

**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 3:55 p.m., on Monday, May 2, 2005. Chairman Morse Arberry Jr. presided in Room 4100 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. Joseph M. Hogan
Mrs. Ellen Koivisto
Ms. Sheila Leslie
Mr. John Marvel
Ms. Kathy McClain
Mr. Bob Seale
Mrs. Debbie Smith
Ms. Valerie Weber

COMMITTEE MEMBERS ABSENT:

Mr. Lynn Hettrick
Mr. Richard Perkins

STAFF MEMBERS PRESENT:

Mark Stevens, Assembly Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Anne Bowen, Committee Secretary
Linda Smith, Committee Secretary

Chairman Arberry called the meeting to order.

Assembly Bill 307 (1st Reprint): Makes various changes concerning registration of motor vehicles and operations of Department of Motor Vehicles. (BDR 43-346)

Assemblywoman Kathy McClain, Clark County District 15, identified herself for the record and testified that A.B. 307 was being introduced to correct Assembly Bill 30 of the 72nd Legislative Session. Ms. McClain stated that in 1997 a bill had been passed to refund license plate fees when they were turned in to the Department of Motor Vehicles (DMV). The bill had not gone into effect until 2001. When people began taking advantage of the refund, the DMV and the Controller's Office realized those refunds were costing \$3 million to \$4 million per year. Ms. McClain explained that the Legislature had repealed the 1997 bill in the last Session, but there had been some concern among different members of the Legislature that the refund was sometimes justified if, for

instance, an elderly person gave up their car. The 1997 bill contained certain qualifiers; it required that a person be a resident of Nevada who had given up their license plates because they had to quit driving, and the refund had to be over \$100. Ms. McClain stated that what was intended to be used as a guideline had been taken very literally. The DMV was telling people that they could not just turn in their license plates; they had to turn in their driver's license as well. A.B. 307 was meant to correct that problem. Ms. McClain explained that someone seeking a refund would still have to be a Nevada resident; the car would have to be inoperable, and could not be replaced by another vehicle. She said that the \$100 threshold had been lowered to \$50, because most of the people who would take advantage of the refund were elderly and could probably use a \$50 refund. A vehicle owner could qualify for the refund if their vehicle had been wrecked and it would not be replaced right away, if an owner could prove their vehicle was inoperable and they could not get it repaired right away, or if for some reason an owner had to stop driving. Ms. McClain noted that the bill actually stated that the refund was not applicable to someone who wanted to park an RV for six months out of the year.

The fiscal note on A.B. 307 was extremely high, according to Ms. McClain, because the DMV had been issuing refunds for two years based on the other qualifications. The only thing A.B. 307 would change would be to lower the refund threshold to \$50 instead of \$100. Ms. McClain said she had no idea how the fiscal note had been justified.

Tom Fronapfel, Administrator, Field Services Division, Department of Motor Vehicles, identified himself for the record. Mr. Fronapfel said the DMV had worked with Assemblywoman McClain on the amendments to A.B. 307 as they had been shown in the 1st reprint. He stated the DMV did not have any formal position on the bill at this point but there was a revised fiscal note prepared in response to the amendments. The fiscal note was approximately \$6.8 million for FY2006, approximately \$6.9 million for FY2007, and approximately \$7.2 million for each fiscal year after that. Mr. Fronapfel said there had been a substantial reduction of more than \$17 million from the initial estimate of the fiscal note. He informed the Committee that the fiscal note had since been revised to reflect the amendments for the bill.

Mr. Fronapfel said the fiscal impact, or fiscal note, for FY2006 would be \$6.79 million, for FY2007, \$6.96 million, for FY2008, \$7.16 million. The effect on future biennia would be \$14.3 million for two years at a time after 2008.

Chairman Arberry said his understanding was that the DMV was already doing the work so why would they have to hire new employees to do what was already being done.

Mr. Fronapfel answered that the DMV was currently issuing refunds in excess of \$100. The number of refunds that would be issued based on the \$50 threshold would increase substantially over what was currently being processed. The DMV had proposed an additional administrative individual to process those refunds as well as the Government Services Tax (GST) and registration fees. The programming costs for both the driver's license side and the registration side reflected the \$50 threshold.

