

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

**Seventy-Third Session
May 20, 2005**

The Committee on Ways and Means was called to order at 7:30 a.m., on Friday, May 20, 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

STAFF MEMBERS PRESENT:

Mark Stevens, Assembly Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Bob Atkinson, Senior Program Analyst
Larry Peri, Senior Program Analyst
Mindy Braun, Education Program Analyst
Mike Chapman, Program Analyst
Joyce Garrett, Program Analyst
Janet Johnson, Program Analyst
Susan Cherpeski, Committee Attaché
Carol Thomsen, Committee Attaché

Senate Bill 4: Makes various changes relating to Commission for Cultural Affairs. (BDR 18-398)

Scott Sisco, Interim Director, Department of Cultural Affairs, introduced Robert Ostrovsky, Chairman, Commission for Cultural Affairs, and Ronald James, State Historic Preservation Officer. Mr. Sisco provided [Exhibit B](#) and indicated that they were present to discuss [S.B. 4](#).

Mr. Sisco explained that in 1993 the Commission for Cultural Affairs (CCA) grant program was authorized for the Commission for Cultural Affairs to issue approximately \$2 million annually for the preservation and development of cultural resources throughout the state. The primary function of the CCA grant

program was to assist with funding for the rehabilitation of historic buildings to be used as cultural centers. Since 1993, the Commission for Cultural Affairs grant program had been funded through the sale of general obligation bonds in the amount of \$2 million annually.

Mr. Sisco said the bill would reauthorize the Commission for Cultural Affairs for the next 10-year period. It also authorized the Commission's members to receive per diem allowance and travel expenses for their work on the Commission and increased the \$2 million annual allotment set in 1993 to \$3 million per year. He noted that the budgeting for the bill had been included in The Executive Budget.

Mr. Ostrovsky addressed the Committee and pointed out that [Exhibit B](#) contained a list of the CCA grants awarded to date, which totaled approximately \$23,226,000. The amount over \$20 million was interest earned as the bonds were sold. The money was only distributed as the work in progress was done and was managed through the Office of Historic Preservation. He explained that the Commission used some of the interest to hire a consulting firm, which held public hearings throughout the state to discuss the future direction of the Commission. Those meetings and the work from the consultant had indicated that the grants should be increased from \$2 million to \$3 million to try and meet the need. He pointed out that \$2 million was given, but there was typically \$6 million to \$8 million in requests statewide.

Mr. Ostrovsky said the Commission strongly supported the increase and had written a letter to the Governor's Office requesting a somewhat larger increase. However, the Governor's Office agreed that the program had been working well and that an increase from \$2 million to \$3 million on an annual basis would be in the best interest of the public and would help the Commission save historic buildings statewide. He pointed out that all those buildings, both in rural and urban areas, then turned into a cultural center of some type with classroom tours, art exhibits, theaters, et cetera. He said he had been pleased with the results and indicated that there were grant recipients present to testify as to the effects of the grant.

Mr. Ostrovsky said that the Commission had worked hard to try and disburse the money throughout the state. He emphasized that when deciding how grants were to be awarded, the Commission looked at the resources available to the communities and encouraged them to raise public and private funds to pay for projects. There were several smaller communities in the state that had a difficult time raising funds, and the Commission often funded a larger percentage of the total cost for projects in those communities than in communities with more resources.

Mr. Ostrovsky commented on the request for travel money and explained that the Commission members received no salary or travel compensation. He did not want a salary, but the travel funds were important because that would allow other people to serve on the Commission rather than only those people who could afford to pay their own travel expenses. Additionally, that meant the Commission could only hold meetings in Carson City, Reno, or Las Vegas because the Commission members paid their own travel and hotel expenses. He said the assistance was a reasonable request.

Assemblyman Marvel related that he had a vested interest in cultural affairs and had worked on cultural affairs legislation for several years. He said that

restoring cultural artifacts was a worthy project and he would be in support of the legislation.

Assemblyman Seale said that as the former state treasurer, he had issued some of the bonds for the Commission for Cultural Affairs. Mr. Seale pointed out that joining with other bonds that were issued made the rate quite reasonable, and he had observed that the Commission had done that over the years. He questioned the fiscal note on S.B. 4.

Mr. Sisco said the fiscal note was accomplished through the sale of the bonds and was already included in The Executive Budget.

Mr. Seale indicated that he wanted to know the fiscal note for the travel allowance. Mr. Sisco said the Commission was allowed to utilize the interest for those expenses and was not asking for additional funds. With the amount increasing from \$2 million to \$3 million, it was anticipated that there would not be any problems with covering the minimal amount of additional interest used.

Mr. James addressed the Committee and thanked the Legislature for its support of Cultural Affairs over the years. He said that more than 70 buildings had benefited from the grant program and over 50 of those were open in some capacity serving over 500,000 people per year. He opined that it was a remarkable program and was successful due to the Commission's hard work. The Commission spent two full days reviewing up to 30 grant applications and hearing testimony from people throughout the state.

