

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-Third Session
May 2, 2005**

The Committee on Ways and Means was called to order at 8:33 a.m., on Monday, May 2, 2005. Chairman Morse Arberry Jr. presided in Room 3137 of the Legislative Building, Carson City, 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. Morse Arberry Jr., Chairman
Ms. Chris Giunchigliani, Vice Chairwoman
Mr. Mo Denis
Mrs. Heidi S. Gansert
Mr. Lynn Hettrick
Mr. Joseph M. Hogan
Mrs. Ellen Koivisto
Ms. Sheila Leslie
Mr. John Marvel
Ms. Kathy McClain
Mr. Richard Perkins
Mr. Bob Seale
Mrs. Debbie Smith
Ms. Valerie Weber

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Barbara Buckley, Assembly District 8
Marcus Conklin, Assembly District 37
Bonnie Parnell, Assembly District 40

STAFF MEMBERS PRESENT:

Mark Stevens, Assembly Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Carol Thomsen, Committee Attaché
Connie Davis, Committee Attaché

Chairman Arberry called the Committee to order and opened the hearing on A.B. 114.

Assembly Bill 114 (1st Reprint): Revises provisions governing manufactured homes, mobile homes and Real Estate Education, Research and Recovery Fund. (BDR 43-1162)

John Marvel, Assembly District 32, stated he had been asked by the Nevada Association of Realtors (NVAR) to introduce A.B. 114, and he introduced Jim Nadeau, Government Affairs Director, NVAR, to the Committee.

Mr. Nadeau explained that under current statutes a real estate licensee was required to purchase or obtain a limited broker's license from the Manufactured Housing Division in order to sell a used manufactured home sold in conjunction with the sale of a fee-simple interest in real property. Mr. Nadeau stated that A.B. 114 would remove that dual licensure requirement for a real estate licensee. The licensee would then be required to have only a real estate license in order to handle the specific transaction of the sale of a used manufactured home in conjunction with the sale of a fee-simple interest in real property.

According to Mr. Nadeau, prior testimony had indicated that manufactured housing fees had risen significantly within the past 2 or 3 years. That information was based on an audit by the Manufactured Housing Division, which charged a recovery fee. The fees had risen from \$200 to \$800 every 2 years; the initial fee was \$1,000, plus \$200 for licensure and \$600 for the recovery fee. Mr. Nadeau reported that the Real Estate Division had researched the recovery fee and any transaction of that nature was covered under the statute governing the Real Estate Division's recovery fee.

Mr. Nadeau advised that the NVAR had addressed all concerns voiced by Renee Diamond, Administrator, Manufactured Housing Division, Department of Business and Industry, regarding consumer protection and the disclosures required to ensure that all notices and disclosures associated with used manufactured homes would be handed out at the time of the transaction. Mr. Nadeau indicated that the NVAR believed it had addressed the policy issues and Ms. Diamond was on record stating that, although A.B. 114 would have a fiscal impact on the Manufactured Housing Division, that impact would be relatively minor.

Chairman Arberry asked whether there was further testimony forthcoming regarding A.B. 114 and, there being none, declared the hearing closed.

The Chair opened the hearing on A.B. 299.

Assembly Bill 299 (1st Reprint): Authorizes exchange of land with Reno-Sparks Indian Colony and construction of new restitution center for Department of Corrections. (BDR S-820)

John Marvel, Assembly District 32, explained that A.B. 299 was the product of much negotiation with the Nevada Department of Corrections (NDOC), the Division of State Lands, the Reno-Sparks Indian Colony, the City of Reno, the Washoe County School District, and Washoe County, who had all lent their support to the bill. Mr. Marvel advised that the Tribal Chairman of the Reno-Sparks Indian Colony, who had initiated the legislation, would present testimony along with Ernie Adler, Counsel for the Colony.

Arlan Melendez, Tribal Chairman, Reno-Sparks Indian Colony, stated that the land exchange would basically create a win-win situation, and he hoped that the Committee would support the legislation. Mr. Melendez indicated that the Indian Colony had done much to build a relationship with the City of Reno, Washoe County, and the Washoe County School District, who unanimously supported A.B. 299. Mr. Melendez stated that the Indian Colony had gained unanimous support from the neighbors in the vicinity, and he believed that the situation would be ideal. It was the first time the Indian Colony had entered into a tax sharing agreement regarding sales tax with the state of Nevada, and Mr. Melendez believed it would be a win-win situation.

The land exchange would also enable the State to gain a facility for the NDOC that would be constructed based on the tax share agreement with the Tribe, and Mr. Melendez believed it would be beneficial to all parties involved.

Mr. Melendez indicated that he would be happy to answer questions from the Committee concerning A.B. 299.

Mr. Marvel advised the Committee that the proposed NDOC facility would assist offenders, both men and women, with their transition back into the community. He noted that the State did not presently have a facility for women in Reno, and the current restitution center in Reno was viewed as an "eyesore," which Reno would be happy to see replaced. Mr. Marvel noted that the placement of offenders in the restitution facility would free-up housing at the main NDOC facilities, and he believed it would create a significant savings in that respect.

Mr. Melendez explained that tribal governments operated the same as city and county governments, and there was the same need to create a tax base and raise revenue to support essential governmental activities. He believed that the legislation would help in that endeavor. Mr. Melendez stated that the action proposed in A.B. 299 would transform the neighborhood, as east Reno had always been a blighted area. Construction of the project in east Reno would really change the landscape and make the area look much better than it had in a decade. Mr. Melendez opined that the Indian Colony was doing its part to change the scenery and make the city a better place to live.

Vice Chairwoman Giunchigliani referenced Section 1(4)(a) and (b) which explained the sales tax revenue portion of the legislation, and she asked for clarification.

Ernie Adler, Governmental Relations, Reno-Sparks Indian Colony, explained that 1.5 percent of the sales tax generated from the retail project would generate approximately \$900,000 per year, which would be dedicated to the state of Nevada to pay off \$8 million for construction of the restitution center. Essentially, the State would be leasing the new building from the Tribe, but the lease payment would be paid by the Reno-Sparks Indian Colony at a rate of \$900,000 per year for approximately 20 years. Mr. Adler stated it was hoped that the debt would be retired ahead of schedule. During that same time period, the Washoe County School District would receive 1 percent of the sales tax, or approximately \$600,000, for its school improvement fund. According to Mr. Adler, that money would be used to replace carpeting, computers, paint, et cetera, within the Washoe County School District, which was an area where the school district currently had a significant shortfall in its budget. The Tribe was attempting to help both the State and local government.

Mr. Adler stated that the Committee should be aware that there were other taxes that would flow to both the State and county through the endeavor. The legislation would not exempt building materials for either the restitution center or the Wal-Mart store, which meant that Wal-Mart would pay \$442,000 in sales tax on materials. The Tribe would pay sales tax on the construction materials for the restitution center, even though Mr. Adler believed that could be exempt, which would generate \$236,000 in sales tax. The retail structures, which would be placed on neighboring land rather than the land that would be exchanged, would generate approximately \$150,000 per year in sales tax, which would be another tax distribution to the counties and cities.

Mr. Adler added that the highest tribal contribution of revenue sharing he had located in the country, including gaming facilities, was at a rate of approximately 25 percent, and the proposed revenue sharing rate was one-third, which was the highest amount that any tribe had agreed to share with both state and local governments.

Mr. Alder referenced [Exhibit B](#), which contained:

1. A booklet entitled "Eagles Nest Transitional Housing Facility"
2. Letter of April 1, 2005, from Robert A Cashell, Sr., Mayor, City of Reno
3. Letter of April 14, 2005, from Bonnie Weber, Chairman, Washoe County Commission
4. Presentation entitled "Reno-Sparks Indian Colony – Land Exchange & New Restitution Center"
5. Map entitled "RSIC Reno Property"
6. Explanation of land swap and construction of new restitution center
7. Newspaper account of the retail project

Mr. Adler pointed out that the area currently contained a topless bar, a trucking facility, and the "portable jail" that the State used as the current restitution center, which Mr. Adler likened to a "dog pound with a guard tower." He opined that it was a shocking and inappropriate facility that was located directly across from the Reno Hilton Hotel-Casino. Those facilities would be removed and would be replaced by an Indian Cultural Center, a recreation center, and retail sales. Mr. Adler believed that was one of the main reasons why the City of Reno so strongly supported [A.B. 299](#).

Vice Chairwoman Giunchigliani asked why the school district would benefit from the legislation. Mr. Adler explained that the Reno-Sparks Indian Colony wanted to provide additional funding to the Washoe County School District. Vice Chairwoman Giunchigliani asked whether the school district was connected in any way to the proposal. Mr. Adler advised that the school district was not involved in the proposal, and the Colony would probably provide funding to the school district even if the legislation did not pass.

Vice Chairwoman Giunchigliani indicated that Section 1(4)(b) stated, "A portion of the sales tax revenue from the proposed retail project to be paid to the Washoe County School District," and Section 1(4)(c) stated, "Upon completion of the payments for the restitution center, a revised amount to be paid on a continuing basis to the Washoe County School District." Vice Chairwoman Giunchigliani stated that the Committee would require additional information regarding figures and documentation. Mr. Adler indicated that was included in [Exhibit B](#).

Vice Chairwoman Giunchigliani asked whether the Colony planned to build on its own property and also build on the property where the current restitution center was located. Mr. Adler explained that the present restitution center would be leveled and would be the future site of the cultural center. Vice Chairwoman Giunchigliani asked whether it was tied to the project proposed in the legislation. Mr. Adler said it was not tied to the sales tax. Vice Chairwoman Giunchigliani asked what would be located on the Colony's property. Mr. Adler explained that the current restitution center was located on the corner of Second Street and Kietzke Avenue in Reno and that property would be transferred to the State.

