I believe, Pittman-Robinson and Wallop-Breaux funds. We, as sportsmen, pay excise tax on rifles, ammunition, et cetera, and a percentage of that is rebated back to the State, so it is still the sportsmen's money.

[Larry Johnson, continued.] It is a tough time for us to be paying for additional studies when we have five game warden positions we can't fill simply because of funding shortages. Our private groups are asked more and more to assist the Department in what used to be normal operating expenses. We've bought transport trailers, vehicles, paid for the transplant of bighorn sheep, and on and on. These past couple years we've been challenged faster than we could raise funds. At this point, I have no choice but to oppose an audit if those dollars come out of Department budget.

Assemblyman Denis:

If we were guaranteed that this wasn't going to take any money from the budget, what would your position on this bill be?

Larry Johnson:

I have no problem with an audit, whether it comes about by the normal process or is mandated by this bill. I have my business audited regularly, and so should every State department.

Joe Johnson, President, Toiyabe Chapter, Sierra Club:

We are certainly not opposed to audits. However, this bill requires a performance audit, which is a significantly different item from what we normally consider a legislative audit to be. We would support a comprehensive performance audit if, indeed, the areas that might be problematic were defined. I had come to offer our support for the management of the Department as well as the policies of the Commission. That is not to say that we do not occasionally have separate opinions on what is appropriate. Normally, however, this is a matter of statute or budget.

We are concerned about the budget of the Department. When the Legislative Counsel Bureau talks of cost allocation, it will be against the Department's budget. It will be funded out of the budget in the future on this seven-year allocation. A programmatic audit is a broad policy and program appraisal, not simply a fiscal accountability. This can be a very expensive process and would probably require outside consultants to be able to evaluate the Department on various wildlife policies and performance.

[Joe Johnson, continued.] I would like to assure you that compliance with past audits is well documented in the public record as well as that the Department, in its various other actions, is subject to the Open Meeting Law. Strictly speaking of having a legislative mandate for an audit, I would be much more comfortable if I heard or had identified problems in the Department. Listening carefully, I have heard no problems enunciated that there should be this level of concern by the legislative Body. Generally speaking, we would support sound fiscal policy, and we have no reason to believe that the Department does not practice that.

Bill Bradley, Chairman, Nevada Board of Wildlife Commissioners:

I want to thank Chairman Claborn for bringing this issue in front of this Committee—the budget of this agency is of such concern as you’ve heard. Normally this would be heard over in Senate Finance and Assembly Ways and Means—providing an opportunity to talk about our budget and using this as an opportunity to talk about a critical need, and that is future reliable, ongoing funding for this agency is important to every legislator, every sportsman, every person like Tina Nappe, who is not a hunter but enjoys going out and looking at birds and wildlife as much as anybody. I think it’s important to realize under our current budget, less than 3 percent of the budget comes from the General Fund.

If you think about all of you who don’t really buy tags or hunting licenses or duck stamps or any of that, but really enjoy going out and showing your children wildlife, we need to find a way to get you participating in assisting with this agency as well as those who have traditionally done it, the hunters and fishermen who buy the licenses and various hunting supplies. The opportunity in front of this Committee to talk about long-range funding for this agency, whether or not it is needed, is very important.

On the Commission, by statute, there are five appointees by the Governor who represent sporting interests. Then there is a ranching interest, a farming interest, a general conservation member—that was the position Ms. Nappe filled—who is generally not a hunter but is involved in the protection of wildlife, and then a person from the general public. So, there are a total of nine of us. We have an accountability to the Governor, who appoints us, and to this Legislature to keep an eye on the budget. As much as we can, we generally meet monthly. Our meetings are generally two to two and a half days. We also have a host of subcommittees that generally meet Thursday morning.

It is important to realize, I believe, that last session, Assembly Bill 41 of the 72nd Legislative Session was passed. That bill converted the Division of Wildlife, as a division of the Department of Conservation and Natural Resources, up to a stand-alone department. Another important part of the bill was that we,

the Wildlife commission, were given the responsibility of reviewing and recommending the budget to the Governor.

[Bill Bradley, continued.] In the last session, the bill included "approve the budget." Chairman Claborn has introduced a similar bill this time for the Commission to approve the budget. The opposition to that last time was from the Executive Branch, who did not want to give up budget authority to the Commission. However, we took our charge of reviewing and recommending the budget very seriously. For the last five to six months, as Mr. Church said, every meeting we've had we have had a two- to three-hour presentation on our budget.

Last week Mr. Crawforth started by giving you a PowerPoint presentation that showed four accounts of revenue in and revenue out, showed you pie charts. Our revenue in is generally comprised of user fees, which is our highest source of revenue, then federal dollars, then boating, and dwindling numbers. All the federal funding we get is subject to a federal audit. Mr. Crawforth will affirm that, presently, the feds are getting ready to conduct another federal audit of those federal funds in our agency.