Mr. James said he heard three comments from those people who applied for grants. One was that they had not received enough money. The second comment was that the Commission was well-prepared and understood the requests. The final comment was that, despite not getting enough money, the applicants felt the process was fair and they knew exactly why they received the amount they received. Those applicants then returned to their communities and raised a large amount of match money as a result of the grants. He noted that the applicants never received everything that they wanted, and they would not receive everything they wanted, even with the increase to \$3 million, as the total grant applications frequently exceeded \$10 million.

Mr. James stressed that the program had worked and the economic impact had proven to be tremendous. He thanked the Committee and urged their support of S.B. 4.

Andria Daley, representing Piper's Opera House, Virginia City, Nevada, and Preserve Nevada, thanked the Committee for their past support of cultural affairs. Ms. Daley said that many of the recipients had been matching funds through Save America's Treasures, and several Nevada sites had attained national prominence through that program. She said there were many projects throughout the state that had benefited from the program.

Mr. Marvel asked if some of the money had been used for Mormon Station. Mr. James clarified that Mr. Marvel was referring to the site in southern Nevada and said the money had not been used for Mormon Fort in Las Vegas because there had never been an application.

Sam Folio, Executive Director, Piper's Opera House, spoke in support of S.B. 4. Mr. Folio invited the Committee to Piper's Opera House, which had recently been repaired and stabilized. He pointed out that if a buttress and other supports had not been added to the opera house with the help of the grant

money, the building would have been in jeopardy from the wind, which had snapped the flagpole at the courthouse near the opera house earlier in the year.

Mr. Folio noted that the opera house was being used while it was being restored. In the past year, there were 110 days in which the building was used for some type of event. Several celebrities had visited the opera house and asked to be on the advisory board. Additionally, the community used the building for public hearings and theatrical productions. He opined that it was "one of the great buildings of this country" and people from 26 different countries had signed the guest book in the building. Mr. Folio urged the Committee's support of S.B. 4.

Margo Memmott, Chairwoman, Piper's Opera House, offered her support of S.B. 4. Ms. Memmott said historical preservation was extremely important to her, particularly as an archaeologist. She said she traveled around Nevada and saw other places that had applied for money and there were incredible projects that revitalized communities throughout Nevada, especially projects like the Eureka Opera House. Historical preservation projects fostered community spirit and Ms. Memmott said the goal with Piper's Opera House was to attract people from all over the country, but at the same time retaining a central role in the community. She thanked the State Historic Preservation Office for its support.

Mr. Marvel advised the other members of the Committee to visit Piper's Opera House and the Eureka Opera House because they were assets to the state of Nevada.

Ken Beaton, Executive Director, The Children's Museum of Northern Nevada, Inc., spoke in support of S.B. 4. Mr. Beaton said that the children's museum had been very fortunate, and he commended the Commission for Cultural Affairs and the State Historic Preservation Office, and said they did a wonderful job.

John Procaccini, Executive Director, Brewery Arts Center, spoke in support of S.B. 4. Mr. Procaccini said he had been the director for 8 days, but he had been a resident of Carson City for 20 years and had watched its development and was amazed at the level of public participation. He noted that the Brewery Arts Center was fortunate enough to receive a grant a few years earlier that had allowed for the restoration of a portion of the building used to host programs for children as well as a ballroom that had been used by government entities for meetings and receptions. He added that safety improvements had been made to the building as well, which was a result of the state's generosity. Mr. Procaccini thanked the Committee and urged the support of S.B. 4.

As there were no other speakers, Chairman Arberry closed the hearing on S.B. 4 and opened the hearing on S.B. 18.

Senate Bill 18 (1st Reprint): Revises provisions governing program that provides grants for water conservation and capital improvements to certain water systems. (BDR 30-707)

Jonathan C. Palm, Ph.D., P.E., Bureau Chief, Bureau of Water Pollution Control, Nevada Division of Environmental Protection (NDEP), presented S.B. 18 and read the following statement into the record:

The NDEP has overseen the work of the Board for Financing Water Projects since the year 2000; however, the program has been in place since the 1991 Legislative Session. Through the years, this

program has also been referred to as the "A.B. 198" program because of the enabling legislation.

Senate Bill 18 expands the kinds of projects that may receive grant funding from the Board. Presently, grants are provided to predominantly small community water systems in order to build necessary infrastructure to ensure their customers are provided with a safe supply of drinking water and to comply with requirements of Nevada's Safe Drinking Water Program. Grants are issued to public water systems, that is, those drinking water systems that serve 15 or more customers. Very small systems, that is, those serving fewer than 15 customers, are presently not eligible to receive grant funding from this program.