Vice Chairwoman Giunchigliani indicated that the bill stipulated that the turnkey contract would be subject to prevailing wage, but it spelled out only skilled mechanics, skilled workmen, semiskilled mechanics, semiskilled workmen or unskilled labor, and she asked whether the areas where prevailing wage would be paid had been segregated. Mr. Adler replied that the prevailing rates applied to construction of the restitution center, which had been requested by the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO). He added that the Tribe always paid prevailing wage so that provision would not present a problem. Vice Chairwoman Giunchigliani asked whether that section would not segregate the areas for prevailing wage. Mr. Adler indicated that the provision only applied to construction of the restitution center.

Vice Chairwoman Giunchigliani noted that, of the sales tax retained by the Tribe, a portion would be allocated to the Washoe County School District and to local governments. Mr. Adler said it would be allocated to the State to pay for the restitution center, except for the sales tax on materials, which would be distributed under the normal formula.

Assemblyman Seale asked how the project was being financed. Mr. Adler replied that the restitution center project would be financed with the sales tax revenue from the commercial facility, or Wal-Mart. Mr. Seale asked whether the project would be bonded. Mr. Adler replied that it would be bonded under the Colony's authority as a governmental entity. Mr. Seale asked whether the Colony would use 20-year bonds. Mr. Adler replied that was correct. Mr. Seale asked whether the bonds would be revenue bonds, and Mr. Adler replied that was correct.

Vice Chairwoman Giunchigliani indicated that the Committee would require documentation in writing regarding the costs for staffing the restitution center. Jackie Crawford, Director, Nevada Department of Corrections (NDOC), advised that there would not be a fiscal impact for the upcoming biennium because it would take 18 to 20 months to build the facility. Vice Chairwoman Giunchigliani stated that the Committee would utilize information regarding future staffing needs for planning purposes. Ms. Crawford commented that she would prepare that information for Fiscal Division staff. She noted that the new facility would utilize staff from the current facility. Vice Chairwoman Giunchigliani believed that with the change in design, additional staff might be required.

Vice Chairwoman Giunchigliani asked about the engineering company and/or consultants for the project. Eric Raecke, FYSO, Inc., explained that his small company, FYSO, Inc., would actually be the developers who would put the project together. He stated that his company would use local engineers and an architect from Reno, and also hoped to use a local Reno building company. Mr. Raecke stated that his company was very excited about the project.

He advised that he had worked with the Reno-Sparks Indian Colony and the NDOC from the project's inception and he was looking forward to the start of the project.

Mr. Raecke advised the Committee that he had been with the State Public Works Board for many years, and he believed he could build a building that fit the State's expectations.

Assemblywoman Leslie hoped that the Colony had discussed past labor problems with the Wal-Mart organization, as she imagined that many of the workers would be from the Colony. She believed it was a great project, which would improve that area of Reno tremendously. Ms. Leslie concurred with the need to remove the topless bar and create a better environment.

Mr. Melendez indicated that the Colony had talked to the City of Reno, who had worked with Wal-Mart regarding past problems, and the City was working with the Colony to ensure that those issues were proactively addressed in the beginning. The Colony had taken advice from the City because of the City's past history with Wal-Mart and would attempt to address those issues.

Mr. Adler reported that Wal-Mart had entered into negotiation with all parties involved regarding issues such as RV parking on the premises, et cetera. Ms. Leslie said her concerns were regarding the labor issues. Mr. Adler said that the sales tax generated from Wal-Mart would be used to pay for union laborers to build the restitution center.

Vice Chairwoman Giunchigliani said that many small businesses had been lost because of the "big-box" stores, which was also of concern. She agreed that the area was blighted and needed to be cleaned up, but it would be nice to include some businesses that were not part of a "chain" store, which would actually benefit small entrepreneurs and minority, or women-owned businesses.

Vice Chairwoman Giunchigliani asked whether there was further testimony to come before the Committee regarding A.B. 299.

Pam Wilcox, Administrator, Division of State Lands, Department of Conservation and Natural Resources, stated that the Division had been involved in working through the details of the project from the beginning. She pointed out that the proposal would include a land exchange that set aside the normal provisions of the *Nevada Revised Statutes* (NRS) 323.100, and the project would not be reviewed by the Interim Finance Committee (IFC). Ms. Wilcox pointed out that the exchange would not be exactly even, but it would be very close. The preliminary appraisals put the State land slightly below \$1 million and the tribal land slightly above \$1 million.

Vice Chairwoman Giunchigliani asked how recently the appraisal had been completed. Ms. Wilcox said the appraisals had been conducted approximately 6 months previously and would probably need to be refreshed prior to the exchange.

Vice Chairwoman Giunchigliani asked for clarification regarding Section 1(8). Ms. Wilcox indicated that Section 1(8) simply stated, "The provisions of NRS 323.100 do not apply to a contract entered into pursuant to this act." Ms. Wilcox further explained that NRS 323 was the "exchange" statute. Normally, land exchanges had to be exactly even, up to 25 percent could be equalized with cash rather than land, and exchanges had to be approved by the Board of Examiners and the IFC. Vice Chairwoman Giunchigliani asked why the

proposed land exchange would be treated differently. Ms. Wilcox stated it would be treated differently because it was known that the land values were not exactly equal and because it would be approved by the Legislature as part of A.B. 299.

Vice Chairwoman Giunchigliani indicated that was a good “try,” but it was not a legitimate reason not to follow State law. Ms. Wilcox stated if the exchanges were uneven in the wrong direction, the State would be required to put up the cash and since the Tribe was actually proposing a turnkey operation for the State, the value of the improved property would be much greater. Vice Chairwoman Giunchigliani asked that copies of the appraisal be provided to the Committee and Ms. Wilcox stated she would provide that information.

Vice Chairwoman Giunchigliani asked when the up-to-date appraisal would be completed. Ms. Wilcox indicated that it had not been determined at the present time and the time frame would depend upon the legislation. The Division wanted the appraisal to be fresh at the time the land was actually exchanged.

Vice Chairwoman Giunchigliani asked about the land and referenced [Exhibit B](#), which contained a map. Ms. Wilcox provided an explanation of the parameters of the State land on the map included in the exhibit. Ms. Wilcox advised that the land had been used by many entities over the course of years. She emphasized that it was a really good trade, which would locate the restitution facility on Kietzke Lane and the retail center on land that would allow public access along the Truckee River.

Mr. Adler added that one of the reasons there was a disparity in land values was that the current restitution center was located on a flood plain, and during the last major flood in the area, it had been under water. That land did not have as high a value as the commercial property on Kietzke Lane, which included access to utilities.

Assemblyman Seale asked what the bond rating was for the Reno-Sparks Indian Colony. Mr. Adler replied that the Colony’s bond rating was BBB. Mr. Seale asked whether the Colony would have an opportunity to use the State’s bond bank for the project. Mr. Adler advised that the Colony did not want to impair any part of the State’s borrowing capacity and would use its own bond rating.

Vice Chairwoman Giunchigliani asked whether there was further testimony to come before the Committee regarding A.B. 299 and, there being none, declared the hearing closed.

The Vice Chair opened the hearing on A.B. 222.

Assembly Bill 222 (1st Reprint): Requires periodic review of school districts to evaluate compliance with certain financial management principles. (BDR 34-10)

Marcus Conklin, Assembly District 37, Clark County, stated he would present A.B. 222, which was a bill that would require periodic audits of school districts throughout the state of Nevada. Mr. Conklin explained that during the 2003 Legislature, a bill had been passed regarding the performance of the Clark County School District. The audit results had been published and Mr. Conklin said it was basically a “30,000-foot overview” of the Clark County School District. According to Mr. Conklin, the audit report was very good with respect to what it accomplished, however, A.B. 222 would provide for full

performance audits of all school districts within the state of Nevada on an ongoing basis.

Mr. Conklin reported that MGT of America had conducted an audit of schools in Broward County, Florida, in 1999 as part of a program that Florida had undertaken many years ago called "The Sharpen the Pencil Program." Mr. Conklin reported that Broward County was one of the largest school districts in the county, but was smaller than the Clark County School District by approximately 20,000 students. The MGT of America audit report of April 6, 1999, "A Performance Review of the School District of Broward County, Florida – Final Report," contained approximately 2,000 pages. Mr. Conklin stated that he had one copy of the report, which he would be happy to lend to Committee members for their perusal.

Mr. Conklin indicated that a comparison of the MGT of America audit report for Broward County, Florida, and the audit performed during the 2003-04 interim on the Clark County School District, showed that within the Broward County audit, recommendations had been made that would create a net savings of approximately \$100 million.

Mr. Conklin stated it was not uncommon to find that type of result in performance audits for school districts throughout the country. The audit proposed in A.B. 222 was a program that Nevada could put into place to help identify the strengths and weaknesses of its school districts with respect to performance and financial management, and provide the school districts with the tools necessary to make corrections.

Mr. Conklin emphasized that A.B. 222 would not take money away from the school districts and would encourage the districts to better spend, and reap additional benefits from, the money that was already being allocated. The State had additional money available at the present time and A.B. 222 presented an opportunity to assist Nevada's school districts.

According to Mr. Conklin, the Broward County audit had a potential return on investment of \$100 million and the cost of the audit had been approximately \$500,000, which was a significant cost-benefit ratio of approximately 229:1. Mr. Conklin said the proposed bill would attempt to realize that type of return on Nevada's investment in its school districts, thereby returning a portion of that funding to benefit school children.

Assemblyman Marvel asked how the audit expenses would be paid. Mr. Conklin explained that Section 3 of the bill provided that as long as the Legislature made funding available, the audit would move forward. He reported that the State would pay for the audit. Mr. Marvel asked how much the audit would cost. Mr. Conklin replied that the cost would depend on which counties were being audited. The bill asked for audits of Clark, Esmeralda, Lincoln, Mineral, and Nye County School Districts, and Mr. Conklin estimated the cost would be approximately \$700,000 or more. The audit of the Clark County School District would be the largest expense because it was the fifth largest school district in the nation.