Ms. McClain noted that the DMV was claiming to need more funding now than when the refund was being given to everyone. When the law was changed in 2003, the DMV was not required to reduce staff, so Ms. McClain said she did not understand why the DMV needed more staff to handle a responsibility that

had already been removed. She asked how many refunds had been issued at the \$100 threshold.

Mr. Fronapfel replied that he did not have the total number, but the DMV had based the amount on an average \$225 per vehicle registration fee. He stated he could get the total number of refunds that had been processed in the past fiscal year.

Assemblywoman Gansert wondered if the difference in the fiscal note was because when the average registration fee of \$225 was considered, the DMV was not looking at the difference between the \$100 refunds versus the \$50 refunds, they were looking at all the refunds.

Mr. Fronapfel said there had been a number of amendments to the bill. Some of the criteria that would not allow certain individuals to get the refund unless they relinquished their driver's license had been removed. Mr. Fronapfel said it was not just a linear reflection of reducing the threshold from \$100 to \$50; there were some other issues in the original proposal that reflected the reason for the \$17 million fiscal note.

Mrs. Gansert said she believed the fiscal note should just reflect those refunds between the \$50 and \$100 margins.

Mr. Fronapfel responded that the fiscal note reflected the programming that needed to be done in the DMV's application to adjust for the \$50 rather than the \$100. Mr. Fronapfel said the budget included one administrative individual to process the refunds, the registrations, and the GSTs that were reflected in the refunds that were issued.

Ms. McClain commented that when talking to the fiscal staff, she had been informed there was a report issued every year which indicated the refunds and the registration fees had totaled \$65,282. An additional \$380,839 had been refunded in taxes, which she had assumed was the GST.

Mr. Fronapfel said he would look into that report as well.

Ms. McClain commented that she could not see how \$50 per refund was going to add \$7 million to the fiscal note.

Chairman Arberry asked if there was anyone else who wanted to speak for or against A.B. 307. There was no further testimony and Chairman Arberry declared the hearing on A.B. 307 closed.

**Assembly Bill 249 (1st Reprint): Makes various changes relating to vehicles.
(BDR 43-136)**

Chairman Arberry opened the hearing on A.B. 249.

Barbara Buckley, Clark County Assembly District No. 8, stated she was before the Committee regarding A.B. 249. Assemblywoman Buckley stated the reason for the bill, which had already been heard in the Assembly Committee on Commerce and Labor on the policy side, was to stop "yo-yo" car sales. Yo-yo car sales were performed by a few car dealerships. Ms. Buckley explained that sometimes a customer purchased a car at a great interest rate, with a low down payment, and took the car home. A few days later the car dealership would call the customer and say the interest rate was going to be much higher and they

needed a larger down payment because the customer could not be financed. Ms. Buckley said the practice was called putting you on a yo-yo because the dealership can string the customer back up and put them on the hook. The dealerships do this by virtue of the fact that, under Nevada law, the dealer has a unilateral right of rescission. This information is on the back of the contract, buried in the fine print. The customer may believe he has purchased a car, but until the financing is complete, the sale is not complete. Ms. Buckley said that to make it even worse, up until about two years ago, the dealer could sell the trade-in. Ms. Buckley stated the Legislature had been working on these car issues for several years with the Nevada Franchised Auto Dealers and the DMV. A.B. 249 was the result of over a year's worth of work on the part of the DMV, the car dealers, consumer advocates, the State Consumer Affairs Division, the Attorney General's Office, and private consumers to enact a law to stop those abuses by a select part of the industry. Ms. Buckley stated that she wanted to applaud the industry for stepping up to clean up some of the practices of its members which cast a bad light on all of them.

Assemblyman Marvel inquired as to what type of dealer used the sales technique the most.

Ms. Buckley said any type of dealer could, and would, use that type of sales. There was a belief that it was the sleazy dealers, or used car dealers in an undesirable location, but that was not true, it could be any type of dealership. Ms. Buckley submitted [Exhibit B](#), "Assembly Bill 249, 73rd Legislature, "Yo Yo" Car Sales." She stated [Exhibit B](#) had previously been submitted to the Committee on Commerce and Labor and it was a random survey of the calls that came in over a few months to Clark County Legal Services. Ms. Buckley said some of the dealers' names appeared over and over again.