There are areas in Nevada where the source of drinking water for those very small systems does not meet the requirements of Nevada's Safe Drinking Water Program. Senate Bill 18 would allow the Board to provide grants to public water systems to pay, in part, the cost to connect these very small systems and individual domestic well owners to the community system. This helps to ensure that Nevada's citizens, who are presently served by domestic wells and very small systems that don't meet drinking water standards, will have a safe and reliable drinking water supply.

The NDEP supports S.B. 18 as amended because we believe it will allow local community water systems to provide safe drinking water to reach more Nevadans in a cost-efficient way. This concludes my testimony, and I'd be happy to answer any questions.

Mr. Seale noted that the bonding authorization was increasing from \$90 million to \$125 million. He asked what the current level was in terms of bonds issued. Mr. Palm said that the Board had committed funds and some of those funds had not been bonded yet.

Robin V. Reedy, Deputy of Debt Management, Office of the State Treasurer, addressed Mr. Seale's question. Ms. Reedy said there was currently approximately \$78 million outstanding in bonds. The Governor had just signed new authorization for the \$125 million, and they would have to work under that \$125 million. As principal was paid down, there would be more bonds available to use, so it would be similar to a revolving fund.

Mr. Seale clarified that with \$78 million outstanding and only \$90 million authorized, there was only \$12 million available; however, there would be more available with that increase to \$125 million. He commented that the projects that were in the planning stage would apply toward that new base, which was why the limit was being raised.

Mr. Palm indicated that was correct and said there were projects that had shown interest in the program and would like to obtain grant funding; however, with the old level, that funding was unavailable.

Mr. Seale pointed out that part of that was driven by the change allowing water systems under 15 customers to qualify and would cause more people to participate. Mr. Palm agreed.

Chairman Arberry informed the Committee that S.B. 18 was not exempt and a decision needed to be made as to whether or not to move the bill.

Bob Erickson, representing the City of Fallon, spoke in support of S.B. 18. Mr. Erickson said the City of Fallon supported the legislation because there were a number of older residential units on the outskirts of the City of Fallon eligible for annexation that were on individual wells. Most of the residential units were occupied by senior citizens or people with limited means, and the financial hardship of providing the connection fee and the other necessary improvements to connect to a well would be fairly severe for those individuals. The legislation would help address the needs of the people and would also help alleviate a number of similar situations in Churchill County. Mr. Erickson pointed out that those situations in rural Nevada were common and the legislation would be helpful.

As no one else wished to speak, Chairman Arberry closed the hearing on S.B. 18 and opened the hearing on S.B. 113.

Senate Bill 113: Revises various provisions relating to Office of State Treasurer. (BDR 18-579)

Kathryn Besser, Assistant Treasurer, Office of the State Treasurer, presented S.B. 113. Ms. Besser explained that S.B. 113 made three changes to current statute governing the Treasurer's Office. The first change would be to change the title of the Assistant Treasurer to the Chief of Staff to be more reflective of the duties that position held in the Office. The second change would add the title of Deputy of the Millennium Scholarship and eliminate Director of the Millennium Scholarship. That change would not affect the duties of that position, but it would place the position at the same level as the rest of the senior staff in the Office. The final change regarded the deposits made in the state. Currently, agencies were dictated by statute to make deposits of less than \$10,000 on Thursday of each week, and the bill would allow them to make those deposits before Thursday.

Chairman Arberry closed the hearing on S.B. 113 and opened the hearing on S.B. 187.

Senate Bill 187: Revises provisions relating to payment of per diem and travel expenses for members of Advisory Committee on Traumatic Brain Injuries. (BDR 38-686)

Robert Desruisseaux, Chairman, Strategic Plan Accountability Committee (SPAC), presented S.B. 187. Mr. Desruisseaux explained that S.B. 187 had been recommended by the SPAC as well as the Legislative Committee on Persons with Disabilities. The bill would allow for state funding for per diem expenses of Nevada's already existing Advisory Committee on Traumatic Brain Injuries. He said the legislation was important because, through the SPAC, services for individuals with traumatic brain injuries had been identified as a priority for the SPAC. Individuals with traumatic brain injuries tended to fall between the cracks because they were a group of individuals who had cross-disabilities, many of whom had physical disabilities as well as some cognitive impairment as a result of their injury. Because of that, those individuals might qualify for some assistance through various programs, but not other types of assistance that was needed in order to live independently and reintegrate into the community.

Mr. Desruisseaux pointed out that the Advisory Committee on Traumatic Brain Injuries had never received funding, and the advisory committee was important because steps were being taken to improve the situation for that population in the state. He said that the Office of Disability Services had been proactive and were awarded a federal grant to develop a traumatic brain injury state plan. He noted that Nevada was one of only four states that did not have a state plan for traumatic brain injuries. The annual funding of \$4,100 would be matched at a ratio of 3 to 1 with federal funding. Additionally, the budget request for traumatic brain injury services, which had been submitted to the Governor originally, had been reduced by approximately \$170,000 due to current caseload figures. He indicated that there was a savings of \$170,000 in traumatic brain injury services, and it appeared reasonable to utilize that money to fund the group so that they could meet and have input into the process and development of services for those individuals who had been severely underserved for quite some time.