Mr. Marvel asked whether Mr. Conklin had read the last audit report regarding the Clark County School District, and Mr. Conklin replied that he had read that report. Mr. Marvel commented that he believed it had been a very thorough audit. Mr. Conklin agreed that it had been a very good audit. Mr. Conklin explained there was a significant difference between the type of audit conducted by the Legislative Auditor and the type of audit proposed in the bill,

which had been performed in other states and had helped those states to better use school district funding. Mr. Marvel stated that the fiscal note should be clarified.

Vice Chairwoman Giunchigliani pointed out that the bill contained a fiscal note from the State Department of Education, which appeared to be in addition to the cost of the audit. She noted that Washoe and Clark County School Districts had been audited over the past interim, and it appeared that the bill would audit those school districts once again, even though the outcome of the audits had been very positive.

Mr. Conklin explained that there were two different types of audits and the bill referred to performance audits. For example, the Broward County, Florida audit, which had a net positive fiscal impact of \$100 million, contained a variety of statements and/or recommendations. The report had not simply recommended cuts in budget areas, stated Mr. Conklin, but had included cost saving measures, such as the fact that there were too many purchasing agents employed by the school district for the amount of purchasing actually being done. That was an issue that could be simplified by spending a bit more funding to better computerize the process. Mr. Conklin noted that two or three positions had been eliminated and the funding reallocated to areas where funding was needed. The bill addressed a full performance audit which would include the very minute workings of each school district. The Legislative Auditor did not have the time or resources to conduct such an audit. Mr. Conklin noted that the audit regarding the Clark and Washoe County School Districts that had been performed by the Legislative Auditor over the past interim was actually a precursor for the type of audit recommended in the bill.

Vice Chairwoman Giunchigliani asked what action had been taken by school districts that had received a performance audit to utilize the projected savings. Mr. Conklin said it was his understanding that those school districts had been allowed to keep the funds and would reallocate those savings to other areas of need. Vice Chairwoman Giunchigliani asked how those school districts had utilized those funds, for example, were the funds used to implement new programs. Mr. Conklin explained that the report indicated the performance audit had located \$46 million in savings through programs that had been implemented, however, did not specify how the districts had chosen to utilize those funds. Mr. Conklin believed that school districts could utilize the savings to hire additional personnel or use the funding to implement new programming, et cetera. The school districts would not be limited regarding how the savings could be expended, the only thing the audit would do was show districts how to save money and bring more money back to the classrooms.

Vice Chairwoman Giunchigliani asked whether a Request for Proposal (RFP) would be issued to hire a consultant, and would that consultant conduct all audits. Mr. Conklin said not necessarily. The Legislative Auditor would select three finalists from the RFPs and the State Department of Education would have the option to select the final company. Vice Chairwoman Giunchigliani asked whether the final consultant selected would conduct all audits. Mr. Conklin did not believe that would be the case; he felt the State would benefit by issuing a separate RFP for each district audit.

Vice Chairwoman Giunchigliani asked for clarification regarding the proposed oversight committee. Mr. Conklin explained that one of the firms with whom he had discussed performance audits had recommended inclusion of an oversight committee to help keep the public involved in the audit process. Mr. Conklin indicated that part of the problem, particularly in Clark County, was that a large

number of people did not believe that the school district made the best possible use of the money that it was given. Even though he did not want to be negative regarding the Clark County School District, the fact remained that consumer confidence in government and school district spending was quite low. By incorporating the public into the audit process, explained Mr. Conklin, the public could then see if there were problems and how those problems could be corrected, thereby giving the consumer better confidence in the dollars being spent.

Mr. Conklin advised that the public was not aware of all the issues that the Legislature was aware of. For example, one person in Mr. Conklin's district had asked about the Clark County School District vehicle parked in front of his neighbor's house, which sat in the driveway while the neighbor drove his own vehicle to work. As a taxpayer, Mr. Conklin's constituent wanted to know why the school district had purchased a truck that simply sat in a driveway. Mr. Conklin pointed out that many times people observed the obvious, but did not know the reason why, which was the reason that a performance audit involved the public.

Vice Chairwoman Giunchigliani asked whether the audit would deal with transportation and/or the storage of vehicles, which had been an issue in Clark County. Mr. Conklin indicated that the bill stipulated that transportation be included. Vice Chairwoman Giunchigliani pointed out that the State actually allocated more money to the Washoe County School District, and yet the district did not offer full-time physical education, music, or art programs, and she asked if that issue would be addressed in the performance audit. Mr. Conklin opined that all programs would be covered for each district, however, if the Committee had suggestions about language to be added to the bill, he would be receptive.

Assemblyman Seale asked whether the bill contemplated that the cost to the State for the performance audit would be reimbursed out of the savings created for the school districts. Mr. Conklin said it was his intention that the money saved would be retained by each school district to advance additional programs. He stated that the State would pay for the performance audit and perhaps in the future, fewer dollars would be requested from the Legislature based on the audit recommendations. Mr. Conklin believed that by showing the school districts how to save funding in various areas, future funding requests would be lower.

Vice Chairwoman Giunchigliani asked whether there was a fiscal note, other than the fiscal note for the State Board of Education. She asked whether Legislative Counsel Bureau (LCB), Fiscal Analysis Division staff should review the bill in an effort to determine the source of the funding for the performance audits. Mr. Conklin said he could provide figures, but until the actual RFPs were returned, it would be difficult to provide exact figures. For the larger school districts in Florida, such as Dade and Broward Counties, the expense for the performance audit had been \$500,000. Mr. Conklin stated that would be the ballpark figure, more or less.

Vice Chairwoman Giunchigliani noted that Section 3 of the bill indicated that the audits would be performed to the extent that the money was made available, and if the Committee did not provide sufficient funding, then all the audits would not be performed. Mr. Conklin asked whether it was his responsibility to construct the fiscal note regarding the audit portion. Vice Chairwoman Giunchigliani noted that if he could provide the contacts, LCB Fiscal Division staff would attempt to determine the costs. Mr. Conklin advised that he had a list of auditors that had been used in other states, which

he would provide to Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, LCB.

Vice Chairwoman Giunchigliani commented that the bill only requested performance audits for five counties, and she would request that the Washoe County School District be included in the bill. Mr. Conklin indicated that there would be no problem in adding Washoe County School District. His original intent was the proximity in location, in case the Department of Education chose to utilize the same vendor. He pointed out that Washoe County was the State's second largest school district, which would drive up the fiscal note. Mr. Conklin believed that perhaps the fiscal note would be much smaller in future biennia if Washoe County were included in A.B. 222.

Bonnie Parnell, Assembly District 40, Chairwoman of the Assembly Committee on Education, commented that the State had an opportunity to receive a return on an investment of perhaps \$500,000 with a return of approximately \$2 million in savings, which was not often seen by the Legislature. Assemblywoman Parnell said she had been impressed with the idea of helping the school districts operate more efficiently by determining that perhaps the number of school buses currently being operated were not needed, or any number of issues that could be identified by an entity not involved with the operation of the district. Ms. Parnell opined that an outside entity could often identify problem areas that persons "in the trenches" were unable to identify. The Assembly Committee on Education had been very supportive of A.B. 222, which had passed with a unanimous vote. Ms. Parnell urged the Committee to add its support of A.B. 222.

Kenneth Lange, Executive Director, Nevada State Education Association (NSEA), advised the Committee that the NSEA strongly supported A.B. 222. As part of the larger public education community, NSEA recognized that the public had to have confidence in the way the NSEA conducted business if it wanted continued support. Mr. Lange indicated that the NSEA continued to hear from far too many people about their perceptions that school districts were wasting large sums of money, and also heard from people who said that school districts should be run similar to a business. The NSEA also knew that there were a myriad of financial challenges facing school districts today and some of those challenges were outlined in Exhibit C, "Why Performance Audits?," that had been provided to the Committee.

Mr. Lange indicated that the NSEA believed that school districts, by and large, were good stewards of the public's money, but also believed that there was much room for improvement as technology changed and schools changed. As demands for increased accountability continued, opportunities to assess potential cost savings and inefficiencies would be available. Mr. Lange referenced an email that had been sent to Committee members which contained information regarding the Florida school performance audit. That audit had discovered hundreds of millions of dollars in savings over the 5-year period. According to Mr. Lange, the links within the email would provide a wealth of information including the top 13 ways for school districts to save.

Mr. Lange explained that A.B. 222 would build on the discussion about audits that began during the 2001 Legislature and continued with the performance audits mandated for Clark and Washoe Counties by the 2003 Legislature; however, there were several important distinctions between A.B. 222 and the legislation passed by the 2003 Legislature. Mr. Lange indicated that A.B. 222 would establish a regular cycle of audits and identify clear financial management principles. It was transparent to the public, through hearings, that the school

districts required corrective action. Mr. Lange stated that the NSEA was pleased that the audit would be a working document rather than simply a "notebook on a shelf," and would be conducted by an outside firm.

According to Mr. Lange, the Legislative Auditor had done a fine job in "kicking off" the first overview and top level look at school districts, but an outside consultant might be able to dig a bit deeper with more force to determine how the school districts could save money. The NSEA believed that all items taken in total made for a solid proposal that would yield results for Nevada taxpayers and for public education. Mr. Lange stated it was time to explore the myths surrounding school spending and it was time to confirm those areas where public schools did well with the resources they had been given. The NSEA was ready and willing to assist in that important process and urged the Committee's support of A.B. 222.

Mr. Lange introduced Mr. Tom Skancke to the Committee. Mr. Skancke had been working with the NSEA and members of the business community to take steps regarding what needed to be done to inspire confidence in Nevada's schools.

Vice Chairwoman Giunchigliani asked Mr. Lange if he was aware of what the Florida school districts had done with the realized savings. Mr. Lange stated it was his understanding that the school districts in Florida retained the money that was saved and redistributed it for programs, teachers, textbooks, et cetera. Vice Chairwoman Giunchigliani asked whether those funds had been tracked. She further explained that most states were not funded the same as Nevada. Mr. Lange was not sure of the mechanism used for tracking the funds saved, but he did know that Florida had an extensive and substantial audit process to track monies, which was reported to the State Comptroller. Vice Chairwoman Giunchigliani asked whether there was documentation regarding how that money had been spent, or were the funds placed in the district's base budget. Mr. Lange stated he could not answer that question.