Troy Dillard, Administrator, Compliance Enforcement Division, DMV, identified himself for the record and stated he had provided an amended fiscal note for the Committee's consideration, [Exhibit C](#). Mr. Dillard stated there were two differences from the original note. The first was that the revenue projection in the initial bill was removed due to the amendment that took place in Revision 1. There was no longer a revenue source for the bill. Mr. Dillard said the second difference was that there was a \$115 additional impact the first year, and a \$122 addition the second year, for the 5 positions. There had been an oversight in the salary projections with regard to some required insurance. Additionally, the supporting documents that went along with the fiscal note had been provided, which reflected the correct figures.

The primary effect of A.B. 249 was to create a single governmental entity for consumers to contact when confronted with problems, issues, fraud, or inappropriate trade practices in relation to the purchase and sale of automobiles. Presently, a multitude of state agencies shared varying jurisdictions with regard to those matters, and consumers tended to be "bounced" from one agency to another. According to Mr. Dillard, A.B. 249 would resolve the issue by making the Compliance Enforcement Division of the Department of Motor Vehicles the primary point of contact for the consumer. It also gave the DMV the responsibility and authority for enforcing matters of deceptive trade practices relating to the purchase and sale of motor vehicles.

It had been reported by the Consumer Affairs Division of the Department of Business and Industry, that approximately 500 cases per year that were currently filed with their office would, under A.B. 249, become the responsibility of the Compliance Enforcement Division. It was anticipated that

those cases would require an average investigative period of 10 hours each, resulting in 5,000 hours of investigative time. Mr. Dillard said it was unknown what additional impact would occur on the number of cases once consumers had a clear direction that complaints and issues concerning auto sales were to be directed to the DMV. Under the existing staffing formula for compliance enforcement investigators, which had been included in [Exhibit C](#), the Division required five additional positions throughout the state to service those responsibilities. It should be noted that those positions were contained within a Highway Funded budget and that the 22 percent cap issued for the DMV applied to the approved funding. Mr. Dillard noted that the DMV seemed to be in the unique position of not being in jeopardy of exceeding the cap based upon the biennium projections.

Ms. McClain asked if the five positions were included in the budget.

Mr. Dillard replied those positions were not in the budget.

Ms. Buckley said she wanted to comment that instances of “yo-yo sales ” were currently happening and it was unacceptable for consumers. Consumers went to Consumer Affairs and were told there was not much that could be done because the DMV pulled the dealerships’ licenses; consumers then went to the DMV and were told it was not their responsibility and they did not have the staff. Ms. Buckley said people were going from agency to agency and it was not right or efficient and it needed to stop. The power and the authority should be with the agency that had the ability to yank the dealership’s license. According to Ms. Buckley, the DMV was the agency that was on the car lots anyway and they were interacting with the dealerships. It made the most sense for the authority to be with the DMV.

Jack Jeffrey, representing B & E Auto Auction, identified himself for the record. He said he wanted to commend Assemblywoman Buckley for her work on [A.B. 249](#). He said she worked with about every interest group in the state to bring everybody together and he supported the bill.

John Sande, with the law firm of Jones Vargas, stated he was representing the Nevada Franchised Auto Dealers Association and they also supported [A.B. 249](#).

Chairman Arberry declared the hearing on [A.B. 249](#) closed.

Ms. Buckley noted there was a technical cleanup on [A.B. 249](#) that clarified the intent and had nothing to do with the fiscal note. [Exhibit D](#), “Amendment to A.B. 249” was presented to the Committee.

**[Assembly Bill 338 \(1st Reprint\):](#) Makes various changes relating to insurance.
(BDR 57-232)**

Chairman Arberry opened the hearing on [A.B. 338](#).

Alice Molasky-Arman, Commissioner of Insurance, identified herself for the record and stated she would be testifying regarding [A.B. 338](#). The reason the bill was before the Committee was because, although it would not fiscally impact the Division of Insurance, it would affect revenues to the General Fund. That was why a fiscal note had been prepared, to alert the Committee of the impact of the bill on the General Fund. Ms. Molasky-Arman said the bill would establish the Commissioner of Insurance’s authority to regulate discount health plans, would revise provisions concerning credit insurance, would lower the taxes and fees paid by risk retention groups, would modernize the captive

statutes, and would make minor revisions to provisions regarding viatical settlements, the guarantee fund, disclosure requirements, and motor clubs.