There were no further comments, so Chairman Arberry closed the hearing on S.B. 187 and opened the hearing on S.B. 321.

Senate Bill 321: Requires Department of Taxation to administer exemption for sales to nonprofit organizations to include motor vehicles transferred to nonprofit organizations. (BDR 32-1253)

Dino DiCianno, Deputy Executive Director, Compliance, Department of Taxation, presented S.B. 321. Mr. DiCianno indicated that he would be explaining only the fiscal note as the Department of Taxation had not submitted the legislation. He explained that the bill would grant an additional exemption with respect to use tax on the purchasing and leasing of vehicles by identified exempt entities, such as religious, charitable, and educational groups.

Mr. DiCianno emphasized that if a religious, charitable, or educational group already had been granted an exemption certificate by the Department and purchased a vehicle, the vehicle would be exempt and no tax would be owed. The issue in S.B. 321 was in regard to leasing a vehicle. When a vehicle was purchased, the buyer took title and possession and use of that vehicle. Under a lease, the buyer took possession and use but not title, so a use tax was owed on the lease. Most lessors did not pay the tax upfront; the tax was charged over the term of the lease. In other words, the lessee, the exempt entity, would have to pay the use tax, which was the issue addressed in S.B. 321.

Mr. DiCianno pointed out that in many cases, those religious, charitable, or educational groups, received vehicles as gifts, and not every religious, charitable, or educational exempt entity leased vehicles. However, a particular situation with the Boys and Girls Club leasing a vehicle had been discussed in the hearing before the Senate Committee on Taxation. He noted that it was a policy issue because if an exempt entity purchased a vehicle, the entity was exempt from paying the sales tax. If that same entity leased a vehicle, it was subject to the use tax.

Mr. DiCianno added that as the leases were typically only two- or three-year leases, and the use tax was spread out over that lease period, the fiscal impact was de minimis. He indicated that there were further details provided in [Exhibit C](#) and offered to answer any questions.

As there were none, Chairman Arberry closed the hearing on S.B. 321 and opened the hearing on A.B. 554.

Assembly Bill 554 (1st Reprint): Makes various changes to provisions governing taxation. (BDR 32-1344)

Bill Uffelman, President and CEO, Nevada Bankers Association, presented A.B. 554. Mr. Uffelman read the following statement:

As you may have heard, Nevada's bankers are seeking a return to fairness and equity in Nevada's business tax structure. In our opinion, Sections 1 through 4 of A.B. 554 do not do that.

The bill defines "community bank" as a bank that is part of a holding company with less than \$1 billion in banking assets. More than 30 of Nevada's 45-plus banking companies meet that definition. The bill exempts from the \$7,000 per year branch fee only those community banks which are located in counties with less than 50,000 population. This benefit seems to apply to only 3 Nevada banks, with a total of 7 branches. Ironically, one of those banks is larger than at least 15 other Nevada banks, while the other two are larger than at least 3 other Nevada banks.

The payroll tax reduction for a community bank in a county with less than 100,000 population, appears to apply to all 3 banks along with 4 branches of 3 other banks. The fiscal note says that is roughly \$200,000 for the biennium.

In many instances, rural Nevada communities are served solely by bank branches that do not qualify for these tax reductions because of the smaller customer base and the cost of doing business in a rural community on a per customer basis is higher whether the bank holding company is large or small. In some cases, you will now be giving a tax advantage to competitors who are located across the street from another bank; the same advantage that untaxed credit unions have. As I said before, Nevada's bankers want restoration of a fair business tax system with respect to banks—the elimination of the \$7,000 branch fee for all banks and a reduction of the 2 percent payroll tax to 0.65 percent paid by all other employers. We recognize that that is not in this bill.

While in our opinion A.B. 554 misses that mark, the Association is neutral on this bill as it does provide some relief to some of the state's banks.

Assemblyman Marvel disclosed that he was a community director for Wells Fargo Bank. Mr. Marvel said he had wanted to propose a bill that would place all banks on the same playing field as other businesses. He indicated that he had questioned the franchise tax during the 2003 special sessions and had been told that in other states all businesses paid the franchise tax, not just the banks. He opined that it was inequitable and felt the payroll tax should be the same for banks as it was for other businesses.

Mr. Uffelman explained that the issue with the franchise tax was that there was a dual banking system of national and state banks. The state could not tax a federally chartered bank, except through the franchise tax. In those states that imposed a franchise tax, it was the same rate that all other businesses paid. The exception to that was California in which banks paid an additional 2 percent, which exempted the banks from all local charges. The banks, as a

group, were substantially better off in that situation because they did not have to pay local charges and fees they would otherwise be paying.