Tom Skancke, representing the NSEA, noted that there had been many questions regarding the performance audit, and asking questions was exactly what the audit would be about. The performance audit was not designed or created to determine whether a district was doing something wrong, but rather was designed to help the school districts make improvements. Mr. Skancke explained that the audit would explain how the money had been spent, and recommendations would be made by an outside auditor who would report to the Legislature, the State Board of Education, and the school district, and would provide direction and guidance regarding how to spend the money saved.

Mr. Skancke remarked that the State needed a starting point regarding where it was heading with education in the future. Over the past 18 months, stated Mr. Skancke, he had been working with the NSEA and a group of approximately 20 business persons throughout the State. The audits conducted by the LCB Auditor had been reviewed and he considered those audits as a great starting point, however, an 85-page report did not constitute an audit. Mr. Skancke stated that for his small company with 3 employees, the audits were approximately 900 pages. He assured the Committee that major companies throughout the State conducted extensive audits. Mr. Skancke stated that an 85-page audit would not constitute the end, but rather would constitute the beginning.

According to Mr. Skancke the audit requested in A.B. 222 was a “philosophy” that would change the direction of education; the audit would not indicate that the school districts were doing anything wrong, but rather would be a starting point for the future. People made a significant investment in education dollars for children in the school districts throughout the State, and the return on the investment should be reviewed. Mr. Skancke indicated that the funding request in the bill was just the beginning process and he would ask that the Committee approve the funding for the audit.

Mr. Skancke referenced Mr. Seale’s question regarding a return of the State’s investment, and he believed that the answer would be yes. The audit would explain where the school districts had been and what needed to be done in the future. Mr. Skancke indicated that the Governor had stated he wanted to put \$500 million into K-12 education, which was a significant amount, but how would the Governor know that the need was not for \$800 million, or \$2 billion, et cetera. The audit would provide a starting point. Mr. Skancke said that the districts conducted audits every year, which were required by law, and he was sure that the Committee had reviewed those audits, but the audit requested in A.B. 222 would produce a report of approximately 2,000 pages that would delve into the in-depth operation of the school districts. Mr. Skancke indicated that the bill would not single out one district over another, nor would it single out the larger districts over the smaller districts, but it would be a purely bipartisan business audit that he believed should be done in order to move forward.

Mr. Skancke reported that the 20-person committee he had been working with was chaired by the President and CEO of Cashman Equipment, MaryKaye Cashman, and there were other business people throughout the State who had been working with the committee for the past 18 months. Mr. Skancke indicated that the committee strongly supported A.B. 222 and hoped the Committee would consider the necessary funding for the audit.

Assemblyman Seale pointed out that audit recommendations were not always followed, and he asked what would require the school districts to comply with the recommendations of the performance audits. Mr. Conklin stated that the bill contained mechanisms that were important to understand. He clarified that if the audit determined that the savings would be \$100 million based on 50 recommendations, each and every recommendation would require review by the district to determine if that recommendation was plausible or worthwhile. In the Florida situation, many of the recommendations for savings were denied for lack of feasibility or the potential of conflicting with union contracts, et cetera, but many were accepted. Mr. Conklin said if the districts complied with half of the recommendations, there would still be a substantial savings. He did not believe that every recommendation would have to be accepted for the audit to be worthwhile because that was not true.

The flip side, stated Mr. Conklin, was that many recommendations would be made that were difficult and which the school districts might resist. He believed it was the job of legislators to make certain that people did the job necessary to return dollars back to the classroom and focus primarily on education for the children. Mr. Conklin indicated that part of the burden would fall on the Legislature and the Committee. The Committee would hear presentations year after year regarding what had been done regarding the recommendations.

According to Mr. Conklin, there were mechanisms in the bill, such as the oversight committee, which were designed to make the audit public so the public would have full view and full knowledge of potential improvements to the school districts. That had been done in part based on the recommendation of business persons, but also in part to add pressure. Mr. Conklin explained that there was a separate board for every school district and those boards had constituencies who had a right to know what was being improved upon or what was not being done. He believed that would force the school districts to publicly state why it had chosen either to take or not take action.

Mr. Conklin noted that when he first began discussing the concept with various groups, he had made it very clear that nothing was to be taken off the table in terms of what could be audited. The reason for that was if the minute items were removed from the audit process, the less value the audit would have. Mr. Conklin emphasized that everyone involved recognized that there might be practices addressed in an audit that people would not like, but those practices had to be brought forward and understood.

Mr. Seale asked whether there was a potential that a district would receive a report that suggested a number of recommendations and the district "dug in its heels" and refused to comply. Was there a mechanism in the bill that would preclude the audit report from becoming a "shelf" item. Mr. Conklin said the vote of legislators would ensure that the audit recommendations were not ignored. At some point in time, the burden would fall on the Legislature to notify school districts that further requests for funding would be denied because every time a way was shown to save money the district chose to ignore it. Mr. Conklin believed that the mechanism would come full circle when the Legislature received the report and rewarded the districts that had complied with audit recommendations because there would be a better return on the investment. The Legislature would have to question whether the State's money was being well spent on districts that consistently refused to comply with audit recommendations.

Vice Chairwoman Giunchigliani referenced Section 6(2)(g) which stated, "Alignment with the needs and expectations of the public," and she asked for clarification. Mr. Conklin opined that the "needs and expectations of the public" might be program-based. Vice Chairwoman Giunchigliani believed that perhaps the language should be clarified so everyone had the same understanding of the bill.

Joyce Haldeman, Executive Director, Community and Government Relations, Clark County School District, stated she was present to support A.B. 222. The Clark County School District believed that audits were beneficial, not only for the districts, but also for the taxpayers because taxpayers had a right to know how their money was being spent. Audits were also beneficial for the Legislature because legislators also had to be fiscally responsible. Ms. Haldeman said audits were very beneficial for the school districts because it helped the districts improve the way they spent money and become aware of ways they could save money.

Ms. Haldeman stated that audits were beneficial on two levels, the actual level where an auditor would discover ways that districts could improve how money was spent. Audits were also good on a perceptual level, and that was because many times school districts were already fiscally responsible, but the public was not aware of that fact or did not believe that the district was fiscally responsible.

Ms. Haldeman asked that, should the Committee pass A.B. 222, the audit be fully funded by the State. She emphasized that school districts did not believe the burden of financing the audit should rest upon them. Additionally, the districts would like the Committee to take into consideration the audits that were already in place. Ms. Haldeman reminded the Committee that the Clark County School District had a number of ongoing audits in place, most of which were mandated by the Legislature, and others that were funded by the district in order to be fiscally responsible. Ms. Haldeman asked that the Committee take those audits into consideration as well.

Ms. Haldeman wanted to address the issue of an audit recommendation that the school district would not accept, such as the possibility of saving money if the district increased the walking distance for students to 3 miles to attend school, when the expectation of the public was that the school district would provide busing for students who lived over 2 miles from schools. While the district could save money by increasing the distance for busing, the district would reserve the right to reject such a recommendation based on not having children in unsafe walking conditions. Another example would be a recommendation from an auditor that the school district could save \$14 million by simply adding an additional child to every classroom. Ms. Haldeman stated that while that might be a fiscally responsible recommendation, the Clark County School District might feel that would not benefit education. She reiterated that the school districts would like the opportunity for school boards to defend the reasons why audit recommendations were not implemented.

Vice Chairwoman Giunchigliani asked whether there was a reference in the bill to school boards defending the reason why recommendations were not implemented. Ms. Haldeman was unsure whether the bill contained that provision and would review the language, but she did believe there was an opportunity for school districts to defend their right to reject a recommendation. Vice Chairwoman Giunchigliani stated there had been discussion of that issue. Ms. Haldeman stated the districts would have the opportunity to explain why the recommendations had not been accepted.

Vice Chairwoman Giunchigliani noted that in the report regarding the Florida school districts, there was one recommendation regarding the money that could be saved regarding building costs by holding double sessions, which had already been attempted in Clark County. Ms. Haldeman stated there was a fine line in discussing the best thing to do fiscally versus the best thing to do educationally. She indicated that there had to be a balance of those issues.

Vice Chairwoman Giunchigliani concurred, and referenced the statement by Mr. Conklin regarding a vehicle being driven home by a Clark County School District employee. Ms. Haldeman explained that the school district certainly would not tolerate that kind of use of district vehicles. The district had "cracked down" on vehicle use altogether, including putting GPS units in district vehicles to ensure they were being used appropriately.

Keith Rheault, Superintendent of Public Instruction, Department of Education, discussed the fiscal note of \$600,000 over the biennium, which had been placed on the initial bill prior to revision. Mr. Rheault indicated that the Department now had a better understanding of the bill, and the fiscal note had originally been added to fund additional staff. The Department had viewed the audits as an ongoing expense, as there would be five school districts being audited over the upcoming biennium and, since there were 17 districts in the State, the interim audits would be ongoing. Mr. Rheault stated that, based upon the responsibilities that the Department would be charged with in the bill,

the fiscal note had been added to address the need for three additional staff members. However, after reviewing the reprints of the bill, Mr. Rheault stated there were three specific responsibilities for the Department:

1. The Department would be required to monitor the performance of the consultant.
2. The Department would provide technical assistance to ensure that the objectives of the review were met.
3. Upon the request of the consultant, the Department would make available all books, accounts, reports, records, and other information.

Mr. Rheault said the Department had previous experience with audit procedures and when five major audits were underway, it would take a dedicated staff person to ensure that pertinent information was available, and that the Department was not the "weak link" in the process.

Mr. Rheault indicated that the Department had not revised the fiscal note, but he believed that a revised fiscal note would include one staff Auditor IV position at a grade 39 to work with the consultants over the biennium. He estimated that the cost for that position would be approximately \$99,000 per year. The only other cost anticipated by the Department was that one member of the State Board of Education was also listed as a member of the oversight committee. Mr. Rheault said if a commissioner was involved in official board business, the Department was required to pay the commissioner \$80 per day. If a commissioner committed 5 or 6 days to the oversight committee and there were 5 districts being audited, the fiscal note would include approximately \$5,000 in payments to board members.