Ms. Molasky-Arman submitted [Exhibit E](#), "Presentation to the 73rd Session of the Nevada State Legislature, Assembly Ways and Means, Assembly Bill 338," for the Committee's consideration. Ms. Molasky-Arman said [Exhibit E](#) was particularly relevant to the purpose of today's hearing. The first effect was from the discount health plans. Those were offers where, in exchange for a membership fee, a card was issued entitling a member to discounted medical services at participating medical providers. Many of those plans were legitimate, according to Ms. Molasky-Arman. Sections 3 to 16 of [A.B. 338](#) required those plans to register with the Division and pay an annual registration fee of \$500. The Division expected 20 plans to comply, which would generate approximately \$10,000 annually for the General Fund. Ms. Molasky-Arman explained that regulation of those plans would enable the Division of Insurance to protect the market for genuine plans, while ridding the market of the many illegitimate plans that had been preying upon those of our citizens who were in search of more affordable health care.

Risk retention groups covered the liabilities of their members under the terms of the Federal Liability Risk Retention Act of 1986. The purpose of that act was to authorize risk retention groups (RRG) and purchasing groups (PG) as alternatives to traditional liability insurance, which was often difficult to obtain or to afford. Ms. Molasky-Arman stated that to encourage the establishment and proliferation of those alternatives the Act relieved the RRGs of many of the regulatory requirements that were placed on traditional insurers. The Act also discouraged states from discriminating against those groups through the imposition of unreasonable fees and taxes. Several states had lost lawsuits brought by RRGs that challenged the rate of the state premium taxes and fees. Ms. Molasky-Arman noted Nevada's premium tax rate and annual registration fees for RRGs were the highest in the nation, which not only encouraged litigation, but also discouraged the economic development of opportunities presented by this expanding industry in the state. According to Ms. Molasky-Arman, besides the direct detriment of high tax rates and fees, there was an indirect detriment which could be devastating to the growing industry in the state. Retaliatory taxes were charged by many states, effectively raising the taxes and fees paid by insurers to those states to equal the rates charged by the domestic state. On page 5 of [Exhibit E](#), there was an illustration of disparate treatment of RRGs by those states most competitive with Nevada for this business.

Ms. Molasky-Arman said Section 62 of [A.B. 338](#) would lower the premium tax rate for foreign RRGs doing business in this state from 3.5 percent to 2 percent. Based upon the 2004 written premium, the adjustment would cost the state \$470,274 each year following enactment. Ms. Molasky-Arman stressed that the loss would almost certainly be offset in whole, or in part, by the taxes paid by RRGs that chose to domicile in Nevada as association insurance captives.

Section 63 of [A.B. 338](#) would lower the registration fee and annual continuation fees paid by RRGs from \$2,450 to \$250. Based on the number of foreign RRGs registered in Nevada in 2004, this reduction would cost the General Fund \$121,000 each year. Ms. Molasky-Arman expected this loss to be offset by new development. Ms. Molasky-Arman said the international press had taken notice of the provisions of those bills, and their very favorable comments had created a new and greater interest in Nevada as a state of domicile.

Section 85 of A.B. 338 required licensed life insurance producers to register with the Division if they chose to operate as a broker in a viatical settlement.

Section 64 of the bill established the amount of the one-time registration fee at \$250. Ms. Molasky-Arman said the Division expected up to 300 such registrations in each year, netting \$75,000 annually for the General Fund.

Section 158 of A.B. 338 capped the maximum annual premium tax paid by any one captive insurer at \$175,000. None of the captives currently licensed in Nevada would be affected. Ms. Molasky-Arman stated only a captive writing over \$113 million in annual premium, or more if assuming re-insurance, would be affected. The purpose of A.B. 338 was to entice the half dozen or so largest captives in the world to consider domiciling in Nevada.