Mr. Seale disclosed that he had an interest in a financial institution, but the legislation would not affect him any differently than anyone else. He said he agreed with Mr. Marvel's comments.

Assemblywoman Gansert made a similar disclosure and agreed with Mr. Marvel.

Assemblywoman Giunchigliani indicated that she had proposed legislation earlier in the session regarding community banks and much of that bill had been folded into A.B. 554 to ensure that those smaller banks were not restricted based on what had been done in the previous session.

Mr. Marvel said he had been the Community Reinvestment Act (CRA) director for the old American Federal Bank, and the CRA mandated that the bank serve low-income people and first-time home buyers. When a tax was added and increased the cost of doing business, that source of funding for people who really needed the loans dried up. He asserted that it bothered him that so much money was being removed from the lending stream.

Mr. Uffelman pointed out that the CRA contributions of Nevada banks to the communities that they served were substantial and were required by federal law. He offered to provide the grand total as well as breakdowns as to what areas were served in terms of education. He commented that one bank had spent over \$250,000 in Las Vegas for textbooks for the school. He emphasized that the sums were substantial.

Mr. Uffelman added that the \$7,000 branch tax was basically a \$3 million per year tax on banks. It was a \$7,000 per year cost of entry to expand a bank and open a new branch and then employees were hired and the banks paid a 2 percent payroll tax. He said that in the overall picture, the \$7,000 branch tax "[stuck] in the craw" because it was in addition to all the fees already paid to regulatory agencies.

Mrs. Gansert asked how many branches existed in the rural areas of the state. Mr. Uffelman said he would have to get that information, but it was in excess of 20 branches, but they were scattered throughout the state. Mrs. Gansert asked if some of the branches were excluded from the exemption because of the banking assets, even though the branches were in the rural areas. Mr. Uffelman said the branch fee exemption was based on the holding company's size.

Ms. Giunchigliani noted that there was another component in the bill separate from the bank fees and that was the live entertainment tax. There were some issues raised by groups, particularly a rural rodeo group that was told to pay the live entertainment tax when they held fund-raisers. There were other groups in similar situations, and the language on page 5 addressed those issues.

Mr. Marvel asked if there was any legislation to clean up the live entertainment tax. Ms. Giunchigliani said that A.B. 554 cleaned up the smaller pieces of the live entertainment tax.

Mr. Marvel interjected that more money was made under the former system. Ms. Giunchigliani said that \$6 million had been raised on one portion of the tax, but the other portion needed to be clarified. A.B. 554 helped the smaller groups that had inadvertently been captured by previous legislation.

Assemblywoman McClain interjected that A.B. 554 also fixed the real property transfer tax issues.

Jim Nadeau, representing the Nevada Association of Realtors, addressed Section H in A.B. 554. Mr. Nadeau said that Section H related to the real property transfer tax. He said there was a question on page 7, line 22, with the insertion of the word "lineal" with consanguinity. Lineal would mean that it could be from parents to children, but would not allow for transfer from brother to sister. He requested clarification.

Ms. McClain said she had questioned that and LCB's Legal Division had informed her that there was not a problem.

Mr. Nadeau explained that lineal consanguinity meant there had to be a blood relation and the addition of "affinity" on line 23 allowed for a relationship through marriage. He said that under current law, if a person wished to transfer property to his son and daughter-in-law, they would be subject to fees; however, the bill would allow an individual to transfer property to his son, and then the son could transfer the property to his wife so that there could be joint ownership, otherwise there would be a transfer tax on the initial transfer. He emphasized that the problem was that the term "lineal consanguinity" meant an individual could not transfer property to a sibling.

Chairman Arberry indicated that the issue would be discussed with the LCB Legal Division to make sure the language was correct.

Mr. Nadeau added that he supported the language and that was an important element that had inadvertently been missed. He reiterated that there needed to be clarification regarding "lineal consanguinity," but he liked the addition of "affinity."

Alfredo Alonso, Lionel Sawyer and Collins, representing MGM Mirage and Paramount Parks, indicated that Exhibit D was the portion of the *Nevada Administrative Code* (NAC) that exempted certain items with respect to the live entertainment tax. Mr. Alonso noted that there was already an exemption in place for the rides at the Luxor and the Hilton, and the amendments in Exhibit D would include the exemptions from the NAC in the bill. He added that there should also be exemptions for the racetrack, which would make the live entertainment tax rules consistent. The racetrack had been the only entity to pay the tax, so there was no fiscal impact other than the racetrack issue.

Chairman Arberry asked who was proposing the amendment, and Mr. Alonso said it was proposed by the MGM, the Nevada Resort Association, and Paramount Parks. Chairman Arberry asked for clarification regarding the racetrack provision that Mr. Alonso had mentioned.