Vice Chairwoman Giunchigliani said it appeared that the Department was considering the ongoing impact of the audits. Mr. Rheault stated that when the Legislature had authorized the textbook audit of school districts, the findings had required changes by the Department of Education, or staffing and technical assistance. Even though the audits would be conducted over a period of 6 months, Mr. Rheault indicated that an employee would need to follow-up and ensure that issues in the corrective action plan were being addressed. The Department staff person would have some responsibility in that area as well.

Assemblyman Seale pointed out that there had been a number of audits of the Clark County School District, and he wondered whether the audit reports were somehow integrated to determine whether there were conflicting recommendations. Mr. Rheault said the Department of Education usually received copies of the required federal audits, but it did not integrate those reports; he was not sure that the Department received copies of individual school district audits.

Randy Robison, Executive Director, Nevada Association of School Boards, concurred with the previous testimony presented by Joyce Haldeman, and for the same reasons. The Association believed that audits would be beneficial and could determine different methods of doing things, but there were also some concerns. Mr. Robison stated that during conversations with the sponsor of the bill about the intent of the audit and the type of things it would review, some of the examples used could very well produce recommendations that would require legislative action, and might require changes in such areas as purchasing laws or laws governing capital versus operating expenses.

Mr. Robison indicated that the Association appreciated the fact that the audit would be fully funded by the State, and had always supported audits as long as they were fully funded. He pointed out that for the Association, fully funded meant that when an outside consultant was hired, many of whom were unfamiliar with Nevada, they would be more than willing to travel to Las Vegas, Reno, or even Elko. However, when the outlying areas such as Tonopah, Austin, or Battle Mountain were mentioned, consultants were not as excited about actually traveling to those locations. According to Mr. Robison, rather than traveling to those areas, many times consultants would call the Superintendent of the districts and ask him/her to complete a list of items and send the list back to the consultant. That would represent a "paper exchange" versus an actual outside independent audit of that school district. Mr. Robison asked that the Committee consider what expenses would be incurred to fully fund the audit, and keep in mind that there might be a need for extra travel expenses.

Vice Chairwoman Giunchigliani asked that all interested parties and the sponsor of the bill work together to determine how many other audits of school districts had been mandated. Perhaps some of those audits could be eliminated or offset by inclusion with the audit recommended in A.B. 222. Perhaps that would eliminate some duplication as well, which would create a savings.

Assemblywoman Weber applauded the bill and asked whether the sponsor of the bill knew about possible redesign issues. She asked whether the Florida report required that everyone involved look at a possible redesign of how current systems could be integrated to make the process more efficient.

Mr. Conklin stated that the audit for Broward County, Florida, contained some areas that discussed taking a step back and reevaluating the way the school district conducted business within a specific department. Mr. Conklin reiterated that the school districts were not required to accept such recommendations, since there might be a very good reason for the way business was conducted. The audit would point out that the way business was being conducted was not necessarily the most efficient way, and if there was no reason to continue that practice, it could be done better a different way. Mr. Conklin indicated that the auditor would have the authority to make such recommendations. The audit companies that would conduct the performance audits were specific to that type of audit. Mr. Conklin explained that those companies went from school district to school district, and were able to provide examples and learn from other school districts. He pointed out that the LCB Auditor could not conduct that type of audit and worked only within the Nevada school districts.

Mr. Conklin pointed out that the bill would allow the auditor to review any audit that had been done within the last 2 years and use that information as part of the current audit, if the auditor believed that it met the principles and guidelines of the current audit. For example, if a performance audit had been conducted regarding the Clark County School District, the audit company could look at that information and, if the information met the criteria, the audit company could use that information as part of its audit. However, stated Mr. Conklin, he would be more than happy to meet with Ms. Haldeman to discuss a method to consolidate some of the audits mandated by the Legislature, per the request of the Vice Chair. Mr. Conklin advised that it was his intention to remove the State Board member from the oversight committee because the State Board would have oversight of the auditor.

Ms. Weber asked whether each county in Florida contained a school district. Mr. Conklin replied that the reason Florida had been selected as the model for A.B. 222 was because every county in Florida had its own school district. Florida also had a broad range of counties from rural, urban, and midsized, and even though Florida was much larger in population than Nevada, proportionately speaking, Florida was very similar to Nevada. Mr. Conklin also pointed out that the Florida performance audit had been highly successful.

Assemblyman Hogan indicated that the bill stipulated that the oversight committee would be established to assist with the audit, and he asked about the role of that committee once the audit was completed. He also asked whether the oversight committee would convert to oversight of the implementation of the audit recommendations.

Mr. Conklin did not think that the oversight committee would be involved after completion of the audit because its job was to help be the public's voice in the audit process, providing the auditor with direction and the concerns of the public. Mr. Conklin noted that the auditor would not report to the oversight committee, but Mr. Hogan had brought up a very good point that perhaps the oversight committee should be involved in the implementation of the audit recommendations. The final analysis rested with the Legislature to determine whether the audits were successful, however, the will and trust of the public was very important. Mr. Conklin believed that perhaps that section of the bill should be clarified to allow the oversight committee to participate on an ongoing basis.

Mr. Hogan commented that there was concern, both in the Legislature and with the public, that since the State had gone to the expense and allowed an auditor to delve deeply into the management practices and effectiveness of the system, both the public and the Legislature should see the accountability for either carrying out the recommendations, or proving conclusively that some recommendations might not be apt. Mr. Hogan opined that if the oversight committee had proven itself to be effective, it should continue and monitor the implementation of the recommendations. Mr. Conklin concurred with that opinion.

Vice Chairwoman Giunchigliani closed the hearing on A.B. 222 and opened the hearing on A.B. 386.

Assembly Bill 386 (1st Reprint): Revises provisions regarding obligation of child support and makes appropriation for audit of child support collection and enforcement by Welfare Division of Department of Human Resources and district attorneys of this State. (BDR 11-1231)

Barbara Buckley, Assembly District 8, explained that A.B. 386 requested an appropriation to conduct an audit of the child support collection system in Nevada. Ms. Buckley stated her interest in the subject stemmed from the fact that every time she spoke with constituents in Clark County, they spoke of not receiving child support. Ms. Buckley stated that person might be the waitress in a restaurant who spoke to her and played with her son. The waitress who told Ms. Buckley how much she loved "kids" and wanted to be home with hers, but had to work two jobs because even though her husband was working, she had not been able to collect child support in years. Or that person might be the client Ms. Buckley saw at legal services, where she worked to assist low-income women and victims of domestic violence in securing orders of child support, who then went to the District Attorney's (DA's) Office to have those

orders enforced, only never to receive any child support. Ms. Buckley opined that the situation was very sad.

According to Ms. Buckley, approximately 2 years ago Clark County had conducted its own audit of the DA's Family Support Division. Ms. Buckley advised the Committee that she would leave a copy of [Exhibit D](#), "Organizational Assessment of the Clark County, Nevada District Attorney's Family Support Division, May 16, 2003," for members' perusal.

Ms. Buckley read highlights from the Clark County report:

Overall, the County is performing below average on every measure of performance. When compared to the seven states with caseloads of comparable size, Clark County ranked at, or near, the bottom of critical measures on performance, paternity establishment, and collections. The performance in these measures is indicative of a program that is seriously in need of improvement.

Ms. Buckley indicated that since Clark County managed Nevada's largest child support caseload, the outcomes were important for the State to increase its share of federal incentive dollars. The State was losing federal dollars because the collection system was so inadequate. Ms. Buckley advised that the more the State could show that it was doing a good job, the more incentive money it would receive from the federal government. Nevada was not receiving incentive money and, in fact, the State was close to being assessed a penalty for its poor performance.

According to Ms. Buckley, collections per case for Clark County had not increased since 1996. Collections per case was the measure of efficiency of a program and since 1996, when the State started the driver's license revocation program, tracking of Social Security numbers, and bank account reconciliations, despite all of the tools that had come to bear over the last 10 years, the collections per case had not increased. In the years 2000, 2001, and 2002, Clark County was unable to provide a reliable number of paternities established, and Ms. Buckley indicated that the amount of support collected versus what was owed in 2002 was 43 percent, and collection on arrears was 56 percent, which was 4 percent below the national average.

Ms. Buckley indicated that Clark County had hired six additional employees after the results of the audit were published, which was a real credit to the county. The auditor recommended many practices, which the county had accepted and was reviewing, but Ms. Buckley did not believe that the county had made any real progress or a measurable difference.

In preparation for the 2005 Legislature, one of the issues that Ms. Buckley had broached with Clark County and various State agencies was the idea of a statewide audit because the Clark County system was interlinked with the State and other counties. Ms. Buckley indicated there were statutory changes that might be implemented which would affect each county and make the county's job easier, which was the intent of [A.B. 386](#).

The bill requested an appropriation of \$150,000 to contract with a consultant to conduct a performance audit of child enforcement collection by the State and the counties. Ms. Buckley reported that much of the work that had been done in the audit of Clark County would not need to be redone, but could be updated. According to Ms. Buckley, the audit would provide a statewide overview of

what was working and what was not. An important part of the bill, Section 2(c), read, "The identification of best practices from other states concerning methods for the efficient and expeditious enforcement and collection of orders for the support of children."

Ms. Buckley opined that Nevada needed to improve in the area of child support, which appeared to be an area that was seldom addressed, but was "killing" constituents who had child support orders from the court, but were not receiving "a dime," even though the ex-spouse was working. There would always be a certain portion of cases where the non-custodial parent was not working and, therefore, could not pay child support, but there was also a large percentage of parents who were working and those children were entitled to support that was not being received.

Ms. Buckley said the one thing she would like to see happen was that Nevada move from near the bottom to near the top of the national average regarding child support payments, and she believed the audit would help move the State in that direction.