As you know, this Commission is an open meeting, and we generally have very good participation of 13 out of the 17 county advisory boards. We have very good participation from the sportsmen's groups like the Fraternity for the Desert Bighorn and Nevada Bighorns Unlimited, and it's a very important meeting and coming together of a lot of different interests. Six months ago, we started with the PowerPoint presentation, which went overall just generally revenues in, revenues out on these four very important accounts. If that's where it would have stopped, then I would feel embarrassed or chagrined up here to say the Wildlife Commission isn't keeping an eye on this budget. But that's not where it stopped, because we had the charge to review and recommend.

Again, these meetings were all in public, attended by a lot of sportsmen. Unfortunately, not attended by Dr. Lent and some other organizations that feel a budget so necessary. In the next meetings, based on each revenue account of money in, money out, we went through a line-item analysis of each and every account that comprises those four budget accounts. We had exhaustive detail about what this particular amount added up to, this amount, how much are you spending on new vehicles, why don't you buy Toyotas instead of Fords. Sportsmen in that meeting were entitled to come up to the microphone and say, "I've got a problem. Why don't you have a warden in Las Vegas Wash?" We went through item by item—which is in the public record and our minutes—on an account.

[Bill Bradley, continued.] I want you to know that this is not an agency that is going without any oversight. We take our charge from the Governor's Office very seriously. We believe we have absolute accountability to both the Governor's Office and to this Legislature.

In terms of an audit, I agree with what Mr. Johnson said. I agree with what Chairman Claborn said. Audits are healthy, and if they can show a better way to do something, that's wonderful. What I'm concerned with, as a sportsmen's representative, is what the other sportsmen have told you here today, that in light of our budgetary crisis, if funds have to come out of what otherwise would be money on the ground, then we would rather see it come in the normal rotation.

I think one way we can get an idea of what the budget actually costs to the agency, in addition to this allocated expense, would be to find out from the 1998 budget how much their assessment was that came after the fact to the Department of Wildlife, and, if so, how much was it and where was it obtained from? That would help us all understand what this truly means.

Rick Elmore, Director, Nevada Bighorns Unlimited:

Much of what I was going to say to you has been covered by Mr. Bradley and Mr. Johnson. Nevada Bighorns Unlimited (NBU) is one of the largest all-volunteer wildlife organizations in the state of Nevada. We have several thousand members spread across the state. Many of our members actually live out of state. As most of you undoubtedly know, it's a hugely successful organization that has worked very cooperatively, not only with the Department of Wildlife, but with a number of other wildlife-related organizations, in the promotion of some really, truly incredible projects that occur almost entirely in this state.

Our concern is the budget concern. If you elect to conduct an audit of some kind, we're concerned that it's going to have a detrimental impact upon the Department. If I understand Mr. Townsend correctly that, if this audit is ordered by you with this bill, there almost certainly is going to be a financial impact on them in the next two years, and that is going to create just another low to the Department and another low to organizations like NBU.

I share the perspective that audits are healthy, they're important, they do good things, but I ask you in this circumstance, if you're going to take it out of order, if you're going to change the priority and cause that expense, to determine that there is some justification for doing that here. It seems to me that some follow-up needs to be conducted as to whether or not the concerns that were expressed in 1998 have been adopted and corrected. We need to know whether

or not there is a real issue that would justify the imposition of this burden on the Department in the immediate timeframe, as opposed to allowing it to occur in its ordinary way over the next several years.

Assemblyman Goicoechea:

I guess I understand then, Rick, you would probably be in favor of the audit, as long we ensure that it is not funded out of NDOW funds.

Rick Elmore:

As everybody has said, they're always helpful. You're always going to get some good information out of it. The question we have here is, is it worth the expense of doing it now, in the absence of some information that really compels it? It's going to happen at some point. It needs to happen with every department in the state. We're just not aware, in our membership, of an overriding financial concern about misuse or abuse of funds. We just don't hear the kinds of complaints about the tag drawing and the use of those funds, so I wonder if we don't need to determine if they're really there before we take this out of order.

Terry Crawford, Director, Nevada Department of Wildlife:

A couple things that I would like to do to address A.B. 3—I've given you a series of pie charts ([Exhibit D](#)) that reflect our revenue and expenditure in the four accounts that are before you this session. I've also generated a list of the audits ([Exhibit E](#)) that the Nevada Department and Division of Wildlife have been through in the last 28 years. If I might just make a couple of comments regarding those.