Tony Sanchez, Jones Vargas, representing the Las Vegas Motor Speedway, addressed Chairman Arberry's question. Mr. Sanchez explained that the amendment would remove the live entertainment tax with respect to athletic events. Currently, the Las Vegas Motor Speedway had one NASCAR race in March, which generated \$140 million in direct impact to the local economy from gaming, hotel, car rentals, et cetera. The previous year, California and Arizona were each awarded a second NASCAR race, and the Las Vegas Motor Speedway felt that the continued imposition of the live entertainment tax was hampering its efforts to acquire a second race as well.

Scott Scherer, Hale Lane Peek Dennison and Howard, representing Paramount Parks, addressed the Committee. Mr. Scherer said that there was already an exemption in the bill for amusement rides, such as Star Trek: The Experience, which was run by Paramount Parks. The rides were exempt under the old casino entertainment tax. When all the exemptions were eliminated last session, those rides could have been taxed, although that had not happened. He emphasized that Paramount Parks wished to clarify going forward that the live entertainment tax would not apply to rides.

Ms. Giunchigliani asked if there was another bill that contained similar language. Mr. Alonso said that A.B. 554 already contained most of the exemptions, but Exhibit D had been provided to show what additional amendments could be made to make the statutes consistent with the NAC.

Ms. Giunchigliani noted that the NAC contained the language adopted by the Tax Commission during the interim. She remarked that the language ensured that groups, such as the strolling musicians or the "hula girls," were not taxed.

Assemblyman Denis asked if it would affect amateur productions. Mr. Alonso said that Exhibit D was related to the gaming side of the live entertainment side and would not affect amateur productions.

Mr. Scherer added that within the bill on page 5, lines 17 and 18, there was an exemption for nonprofit corporations presenting live entertainment, so if an amateur production was being presented by a nonprofit organization, such as a school or a nonprofit theater company, it would be exempt from the live entertainment tax.

Terry K. Graves, Graves Communications, representing The Beach nightclub in Las Vegas, addressed the Committee. Mr. Graves said he had been very involved during the interim in writing the regulations that were put together by the Tax Commission and the Gaming Commission. He said that work was reflected in Exhibit D, and he supported that amendment. He noted that S.B. 247, which was the other bill Ms. Giunchigliani had mentioned, had been referred to the Committee.

As there was no further testimony, Chairman Arberry closed the hearing on A.B. 554 and indicated that the Committee would discuss budget closing items.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that two budget accounts needed to be closed.

ELECTED OFFICIALS

WASHINGTON OFFICE (101-1011)—BUDGET PAGE ELECTED-9

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO CLOSE BUDGET
ACCOUNT 101-1011 WITH THE REMOVAL OF ALL FUNDING.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

Mr. Marvel commented that he had used the services of the Washington Office, and it had been very helpful. Ms. Giunchigliani said she had not used the services of the Washington Office, but she did not feel the Washington Office was necessary.

MOTION CARRIED WITH MR. HETTRICK, MRS. GANSERT,
MR. MARVEL, MR. SEALE, AND MS. WEBER VOTING NO.

BUDGET CLOSED.

ELECTED OFFICIALS

LIEUTENANT GOVERNOR (101-1020)—BUDGET PAGE ELECTED-30

Mr. Stevens said the major issue was the increase in in-state travel. There was a requested increase of approximately 64 percent in the first year of the biennium, and an increase of approximately 90 percent in FY2007. He pointed out that travel costs were higher in the second year of the biennium due to the Lieutenant Governor's responsibilities during the legislative session.

Mr. Marvel asked if the Senate Committee on Finance had closed the budget. Mr. Stevens said it had been closed in the Senate, but he was not sure what decision had been made with regard to that issue.

Ms. Giunchigliani said the increase in the second year of the biennium made sense, but the 64 percent increase in the first year did not appear to be justified.

Mr. Stevens offered to gather additional information regarding the need for the increase. He explained that the in-state travel expenditures in FY2004 were \$12,403. That had been increased to \$25,081 in FY2005. The recommendation was \$20,332 in FY2006, which was an increase from \$12,403 to \$20,332. The recommendation was \$38,778 in FY2007.

Mr. Seale suggested that they "split the difference." Mr. Stevens clarified that rather than adding \$8,000 in the first year, only \$4,000 would be added.

Chairman Arberry questioned the classified and unclassified position discussion. Mr. Stevens noted that those positions were in the Commission on Tourism budget. All positions within the Lieutenant Governor's Office were unclassified.

Mr. Seale said the first year would be increased by \$4,000 and then there should be an "appropriate" increase in the second year of the biennium. Mr. Hettrick advised leaving the second year alone.

ASSEMBLYMAN SEALE MOVED TO CLOSE BA 101-1020 BY
INCREASING IN-STATE TRAVEL FUNDING IN FY2006 BY \$4,000
AND APPROVING THE AMOUNT RECOMMENDED IN
THE EXECUTIVE BUDGET FOR FY2007.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

Chairman Arberry called for a brief recess at 8:42 a.m.