Assemblywoman Smith applauded Ms. Buckley for bringing A.B. 386 forward. She explained that her friend's ex-husband knew how to work the system by being self-employed and avoid collection procedures. Mrs. Smith reported that her friend's ex-husband was finally rated as the parent who owed the most money ever in back child support. The worst part of the story was that the ex-husband was an official divorce mediator for the county. Mrs. Smith reported that the man had eventually gone to prison, but only because of the efforts of the ex-wife, who had devoted her life to making her ex-husband pay child support that had been owed for many years. Mrs. Smith said it was a tragic story and she really appreciated A.B. 386 and hoped the State would take action to better serve those parents in need.

Ms. Buckley stated that in a companion bill to A.B. 386 there was a provision to expand the Legislative Committee on Children, Youth, and Families, to allow that Committee to take an in-depth look at child support. If there was early feedback from the audit, Ms. Buckley said the Committee would then draft legislation and/or recommendations regarding best practices for the 2007 Legislature.

Vice Chairwoman Giunchigliani noted that all professionally licensed persons who did not pay court-ordered child support were supposed to lose their licenses. She opined that something was broken within the system. Ms. Buckley stated that she hoped the audit would reveal how many times persons had lost their professional licenses.

Assemblywoman Gansert stated that she, too, supported A.B. 386 and voiced appreciation to Ms. Buckley for bringing the legislation forward. She believed that action by the State would be positive.

Nancy Ford, Administrator, Welfare Division, Department of Human Resources (DHR), indicated that the DHR was supportive of A.B. 386 and she pointed out that the requested \$150,000 would bring the total funding for the actual audit to \$441,200. Ms. Ford explained that the federal match would be at a much higher level.

Donna Becker, citizen and student at the University of Nevada, Reno, and an intern lobbyist for the Nevada Women's Lobby and the National Association for Social Workers, Nevada Chapter, introduced herself to the Committee. She advised that both organizations would urge the Committee to approve the funding requested by A.B. 386.

Ms. Becker stated she was also a single mother who did not receive her court-ordered child support. She was owed over \$45,000 in back child support and was presently not receiving payments. Ms. Becker advised that her testimony was based on research she had done for her masters of social work project and also on her personal experience with the system.

According to Ms. Becker, the receipt of child support was crucial for millions of American families and children. Currently, 65 percent of Nevada's children were not receiving their court-ordered child support, which was one of the main reasons why those families could not raise themselves out of poverty and achieve self-sufficiency. Ms. Becker believed that the statewide audit was needed to improve the fact that only 35 percent of Nevada's children received their court-ordered child support.

Ms. Becker said she would offer a few reasons from her research and from her personal experience why the audit was needed in attempting to recover child support.

In regards to locating the noncompliant parent through an employer, Ms. Becker noted that NRS 31A.095 and NRS 130.505 stipulated that there would be penalties levied against noncompliant employers. According to the policy manual for the Washoe County District Attorney's (DA's) Office, the penalty was \$1,000, however, the DA's Office had chosen not to fine noncompliant employers, except in extremely rare cases. Ms. Becker stated that since employers knew that the DA's Office would only fine noncompliant employers in rare instances, there was no reason for employers to comply with a request for information.

Ms. Becker stated that measures mandated in locating noncompliant parents were either not being implemented or were not efficient. For instance, credit reporting was not consistently done, and driver's license suspension did not appear to be much of a punishment. Ms. Becker explained that her ex-husband owed over \$45,000 in back child support, but that had not been reported to his credit report. Her ex-husband had purchased a new truck and a new motorcycle, but did not possess a valid driver's license. The next step would be to revoke his passport, however, Ms. Becker stated that her husband had never had a passport so that penalty was a non-issue for him.

According to Ms. Becker, criminal penalties were not being enforced and existing bench warrants were not being used to arrest noncompliant parents when they were located, which allowed the noncompliant parent to slip away while the DA's Criminal Division attempted to obtain its own criminal warrant. Ms. Becker explained that a bench warrant had been in effect for her ex-husband for non-payment of child support since 2001, but whenever her ex-husband surfaced, she could not locate an agency that would enforce the warrant and arrest him for his criminal actions.

Ms. Becker indicated that, as far as she could determine, felony prosecutions were not being pursued. She had been advised that once the back child support had reached \$10,000, the DA's Criminal Division would take action, which was not true. The Washoe County DA's Criminal Division would only consider a

case if the \$10,000 threshold was reached and, at that time, the Division had the option to select which cases would be pursued. The Division prosecuted only 30 cases per year and Ms. Becker stated that even though she was owed over \$45,000 in back child support, her case had not been selected as one of the 30 cases to be prosecuted.

Ms. Becker indicated that there were too many children in Nevada being harmed by the ineffective system. There were 135,921 children who were eligible to receive support as of 2003, with \$889 million owed to those children. Ms. Becker reported that only 35 percent of the children received their court-ordered child support, which meant there were approximately 88,348 children not receiving child support.

Furthermore, said Ms. Becker, children who received child support had better grade point averages, significantly better test scores, remained in school longer, had fewer behavioral problems, and were more likely to have contact with their fathers.

Ms. Becker thanked the Committee for the opportunity to explain why the audit of the Nevada child support enforcement program was so desperately needed. She urged the Committee to approve and fund the important statewide audit.

Vice Chairwoman Giunchigliani thanked Ms. Becker for her testimony and commented that perhaps interest and penalties should be charged on back child support. Ms. Buckley advised that interest and penalties had been required by law until 2003. In Clark County, the interest and penalties were not being collected, and the State's Nevada Operations Multi-Automated Data Systems (NOMADS) was not programmed to include penalties, however, the program had been changed approximately 6 months ago.

Jan Gilbert, representing the Progressive Leadership Alliance of Nevada, voiced support for A.B. 386. At one time, stated Ms. Gilbert, she had conducted an informal survey of the clients at the office of the Welfare Division, and approximately 80 percent of the people in that office had been owed back child support. Ms. Gilbert believed that the audit would help the State save money because people who did not receive child support oftentimes applied for social services. Ms. Gilbert opined that helping persons secure back child support would be a boon to the State and to the individual, and she urged the Committee to support the audit.

Ben Graham, representing the Nevada District Attorneys (DAs) Association and the Clark County District Attorney's Office, stated that his wife had devoted approximately 25 years of her career in the DA's Family Support Division. He encouraged the Committee to support A.B. 386, and indicated that the DA's Office was looking forward to the audit report and hoped that legislation would come about in 2007 because of the audit.

Assemblywoman Weber asked whether A.B. 386 was the first time a statewide audit had been requested pertaining to child support. Ms. Buckley believed there might have been an audit during the 1990s before the radical changes had taken place regarding federal legislation in 1996. Ms. Weber noted that the outcome of the audit would be reported to the Legislature in 2007 and, in the meantime, the children would remain at risk. Ms. Buckley explained that a number of women's groups had been pushing for an audit for many years. She stated the companion bill would allow the interim Legislative Committee on Children, Youth, and Families, to be involved as well.

Ms. Buckley indicated the fault was not with the people involved in the system, many of whom had dedicated their lives to trying to change child support divisions and improve collections. She believed it was the system, which was underfunded and overstretched, and was in a vicious cycle where the State could not access additional federal incentive monies to hire additional staff because the system was so inadequate. Ms. Buckley believed that the system needed a new “look,” such as additional administrative processes rather than court time, et cetera. Many things were occurring in other states that could be done in Nevada, but it would not be easy to move a bureaucracy. Because the system was so big and staff persons had been trained to do things a certain way, it would take a concentrated effort and leadership time to make a change. Ms. Buckley believed the Legislature was committed to making a change and the Legislative Committee would provide a tool to ensure that change would occur.

Assemblyman Hogan stated he was certainly in favor of conducting the audit. He had reviewed the report from Clark County, [Exhibit D](#), where the majority of such cases were located and, in a few weeks, the audit report would be 2 years old. It appeared to be very thorough and contained many recommendations and yet, apparently the situation had not measurably improved. Mr. Hogan believed that change would require a will to get the job done and, most importantly, accountability for results. The people attempting to process the cases were very likely not a significant part of the problem, and the will to carry out enforcement would be necessary. Mr. Hogan suspected that there were older males who would be less than enthusiastic about bringing the cases to court or conducting the necessary support work to collect the back child support. He opined that it appeared there was a “screaming” need for accountability in the area of child support, where people would take responsibility at higher management levels. Mr. Hogan supported the audit, and hoped that it would be the “final diagnosis” and the “operation” could begin as soon as the results were received.

Mr. Graham reported that the Clark County DA’s Office administrator and staff had taken the audit report, [Exhibit D](#), very seriously and had been working very diligently in an effort to overcome and address the issues. He emphasized that the DA’s Office was not ignoring the recommendations made by the audit report, but the caseload was over 87,000 files and understaffing was a major issue.

Vice Chairwoman Giunchigliani asked whether there was further testimony to come before the Committee regarding [A.B. 386](#) and, there being none, declared the hearing closed.

Chairman Arberry opened the hearing on [A.B. 385](#).

[Assembly Bill 385 \(1st Reprint\):](#) Revises provisions governing building and zoning and creates incentives and standards for green buildings. (BDR 22-730)

Chris Giunchigliani, Assembly District 9, explained that [A.B. 385](#) was a green building bill that contained a significant amount of policy discussion. She pointed out that there was a \$250,000 fiscal note, which was the reason the bill was before the Committee on Ways and Means. Ms. Giunchigliani explained that the language in the bill pertaining to solar photovoltaic systems and training was still under review.

Ms. Giunchigliani noted that a pilot project had been approved during the 2003 Legislature via A.B. 431 of the Seventy-Second Legislative Session. The pilot program was to create a solar photovoltaic program in the state of Nevada, including residential and commercial properties. Ms. Giunchigliani reported that residents and commercial property owners had bid on the system and the pilot program had gone very well. The program dealt with renewable energies and net metering.

According to Ms. Giunchigliani, A.B. 385 was an expansion of that pilot project and would also create a licensing procedure for installers of solar photovoltaic systems. The market was taking advantage of many individuals who were not receiving all possible benefits from a photovoltaic system, which was the reason for creating a licensing procedure for installers.