Section 158 and Section 159 of the bill would increase the Division's share of the premium tax paid by captives, and would increase the allowable reserve in Budget Account 3818. Ms. Molasky-Arman said those adjustments were necessary to fund the regulation of the industry and to market Nevada as an attractive domicile. Increasing the Division's share of the premium tax from 10 percent to 25 percent would have cost the General Fund \$58,489 in FY2004-05, although that amount would have reverted back to the General Fund pursuant to NRS 694C.460, subsection 3. Ms. Molasky-Arman said if A.B. 338 was enacted, the reversion threshold would be raised to \$500,000, which might come at the expense of the General Fund in the first three years, but not thereafter. Any decrease would be offset by increased taxes.

Section 162 and Section 163 of the bill corrected the application, appointment, and renewal fees paid by motor clubs and motor club agents, as it would align them with the fees paid by other regulated producers. An increase of \$26,287 in fees paid to the General Fund could be expected each year, according to Ms. Molasky-Arman.

Ms. Molasky-Arman summarized that, while enacting the bill might cost the General Fund \$500,000 per year in the short term, enactment would avoid expensive litigation and would prove to be a boon to economic development in the state of Nevada.

Mr. Marvel asked if there might be an enticement for outside insurance companies to domicile in Nevada and asked if any of them had contacted the Division of Insurance.

Ms. Molasky-Arman stated one of the largest captives in the world had approached the states where they believed there was sound regulation of captive insurers. They had whittled the states down to two; one was Vermont, which had a cap on their premium taxes of \$200,000, and the other was Nevada, which did not have a cap on premium taxes. Ultimately they found Vermont to be more favorable. Ms. Molasky-Arman said she could not identify the captive insurer, but their premium was \$1 billion per year, and they had been very interested in coming to Nevada except for the tax arrangement. As far as the risk retention groups, Ms. Molasky-Arman said she had received enormous interest. She commented that was why she had mentioned that Nevada had received some very favorable stories in the press. *Business Insurance* had written about A.B. 338 and reported about the advantages of becoming a Nevada domestic risk retention group. If the bill was enacted a similar article would be appearing in the May issue of *Captive Art*, which was an international magazine on captive insurance. Ms. Molasky-Arman said she also had various persons who formed with retention groups tell her if it were not

Nevada's current law, there were at least 6 to 12 risk retention groups that could have been brought here, rather than to some of the competing states. Ms. Molasky-Arman said she was attempting to try to encourage them to re-domesticate if Nevada could offer them a level playing ground.

Mr. Marvel asked if there was a cap.

Ms. Molasky-Arman said there was a cap on the premium tax of \$175,000, which would translate to more than \$113 million a year in premiums.

Assemblywoman Giunchigliani asked if the Division of Insurance had anything to do with Limited Liability Corporations (LLC).

Ms. Molasky-Arman replied that an issue had arisen about LLCs due to the statutes of the Office of the Secretary of State, but the Division did not permit insurance companies to be LLCs.

Chairman Arberry declared the hearing on A.B. 338 closed.

Assembly Bill 500 (1st Reprint): Makes various changes relating to public officers. (BDR 24-127)

Chairman Arberry opened the hearing on A.B. 500.

Assemblywoman Chris Giunchigliani, Clark County Assembly District No. 9, identified herself for the record and stated that A.B. 500 was her bill, not the Secretary of State's, although she believed someone from the Secretary of State's Office was going to testify regarding the fiscal note. The fiscal note dealt with Section 5 of A.B. 500 and was requesting a searchable database for the purpose of election materials. Ms. Giunchigliani said Renee Parker, of the Secretary of State's Office, had properly suggested that campaign forms, while they were still done by hand, had to be scanned, and it would be extremely expensive to try to weave them into a database. Ms. Giunchigliani said she had been looking at the actual election data and the idea was to allow that to be searchable. She commented that amending Section 5 might reduce the fiscal note.