I've heard it said, and this is my 11th legislative session, that there are two great lies about audits. That's when the auditors show up and tell the director of the agency that "We're just here to help you," and the second lie is when the director says, "We're glad to see you." But seriously, I have, in the past, found audits to be tremendously helpful, and, as you can see from the handout ([Exhibit E](#)), we are audited 24/7 every year, all year. We have had one kind of audit after another. We're subject to the single audit. Just about every year the United States Fish and Wildlife Service audits our federal funds, which is 40 percent of our revenues, every five years. They are just arriving on-scene for us right now. We're expecting an entrance conference any time in the next couple weeks.

As you can see from the list I provided you ([Exhibit E](#)), we get at least one audit a year, but that really doesn't cover the picture, because several of these audits take more than a year to complete. We have had audits from the Legislative

Counsel Bureau that have taken 18 months. We've had as many as six auditors in our offices for years at a time conducting numerous audits.

[Terry Crowth, continued.] To address the last Legislative Counsel Bureau audit, did they find things that we weren't doing well? Absolutely. Audits always will, and that's what makes them healthy, but we have a tremendously dedicated and talented and honest staff. We make mistakes, and we welcome having those pointed out. I am not aware of an audit exception from any of these audits that has not been completed. The process doesn't allow that to happen. If it does, it's certainly beyond me. If you don't get them done, you come back and report until you get them done. I'm not aware of any that have not been completed.

The item that I provided you with, the colored pie charts ([Exhibit B](#)), again shows the revenue and expense, and that's to address the concern about not knowing where the money is going. This is just one example. We have taken very seriously our responsibility to our customer, who funds our activities. We have made budget presentations to the Board of Wildlife Commissioners and the county wildlife advisory boards for as long as I can remember. Until recently, we had to get them down and stand on our throat to get them to listen to that part of it, because they're more interested in wildlife than our budget.

We have presented, as Commissioner Bradley mentioned to you, a budget presentation at the Board of Wildlife Commissioners intensely over the last six or eight months in compliance with statute; but at every meeting for the last couple years we've talked about one part of the budget or another. It was our process that we developed preparatory to the last session, when we were asking for fee increases. We thought it was important that the sportsmen who funded the agency know where every penny is going. We have been trying to display that to them during that period of time.

We welcome the audit. I've been around long enough to know that you get audited as a state agency about every seven years. I actually expected them to show up last year. That's fine with us, but I think the more important issue here is—and I appreciate the comments of many, especially Tina Nappe—that what we're all about, and wildlife in this state, wildlife management as we have known it in this country for over 100 years, is user-pay.

It's been a great ride, but the ride's coming slowly to an end. We simply have to find some ways to provide additional, consistent funding for wildlife management instead of just depending on user fees and federal excise taxes. I'm asking for your help. Wildlife's asking for your help. Aside from the audit, which, in the normal course of events or this bill, will occur, and audits will

continue to occur from every source imaginable. Auditors like us. I think they like what we do. We're a pretty exciting group.

[Terry Crawforth, continued.] I would hope, Mr. Chairman, that you would consider, as part of your legislation, to actually provide for an interim study about the mission of wildlife management in this state and take a look at some consistent, dependable funding sources to fund wildlife. I am, by the month, trimming positions and trimming budgets, which provides fewer services and less care and feeding for wildlife in this state. That's my concern. Will this audit take away from some of those duties? Absolutely. Audits always do. We've talked pretty extensively about who pays the audit.

There's a whole other side of that, and that's the staff time from the agency. We'll dedicate probably thousands of hours to a legislative audit. We'll dedicate thousands of hours to the U.S. Fish and Wildlife Service audit that we're about to come up with, but that's good for business, and I think it's important.

However, I think the more important issue is the status of wildlife in this state in the future. Current funding sources and publicly mandated mission are not coinciding very well at this point in time for the future. We could use the help in an interim study to maybe proactively fix things in that direction, also.

Vice Chairman Atkinson:

I will close the hearing on Assembly Bill 3. Is there any old business to come before this Committee? Any new business?

Assemblywoman Smith:

I would like to ask if I may have a copy of Ms. Nappe's testimony ([Exhibit E](#)). I thought she raised some very thoughtful points. I'd also like to have a copy of Mr. Crawforth's, if it's appropriate for me to ask. Maybe then we could have some conversation about that. I thought there were some very thoughtful questions posed in her testimony.

Vice Chairman Atkinson:

We are adjourned [at 3:29 p.m.].

[The Nevada Department of Wildlife Comprehensive Strategic Plan ([Exhibit F](#)), which Terry Crawford had mentioned at an earlier meeting that he would bring, was submitted but not addressed during the meeting.]

RESPECTFULLY SUBMITTED:

Mary Garcia
Committee Attaché

APPROVED BY:

Assemblyman Jerry D. Claborn, Chairman

DATE: _____

EXHIBITS

Committee Name: Natural Resources, Agriculture, and Mining

Date: February 21, 2005 Time of Meeting: 1:30 p.m.

[illegible]