Ms. Giunchigliani advised that she would present language for the Committee's consideration, which would "clean-up" the language of A.B. 385 and explain the intent of the Task Force for Renewable Energy and Energy Conservation, which had been created via passage of A.B. 431 of the Seventy-Second Legislative Session.

Ms. Giunchigliani indicated that she had been unable to trace the funding source for the 2003 legislation, however, she believed the funding had been transferred from the Public Utilities Commission (PUC). She pointed out that Section 19.8 should not read "State General Fund," but rather should read, "transfer from the PUC." Ms. Giunchigliani explained that the PUC utilized mil collections for such funding.

Ms. Giunchigliani referenced two letters that had been faxed to the Committee for its perusal, [Exhibit E](#):

1. Letter from Patrick Rita, Vice President, State Government Affairs, American Forest and Paper Association
2. Letter from Ken Baker, CEO, BC Market Outreach Network, Forestry Innovation Investment

According to Ms. Giunchigliani, A.B. 385 would create a model for green building, utilizing the Leadership in Energy and Environmental Design (LEED) green building rating system. The bill required that public buildings must be certified at, or meet the equivalent of, the Silver level or higher of the LEED rating system, "or its equivalent." Ms. Giunchigliani said the wording, "or its equivalent," was intended to include any group, company, or building program that incorporated green building design and construction. She had conveyed to the individuals who faxed the letters that they were welcome to attend the hearing to argue for adding language to the bill that would allow the use of the Green Globes standard program. Ms. Giunchigliani reported that the language "or its equivalent," would be sufficient to capture other programs.

The Chair asked whether there was further testimony to come before the Committee regarding A.B. 385.

Danny Thompson, representing the Nevada State American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), stated that the AFL-CIO had been involved in the process prior to passage of A.B. 431 of the Seventy-Second Legislative Session, which approved the pilot project. Because Nevada had an abundance of solar power that was not being utilized, and because the federal government had its "eye" on Yucca Mountain as a future nuclear storage facility, the AFL-CIO believed it would be in the best interest of the State to do

everything possible to expand use of the solar energy that was afforded by nature.

Mr. Thompson stated that with the help of Assemblywoman Giunchigliani, the AFL-CIO had introduced A.B. 431 of the Seventy-Second Legislative Session and the pilot program had been very successful. The intent had been to build an industry that would make solar energy a useable product. Mr. Thompson explained that the program had started with assigning a credit for renewable standards so that an average citizen could utilize those credits and have something of value to trade as an offset to the cost of installing a solar system.

Mr. Thompson indicated that during the 2003 Legislature, he had taken Senator Randolph Townsend, along with others, on a field trip to San Jose, California, to look at the programs in California. One of the things that had occurred in southern California was that when the photovoltaic industry began, there were no guidelines regarding training and other requirements, which had created problems. He explained that Pacific Gas and Electric (PG&E) workers had been working on a line that was supposed to be dead, however, someone had installed a photovoltaic system, which back-fed into the line and almost caused the death of the PG&E workers. Mr. Thompson reported that the photovoltaic system had received a "black eye" in southern California. However, a different approach had been used in northern California, where workers were trained and an industry had been created.

Mr. Thompson referenced an amendment to the bill, [Exhibit F](#), which would clarify the language of the bill. Mr. Thompson indicated that the amendment would clarify Section 8 of the bill regarding the use of a photovoltaic system rather than a solar energy system. Mr. Thompson reviewed the proposed amendment to the bill for the benefit of the Committee (see [Exhibit F](#)).

Mr. Thompson advised that he had recently taken a trip to San Jose, California, in an effort to attract companies to Nevada that manufactured photovoltaic systems. One company in California had won the Defense Advanced Research Projects Agency (DARPA) award for its production of a photovoltaic material that was not made from glass, but rather was printed on a surface. Mr. Thompson advised that the company in California had refined that technique, was able to produce the product, and was looking for a factory location.

Mr. Thompson referenced the second amendment to the bill, [Exhibit G](#), and explained that the idea of amending Sections 16 and 17 of A.B. 385 was to provide an incentive to a manufacturer to manufacture components in an enterprise zone within Nevada.

Mr. Thompson explained that one of the problems was that the bill drafter had confused "megawatts" with "megawatt hours." If the language of Section 16 was not changed, a 50 megawatt hour could be met by a 19 kilowatt photovoltaic system operating over a full year. He emphasized that it truly was a mistake that would be clarified by the proposed amendment, [Exhibit G](#). Section 17 of the bill would be amended to provide an incentive to a company with a photovoltaic project that had a firm 20-year contract at a specific price, if the project used the product from an advanced solar system, which would be a much cheaper system.

Mr. Thompson stated that Section 17(2) would also be amended to read, "As an incentive, any project using the product manufactured by the Advanced Solar System shall receive a twenty year Power Purchase Agreement set at

90 percent of the average summer peak rate for residential time-of-day rates for Nevada, adjusted annually for inflation.”

Assemblywoman Giunchigliani stated that she would meet with the PUC, Mr. Thompson, and other interested persons regarding the new language, at which time she would request a mock-up of the bill for the Committee’s review. She stated that she had spent two days with over 40 representatives from local governments regarding possible amendments and changes that would be needed. The bill originally contained incentives for local governments to encourage green building, but the local entities did not want to deal with incentives at the present time. Ms. Giunchigliani stated there had been a fiscal note for those incentives, which had been deleted through amendment.

Ms. Giunchigliani referenced Section 3 of the bill and explained that the Public Works Board (PWB) suggested that the legislation focus on newly constructed facilities rather than those being renovated and rehabilitated, which might at least allow the State to move into the program. The PWB did have licensed architects who dealt with that area.

In addition, stated Ms. Giunchigliani, Section 5 dealt with the life cycle analysis that would be done on the State’s buildings and added some areas of conservation that she believed had been missing. As the State dealt with maintenance and long-term, ongoing, building projects the construction of the building would be reviewed.

Ms. Giunchigliani advised that she had attempted to include the wording, “or its equivalent” throughout the bill, but would add separate language to include other systems. The LEED rating system was the first group that had entered into the business area, and others were entering the field as the market changed.

Ms. Giunchigliani said the bill would address the licensing of the actual installers and the proposed amendments would address the language changes needed regarding megawatts and kilowatts.

Ms. Giunchigliani indicated the main issue remaining in the bill was the fiscal note of \$250,000 for the continuation of the Task Force for Renewable Energy and Energy Conservation. She stated the bill also proposed an abatement for construction purposes through the Economic Development Authority, which many of the businesses in northern and southern Nevada were very excited about, as it would be an incentive for them to receive a property tax abatement for a period of up to 10 years if those companies undertook green building construction.

Assemblyman Marvel referenced Section 5(2)(a), and noted that a number of years ago Mr. Hettrick had proposed that same language. Ms. Giunchigliani stated she had worked with former Assemblyman Jason Geddes regarding the language during the 2003 Session, and she had also worked with Assemblyman Joe Hardy during the current Session in order to align the language of A.B. 385 and A.B. 236. She believed that Mr. Hettrick had developed the original life cycle language several years ago.

Ms. Giunchigliani explained that there were new materials on the market which the bill addressed. Nevada had a unique situation in that there were parts of the State that were unique for solar power, but the language of the bill had to also address the northern Nevada area.

The Chair asked whether there was further testimony to come before the Committee regarding A.B. 385.

Robert Cooper, Senior Regulatory Analyst, Bureau of Consumer Protection, Attorney General's Office, explained that he also served as the Vice Chair of the Task Force for Renewable Energy and Energy Conservation. Over the past 3 years, members of the Legislature had annually received the reports from the Task Force, which described policy initiatives and the work it had undertaken.

Mr. Cooper referenced [Exhibit H](#) "Annual Report to the Nevada Legislature and the Governor of the State of Nevada, January 30, 2005," which had been provided to Committee members. Mr. Cooper stated that the grant work done by the Task Force in several areas of renewable energy and energy conservation included sponsoring workshops as well as the National American Solar Energy Society conference in Reno in 2002.

Mr. Cooper indicated that the Task Force had leveraged additional money to help sponsor such events, and explained that the Task Force had raised \$98,386 over the past 3 years in grants from the Energy Foundation, Sierra Pacific Power Company, Nevada Power Company, the National Renewable Energy Laboratory, the U.S. Department of Energy's GeoPowering the West program, and the U.S. Department of Energy's Weatherization Program. Mr. Cooper stated there had been a great deal of leveraging funds and the Task Force would appreciate the Committee's review of the fiscal note and the important work that the Task Force was hoping to continue in terms of working with the PUC, the Bureau of Consumer Protection, along with State, local, and federal agencies in its ongoing efforts.

Chairman Arberry asked whether there was further testimony to come before the Committee regarding A.B. 385.

Renny Ashleman, Vice Chairman, State Public Works Board (PWB), advised that the PWB had passed a resolution and was strongly in favor of A.B. 385. The PWB concurred that the bill needed to be amended and he hoped to meet with the sponsor of the bill in the near future. Mr. Ashleman explained that the PWB had LEED certified employees on its staff, such as Craig Marshall, who was the new head of the Plans and Inspection Division for the PWB, and who was certified as an inspector. Mr. Ashleman said one of the PWB employees was the Vice Chairman of LEED and the PWB had been very active in the past year in adopting new building codes, working on new LEED projects, and was very much in support of the bill. Mr. Ashleman believed that the wording "or equivalent" was very valuable, and the amendment to remove existing and renovation of buildings would help with the financial impact while the PWB delved more deeply into the criteria.

Mr. Ashleman noted that there were certain types of buildings that would not lend themselves well to the LEED approach, such as maintenance shops, storage buildings, comfort stations, and prisons, et cetera. The PWB had constructed two buildings using the LEED Silver criteria, and both showed a cost above the base design standards of at least 4 percent. Mr. Ashleman indicated that the Telecom Building at the Community College of Southern Nevada was 4.15 percent over base design, and the Department of Employment, Training and Rehabilitation (DETR) was 4.22 percent over base design.