Renee Parker, Chief Deputy Secretary of State, identified herself for the record. She stated that the issue of making the campaign contribution and expenditure report searchable had created a huge fiscal note. Many of those reports were handwritten and to make those reports searchable it would require optical character recognition software that was very expensive and would require new servers. Ms. Parker stated that the technology was not very reliable and there was no guarantee that the reports would be searchable. The technology came with a very large fiscal note and probably would not be completed for quite some time given the constraints on DoIT and the taxed staff at the Secretary of State's Office. Ms. Parker said if the bill was amended to say that it only related to the abstract of votes that would be helpful. There still would be a fiscal note because software would still have to be purchased to make the website searchable.

Ms. Parker commented that Supreme Court Justice Deborah Agosti was the first person in the Secretary of State's computer system and, as an example, if her name was typed in, the program would search for and go to Deborah Agosti and the link to her campaign expenditure report. However, you could not search any further than that. Potentially, new servers would be required for searches within the abstract, and for pulling out the precinct data within the

abstracts that were currently provided by the counties in a minimal electronic format. Ms. Parker stated the Secretary of State's Office would have to extract the data from the database of the voting systems and consolidate all the data into one database. A fiscal note of approximately \$50,000 would be required for programming and potentially for servers. Ms. Parker said the new servers could be removed from the budget, the agency could decommission one of the current servers, and with one of the replacement servers try to initiate the database. Whether or not that would be enough was not certain, according to Ms. Parker.

The Secretary of State's Office had contacted the Department of Information Technology (DoIT), and the Legislative Counsel Bureau's (LCB) technical people, and it was believed that a study was needed to determine exactly how the searchability function could be made feasible. The Secretary of State's website was currently not searchable because there was no appropriate software and the current web servers were at full capacity with the ESOS commercial recording system.

Assemblyman Seale asked Ms. Giunchigliani to refresh his mind as to what the vote had been in the Elections, Procedures, and Ethics Committee.

Ms. Giunchigliani replied that the vote had been unanimous.

Mr. Seale asked if that had been after some significant amendments.

Ms. Giunchigliani replied that the bill had been amended considerably. She continued and explained that the main fiscal note came from the searchability of the website. The bill also contained some of the ethics issues of the financial disclosures and polling place changes; the cost was the searchability. Ms. Giunchigliani maintained that searchability should be in the abstracts and someone should be able to find out how people voted on a question in their district. Ms. Giunchigliani said that was what she had envisioned, rather than campaign forms, and thought that would be a good compromise to bring to the Committee. That compromise would also reduce the fiscal note to somewhere between \$50,000 and \$60,000.

Mr. Marvel asked if the Secretary of State supported A.B. 500.

Ms. Parker replied that the Secretary of State had not taken a position on A.B. 500. As it was a benefit to the public, the agency fully supported making their website searchable and implementing technological advances. Ms. Parker stated the agency received a lot of information in their Elections Division and if that information could be installed on a searchable website, it would be a benefit. Ms. Parker said it was going to be a large undertaking so the agency was planning to start small. It would be quite costly to change the technology and the Secretary of State had not taken a position on the bill as a whole.

Mr. Marvel asked if Assemblywoman Giunchigliani agreed with the Secretary of State's position regarding A.B. 500.

Ms. Giunchigliani replied that was fine with her as she believed starting small was a good idea because it would be such a big change. The Secretary of State's website was one of the first ones, as well as one of the better rated ones across the United States. Ms. Giunchigliani said one of the reports issued said the State should move forward into the searchable mode. She believed by at least amending Sections 4 and 5, to make it relate only to the abstract being

searchable, that would then allow the Secretary of State's Office to move forward.

Ms. Parker said with respect to making the website searchable, there might need to be more investigation into exactly what hardware and software would be needed. Ms. Parker suggested the possibility of a study of the cost to implement the searchability of the abstracts. Ms. Parker said she had spoken to Ms. Giunchigliani earlier about the Special Services Fund, which did not include General Fund support, and had been set up specifically for the purpose of funding technological advancements in the Secretary of State's Office. Ms. Parker suggested if the Committee wanted to consider that, the agency could get the exact breakdown, come back to the IFC with that information and finance the cost of the Special Services Fund. Ms. Parker said that might help alleviate some of the concerns and the Committee could get some more solid information.

Ms. Giunchigliani said she felt that would probably be the better approach. She pointed out that she had found one typo on page 7, line 5; the "or" should have been "and."

Mr. Marvel asked approximately how much money the Secretary of State would have to request from the IFC.