Chairman Arberry called the meeting back to order at 9:05 a.m. and indicated the Committee would hear subcommittee closing reports.

Assemblywoman Kathy McClain, District 15, Chairwoman of the Joint Subcommittee on General Government, read the following closing report for the Committee's consideration:

VOLUME I – DEPARTMENT OF TAXATION – 101-2361 – TAXATION 1

THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT HAS COMPLETED THE REVIEW OF THE DEPARTMENT OF TAXATION'S BUDGET FOR THE 2005-07 BIENNIUM. THE GENERAL FUND IMPACT ON THE RECOMMENDATIONS AS PRESENTED FOR CONSIDERATION BY THE SENATE COMMITTEE ON FINANCE RESULT IN AN ADDITIONAL GENERAL FUND COST OF \$670,102 IN FY 2006 AND GENERAL FUND SAVINGS OF \$2,233,753 IN FY 2007.

IN REVIEWING THE DEPARTMENT'S BUDGET FOR THE 2005-07 BIENNIUM, THE SUBCOMMITTEE NOTED THE FOLLOWING MAJOR ISSUES:

1. BASE BUDGET ADJUSTMENTS – GENERAL FUND SAVINGS OF \$137,818 IN FY 2006 AND \$336,122 IN FY 2007.
2. CONTINUED DEVELOPMENT AND IMPLEMENTATION OF THE UNIFIED TAX SYSTEM (UTS) – INCREASE IN GENERAL FUND COSTS OF \$420,507 IN FY 2006 AND GENERAL FUND SAVINGS OF \$2,138,739 IN FY 2007.
3. NEW AND REPLACEMENT EQUIPMENT – INCREASE IN GENERAL FUND COSTS OF \$365,526 IN FY 2006 AND \$216,547 IN FY 2007
4. INCREASED RENT FOR THE CARSON CITY OFFICE – INCREASE IN GENERAL FUND COSTS OF \$40,324 IN FY 2006 AND \$41,540 IN FY 2007.

BASE BUDGET ADJUSTMENTS AS RECOMMENDED INCLUDES, BUT IS NOT LIMITED TO THE FOLLOWING:

- A REDUCTION IN VACANCY SAVINGS FROM THE \$991,969 IN EACH YEAR OF THE 2005-07 BIENNIUM TO \$752,205 IN FY 2006 AND \$780,775 IN FY 2007.
- ELIMINATION OF MSA PROGRAMMER COSTS FROM THE INFORMATION SERVICES CATEGORY THAT ARE FUNDED IN THE UTS PROJECT FUNDING; \$346,706 IN EACH YEAR OF THE 2005-07 BIENNIUM.
- INCREASED FUNDING OF \$28,217 IN EACH YEAR OF THE 2005-07 BIENNIUM BASED ON REVISED COST ESTIMATES FOR THAT SERVICE; ANNUAL COST OF \$384,000 PER FISCAL YEAR.

CONTINUED FUNDING RELATED TO THE IMPLEMENTATION OF THE UTS SYSTEM - THE ESTIMATED COST OF THE DEVELOPMENT AND IMPLEMENTATION OF THE UTS SYSTEM IS \$40.5 MILLION OVER FIVE FISCAL YEARS. THE RECOMMENDED ADJUSTMENT TO FUNDING IN THE EXECUTIVE BUDGET REDUCES THE COST OF THIS PROJECT BY APPROXIMATELY \$1.7 MILLION OVER THE 2005-07 BIENNIUM. THIS ADJUSTMENT IS PREDICATED ON THE LATEST CONTRACT AMENDMENT APPROVED BY THE BOARD OF EXAMINERS AT THEIR MAY 6, 2005 MEETING. THIS ADJUSTMENT ALIGNS THE FUNDING OVER THE 2005-07 BIENNIUM WITH THE PAYMENT SCHEDULE INCLUDED WITH THE CONTRACT AMENDMENT

(ALIGN THE PAYMENT FOR THE DELIVERABLES AND THE "HOLD-BACKS" WITHIN THE FISCAL YEAR THEY WILL BE PAID). THE GOVERNOR RECOMMENDED AND THE SUBCOMMITTEE CONCURRED WITH THE RECOMMENDATION TO PROVIDE THE FUNDING FOR THE UTS PROJECT IN EITHER YEAR OF THE BIENNIUM, WITH RECOMMENDATION BY THE GOVERNOR AND APPROVAL OF THE IFC.