Mr. Ashleman indicated those two buildings had been selected for their straightforward ability to incorporate the LEED program at minimal cost. As the industry became more familiar with the LEED program, the PWB believed that the costs would drop to approximately 1 percent or 2 percent over base design on projects that had been determined suitable for the LEED program.

According to Mr. Ashleman, the PWB had created its own qualifications, [Exhibit I](#), which included the LEED Point Matrix. The Point Matrix demonstrated what was required by the State and local entities, what could be achieved at no significant cost, and what could be obtained at a small cost. He explained the point system totals depicted in the exhibit, and noted that a more suitable building for the LEED program would start off with 31 points. Mr. Ashleman indicated that the base certification was 26 to 32 points, so the PWB was fairly close. The Silver standard was somewhat higher at 33 to 38 points. He noted that one easy way for the private sector to frequently pick up points was site selection, and the State often did not have flexibility regarding site selections.

Mr. Ashleman reiterated that the PWB endorsed the concept and appreciated the amendments that had been presented to date.

The Chair inquired whether there was further testimony to come before the Committee regarding [A.B. 385](#).

Joe Johnson, representing the Toiyabe Chapter of the Sierra Club, stated he had a small solar power company, and indicated that he would like to go on record in support of the bill and would like to work with the prime sponsor. The commercial installer for his small company had concerns about Section 8 of the bill and he would like to work with Assemblywoman Giunchigliani and Mr. Thompson regarding the proposed language.

Mr. Johnson commented on the continued funding for the Task Force, which had been in existence for 4 years, and he believed it had been a very beneficial organization in promoting the development of renewable energy within Nevada. Mr. Johnson said there were projects and contracts that were just breaking ground and the State was on the verge of seeing some real accomplishments in the renewable energy area, and he encouraged the Committee's continued support for the Task Force.

The Chair asked whether there was further testimony to come before the Committee regarding [A.B. 385](#).

Robert Tretiak, Ph.D., stated that he represented International Energy Conservation, one of the industry stakeholders in energy conservation in Nevada. Dr. Tretiak referenced [Exhibit J](#), "International Energy Conservation," and explained that he had attempted to meet with the prime sponsor of the bill before it had been passed by the Committee on Government Affairs, but Ms. Giunchigliani believed that the present hearing was the appropriate time to suggest an amendment to Section 5 of the bill.

Dr. Tretiak indicated that the proposed amendment would require public agencies to:

1. Establish 1 year, 3 year, and 5 year energy cost reduction goals
2. Identify "low hanging fruit," or energy conservation measures that had fast paybacks
3. Install the retrofits
4. Fund the retrofit costs in full by future cost savings

Dr. Tretiak referenced the letter included in [Exhibit J](#) from Brian Stegall, Territory Manager, Wells Fargo Equipment Finance, dated May 1, 2005, which was one of the leading proactive companies in the implementation of energy conservation measures. Wells Fargo Bank was willing to set goals in its financing as reported in the letter, "One of the goals in structuring these financing arrangements is to ensure that the debt service cost related to the financing of this equipment is less than the savings being realized by the borrower." Dr. Tretiak noted that would allow the State to have improved cash flow, which would be revenue-positive in any projects undertaken by the State. He explained that Wells Fargo was willing to bundle entire "hard" and "soft" costs together so there would be no revenue outflow.

Assemblywoman Giunchigliani reiterated that she would set up a meeting with the various groups in order to work out the finalized amendments for the bill. She asked that a representative from the PWB also be involved in that meeting.

With no further testimony to come before the Committee regarding [A.B. 385](#), the Chair declared the hearing closed.

The Chair opened the hearing on [A.B. 435](#), and asked Mr. Stevens to provide an explanation for the Committee.

[Assembly Bill 435](#): Revises provisions governing administration and collection of certain fees and taxes by Department of Motor Vehicles. (BDR 43-1038)

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, LCB, explained that [A.B. 435](#) was an administration bill involving the allocation of credit card fees to the groups that actually received the governmental services tax. Mr. Stevens stated that the LCB had received a letter from the Director of the Department of Motor Vehicles (DMV), which indicated that after discussions with the Governor's staff, the DMV would request that the bill be withdrawn from consideration by the Committee.

ASSEMBLYMAN MARVEL MOVED TO INDEFINITELY POSTPONE
[A.B. 435](#).

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins and
Assemblywoman Leslie were not present for the vote.)

Chairman Arberry opened the hearing on [A.B. 458](#).

[Assembly Bill 458](#): Authorizes issuance of general obligation bonds to carry out Environmental Improvement Program in Lake Tahoe Basin. (BDR S-308)

Mr. Stevens stated that [A.B. 458](#) authorized issuance of obligation bonds to carry out the environmental improvement program at Lake Tahoe. The bill was a continuation of bond issues that had been approved by the Legislature for several past sessions, based on the Presidential Summit held at Lake Tahoe a number of years ago.

ASSEMBLYMAN HETTRICK MOVED TO DO PASS [A.B. 458](#).

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins and Assemblywoman Leslie were not present for the vote.)

The Chair opened the hearing on A.J.R. 3.

Assembly Joint Resolution 3: Proposes to amend Nevada Constitution to revise provisions governing certain constitutional officers. (BDR C-947)

Assemblyman Seale referenced the amendment to A.J.R. 3, which included a minor technical adjustment, Exhibit K. He indicated that the resolution would eliminate the Treasurer and Controller and would transfer those duties to a new Constitutional officer called the "Secretary of Finance." Mr. Seale stated that the Secretary of Finance would be authorized to appoint a Treasurer and Controller. The technical adjustment referenced the correct date.

Mr. Stevens referenced Exhibit K and explained that the date had been changed from 2011 to 2010, and he wanted to ensure that the Committee was completely aware of the changes proposed in the amendment.

ASSEMBLYMAN SEALE MOVED TO RESCIND THE PREVIOUS ACTION TAKEN BY THE COMMITTEE REGARDING A.J.R. 3.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins and Assemblywoman Leslie were not present for the vote.)

Chairman Arberry called for a second motion regarding A.J.R. 3.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO AMEND AND DO PASS A.J.R. 3.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins and Assemblywoman Leslie were not present for the vote.)

Chairman Arberry opened the hearing on A.B. 533.

Assembly Bill 533: Extends date for reversion of appropriation made by 2003 Legislature for state radio systems. (BDR S-1037)

Mr. Stevens stated that A.B. 533 would extend the reversion date on the appropriation made by the 2003 Legislature for the State radio system. There had been a number of updates approved by the IFC for the radio system and there was much work still to be done regarding the system. Mr. Stevens suggested an amendment to the bill. He explained that there were both General Fund appropriations and Highway Fund appropriations involved in the bill. The requirements for the General Fund money had been met and the

money could be reverted, however, there were still obligations outstanding for the Highway Fund portion of the funding. Mr. Stevens stated that the recommendation would be that the General Fund dollars approved by the 2003 Legislature be reverted at the end of the current biennium, and that the reversion date be extended on the Highway Fund portion of the funding.

Assemblyman Marvel asked whether there would be sufficient money remaining for the program. Mr. Stevens replied that the remaining funding should take care of the entire program. Mr. Marvel noted that the winter weather had been very severe, which had limited the ability to work on the radio system.

ASSEMBLYMAN MARVEL MOVED TO AMEND AND DO PASS
A.B. 533.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins and
Assemblywoman Leslie were not present for the vote.)

Chairman Arberry opened the hearing on S.B. 93.

Senate Bill 93 (1st Reprint): Makes supplemental appropriation to Department of Motor Vehicles for unanticipated costs related to electronic payments in Fiscal Year 2004-2005 in administrative services. (BDR S-1196)

Mr. Stevens indicated that S.B. 93 was related to credit card fees. There was an appropriation for \$1.4 million in the bill and after discussion with the DMV, it was determined that the amount could be amended to \$1.3 million.

ASSEMBLYMAN SEALE MOVED TO AMEND AND DO PASS
S.B. 93.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins and
Assemblywoman Leslie were not present for the vote.)

The Chair opened the hearing on S.B. 97.

Senate Bill 97 (1st Reprint): Makes appropriation for security enhancements in Attorney General's Office, Capitol Building and Supreme Court Building. (BDR S-1208)

Mr. Stevens stated that S.B. 97 was a one-shot appropriation that was included in The Executive Budget. The appropriation was for \$433,500, which would provide for security enhancements at the Attorney General's Office, the Capitol Building, and the Supreme Court Building.

ASSEMBLYMAN MARVEL MOVED TO DO PASS S.B. 97.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins and
Assemblywoman Leslie were not present for the vote.)

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With no further business to come before the Committee, Chairman Arberry
adjourned the meeting at 10:59 a.m.

RESPECTFULLY SUBMITTED:

Carol Thomsen
Committee Attaché

APPROVED BY:

Assemblyman Morse Arberry Jr., Chairman

DATE: _____

<u>EXHIBITS</u>			
Committee Name: <u>Committee on Ways and Means</u>			
Date: <u>May 2, 2005</u>		Time of Meeting: <u>8:30 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
AB 299	B	Ernie Adler, representing the Reno-Sparks Indian Colony	Packet of information regarding land exchange
AB 222	C	Kenneth Lange, NSEA	Packet of information regarding performance audits
AB 386	D	Barbara Buckley	Audit report, Clark Co. DA's Office
AB 385	E	(1) American Forest and Paper Association and (2) BC Market Outreach Network	Two letters faxed to Committee.
AB 385	F	Danny Thompson, AFL-CIO	First amendment
AB 385	G	Danny Thompson, AFL-CIO	Second amendment
AB 385	H	Robert Cooper, AG's Office	Annual Report of Renewable Energy Task Force
AB 385	I	Renny Ashleman, PWB	Proposed amendment
AB 385	J	Robert Tretiak, International Energy Conservation	Proposed amendment
AJR 3	K	Mark Stevens, LCB	Amendment