Ms. Parker replied that currently her best guess was approximately \$50,000 to get started with the programming. Potentially, it could be more, depending on whether the agency had to add servers and the Secretary of State's Office was anticipating about \$20,000 per server. Ms. Parker said a possible plan was that the agency would decommission a server that they currently had, and potentially bring in a new one and exchange them. The agency was not positive, however, that plan would work. Ms. Parker reiterated that her best guess was that the cost out could be anywhere from \$50,000 up, depending upon additional hardware issues.

Mr. Marvel commented that as long as the contingency fund was not drained, that might be the way to go.

Ms. Giunchigliani commented that if the Secretary of State's Office was comfortable with the money from the Special Services Fund there would be no impact to the contingency fund or the General Fund.

Assemblyman Denis said he thought that was a better approach because more money might be saved when there was more time to consider a plan and prices would drop as well.

Ms. Parker stated that in her opinion the only issue would be to make the searchability apply to the abstract, then write another section at the end of the bill to make that section effective upon the approval of the report to IFC, and authorization of the funds.

Ms. McClain asked where the correction of the typo should be placed.

Ms. Giunchigliani replied that it was on page 7, line 5, changing the "or" to "and." That was the current language, but what that section did was to make the person filing for candidacy show proof of who they were and where they resided, rather than just writing that information on an affidavit. According to Ms. Giunchigliani it had been requested that voter identification not be used for

the actual identification, because that was not proof of address and there were candidates who did not actually reside where they filed for office.

Chairman Arberry declared the hearing on A.B. 500 closed.

Assembly Bill 530 (2nd Reprint): Makes various changes regarding ethics in government. (BDR 23-325)

Chairman Arberry opened the hearing on A.B. 530.

Dan Musgrove, Director, Clark County Manager's Office, identified himself for the record and stated that A.B. 530 was a Clark County bill; however, the amendment that caused the fiscal note was actually something that the Committee on Elections, Procedures, Ethics, and Constitutional Amendments had done during a work session. Section 1 of the bill required a course in ethics in government to be provided and taught by the Commission on Ethics.

Stacy Jennings, Executive Director, Commission on Ethics, identified herself for the record. Ms. Jennings stated that after reviewing A.B. 530 and considering the training requirements, it appeared that it would require all public officers, who were required to file a financial disclosure statement, to take a course in ethics and government from the Commission on Ethics within six months of initial election, or appointment. In a year where there was a general election in November, in the first six months after an election, up to 1,000 to 1,200 people would need to take the course. Ms. Jennings explained that the fiscal note contemplated two ways of training that volume of people within six months after an election. The first was to increase the Person to Person training programs. Ms. Jennings stated the Commission on Ethics currently gave about 25 of those trainings per year and they were all done by request. The budget for that program was approximately \$3,000. Ms. Jennings said she would envision the Commission actively sponsoring their own training programs in different parts of the state in order to offer those courses to larger groups. For people who could not participate in those trainings, the second part of the fiscal note involved a web-based training program.

Ms. Jennings said she had consulted with DoIT and had learned they had a current web-based training module in place that could be applied to the needs of the Commission on Ethics for the training program. People could log-on, register, and there would be up to 10 modules available. Participants would select a module and answer some questions. If they had to leave they could, then come back, log-in again and finish the program. Ms. Jennings said participants would be able to print out a certificate of completion when they were finished. The Commission on Ethics would be able to access reports on public officers by governmental entity or public office to verify they had taken the training if that information was needed in the course of an investigation. Ms. Jennings said that lack of training, according to her understanding of the Committee's intent, was not to be a violation, but something to be considered when investigating a complaint.

The fiscal note that Ms. Jennings prepared involved \$3,000 for each year of the biennium in additional travel funds for training presentations, and \$7,900 in the first year of the biennium for computer modifications and enhancements through DoIT. Some additional funds for future modifications in the second year of the biennium would be needed in the amount of \$3,234. Ms. Jennings said the total fiscal note for year one was \$10,900, for year two it was \$4,975, and the annual recurring costs would be \$4,975 thereafter. Since the budget was created based on an assessment where local government shared the cost with

state government, the cost to the state General Fund over the biennium would be \$5,556, and the cost to local governments over the biennium would be \$10,319, according to Ms. Jennings.

Mr. Marvel asked what would happen if a participant failed the course.

Ms. Jennings replied that she envisioned the course to be a completion course, not a pass/fail course.

Mr. Marvel asked if A.B. 530 was a Clark County bill, or statewide.

Ms. Jennings stated the requirement would be statewide.

Mr. Marvel asked why the Commission on Ethics did not make it a test/pilot program for Clark County to see how it worked.

Mr. Musgrove replied that Clark County would have no problem with that in terms of the training. He said he believed the rest of the bill, however, was something that the Committee on Elections, Procedures, Ethics and Constitutional Amendments felt was something that was appropriate statewide.

Mr. Seale asked how long each individual course was.

Ms. Jennings said the training course, if taken in person, was generally about an hour and a half.

Mr. Denis asked how much of the fiscal note was for the in-person training as opposed to the Internet training.

Ms. Jennings explained that of the \$10,900 in the first year, \$7,900 was for the computer programming and \$3,000 was for travel.

Mr. Denis said he was aware of several organizations that did similar training but did all of it on the Internet. He wondered if even that money could be saved by requiring all participants to train on the Internet, and if the Commission trained an in-person public officer, just absorb that cost in their regular budget.

Ms. Giunchigliani said in-person training was probably the preferable way to go. Since the course was about ethics she did not believe there should be different groups doing ethics training. She said she would rather have the Ethics Commission advising participants. Ms. Giunchigliani commented that when someone was in a group talking about "what if this happened," or "I hadn't thought about that," issues became clearer and that type of interaction was not going to happen in Internet training. Ms. Giunchigliani maintained that an hour and a half was very doable for most people.

Ms. Jennings said that her training session could be an hour, but usually the last half hour was involved in exactly the type of discussions that Ms. Giunchigliani was talking about.

Assemblywoman Weber asked for clarification whether the training was just once for everyone, or after every cycle of election there would be training.

Ms. Jennings explained that the bill, as it read, would require someone to participate only on initial election or appointment. She said she updated the training and provided just an updated version for people who had been around long enough to see the laws change.

Chairman Arberry declared the hearing on A.B. 530 closed.

Chairman Arberry requested that Mark Stevens explain the projections of the Economic Forum to the Committee.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, LCB, stated the Economic Forum had projected that sales tax revenue would increase 13.4 percent in FY2005. Sales tax collections had increased 15 to 16 percent for the first eight months of the fiscal year. The Economic Forum had projected a 6 percent growth rate in each year of the biennium.

For gaming percentage fees, the Economic Forum projected a 4.3 percent growth in the current fiscal year, 6 percent in the first year of the biennium, and 5.1 percent in the second year of the biennium.

For the modified business tax on non-financial the Economic Forum had projected an 8 percent increase in the first year of the biennium, and a 6.8 percent increase in the second year of the biennium. Mr. Stevens said on financial, an 8.6 increase in the first year of the biennium, and a 6 percent increase the second year had been predicted.

Overall, according to Mr. Stevens, before any actions were taken that might tweak the revenue structure, and there were a few bills out there that would do that, in FY2005 there was an additional \$85.5 million over and above what was recommended in December. In the first year of the biennium, there was \$95.1 million in additional revenue over and above what had been projected in December 2004. In the second year of the biennium there was approximately \$85 million.

Chairman Arberry adjourned the meeting at 4:53 p.m.

RESPECTFULLY SUBMITTED:

Anne Bowen
Committee Secretary

APPROVED BY:

Assemblyman Morse Arberry Jr., Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Ways and Means

Date: May 2, 2005

Time of Meeting: XX:XX

a.m./p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
A.B. 249	B	Assemblywoman Barbara Buckley	Assembly Bill 249, "Yo-Yo" Car Sales
A.B. 249	C	Troy Dillard	Executive Agency Fiscal Note
A.B. 249	D	Assemblywoman Barbara Buckley	Amendment to A.B. 249
A.B. 338	E	Alice A. Molasky-Arman	Presentation to the 73rd Session of the Nevada State Assembly Ways and Means-Assembly Bill 338