THE BUDGET AS RECOMMENDED BY THE GOVERNOR DID NOT INCLUDE FUNDING FOR REPLACEMENT AND NEW COMPUTER EQUIPMENT. A BUDGET AMENDMENT (NO. 14) WAS SUBMITTED BY THE BUDGET DIVISION RECOMMENDING FUNDING FOR REPLACEMENT EQUIPMENT IN THE AMOUNT OF \$353,756 IN FY 2006 AND \$199,905 IN FY 2007; NO AMENDMENT WAS SUBMITTED BY THE BUDGET DIVISION FOR THE ACQUISITION OF NEW EQUIPMENT. THE SUBCOMMITTEE IS RECOMMENDING FUNDING, BASED ON UPDATED PRICING FROM PURCHASING, FOR REPLACEMENT EQUIPMENT OF \$338,526 IN FY 2006 AND \$186,712 IN FY 2007. THE SUBCOMMITTEE ALSO RECOMMENDED FUNDING IN FISCAL YEARS 2006 AND 2007 FOR THE ACQUISITION OF TWO NEW ADDITIONAL SCANNERS FOR THE DEPARTMENT'S DOCUMENT MANAGEMENT SECTION OF THEIR IT DIVISION.

FINALLY, SUMMARY INFORMATION WAS PROVIDED TO THE SUBCOMMITTEE CONCERNING ADDITIONAL COSTS RELATED TO THE IMPLEMENTATION OF A.B. 489 (PROPERTY TAX RELIEF). FUNDING OF \$869,827 HAS BEEN IDENTIFIED AS A POTENTIAL NEED; \$537,827 FOR COUNTY ASSESSORS; \$311,000 FOR COUNTY TREASURERS; AND, \$20,000 FOR THE DEPARTMENT OF TAXATION.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO APPROVE THE CLOSING REPORT FOR THE DEPARTMENT OF TAXATION.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

Mr. Seale noted that he had some concerns relating to the Unified Tax System and on that particular issue had voted no in the Subcommittee hearing but would be voting yes on the overall budget.

MOTION CARRIED.

BUDGET CLOSED.

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Assemblywoman Sheila Leslie, District 27, Chairwoman of the Joint Subcommittee on Human Resources, introduced Larry Peri, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau. She read the following closing report for the Committee's consideration:

CHILD AND FAMILY SERVICES ADMINISTRATION (101-3145)
DCFS-6

IN CLOSING THIS BUDGET, THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO ADD 23 NEW POSITIONS, INCLUDING 6 POSITIONS FOR THE CREATION OF A PERFORMANCE-BASED CONTRACTING UNIT AND 2 NEW POSITIONS FOR A COST ALLOCATION UNIT. THE PERFORMANCE-BASED CONTRACTING POSITIONS ARE PART

OF THE DEPARTMENT OF HUMAN RESOURCES' PROPOSAL FOR THE REDESIGN OF MENTAL HEALTH RESIDENTIAL TREATMENT SERVICES FOR CHILDREN. THE SUBCOMMITTEE APPROVED THAT CONCEPT AND THE ADDITION OF SPECIFIC LANGUAGE IN THE GENERAL APPROPRIATIONS ACT WHICH WOULD REQUIRE THE DIVISION TO OBTAIN IFC APPROVAL TO TRANSFER POSITIONS AND FUNDING TO IMPLEMENT THE REDESIGN PROPOSAL. FIFTEEN OF THE NEW POSITIONS WERE APPROVED FOR TRANSFER TO THE DIVISION'S RURAL CHILD WELFARE BUDGET AS PART OF THE DIVISION'S REORGANIZATION AND BUDGET REALIGNMENT PROCESS.

CLARK COUNTY INTEGRATION (101-3142) DCFS-20

THE SUBCOMMITTEE APPROVED THIS BUDGET PRIMARILY AS RECOMMENDED BY THE GOVERNOR, WHICH CONTINUES CHILD WELFARE INTEGRATION AND INCLUDES FUNDING FOR 34 NEW POSITIONS OVER THE 2005-07 BIENNIUM. NINE POSITIONS WERE APPROVED FOR PROJECTED CASELOAD INCREASES IN FOSTER CARE LICENSING AND 24 NEW POSITIONS WERE APPROVED TO REDUCE THE FOSTER CARE CASELOAD RATIO FROM 1:28 TO 1:25 IN FY 2006 AND TO 1:22 IN FY 2007. THE SUBCOMMITTEE MODIFIED THE BUDGET BY APPROVING A PHASE-IN SCHEDULE FOR THE POSITIONS, AS IT IS EXPECTED THAT THE PROJECTED CASELOAD WILL GRADUALLY INCREASE OVER THE BIENNIUM. THE SUBCOMMITTEE ALSO APPROVED THE GOVERNOR'S RECOMMENDATION OF \$3.6 MILLION OVER THE BIENNIUM FOR PROJECTED CASELOAD INCREASES IN FOSTER CARE PLACEMENT AND ADOPTION SUBSIDIES COSTS.

WASHOE COUNTY INTEGRATION (101-3141) DCFS-34

THE SUBCOMMITTEE APPROVED THIS NEW BUDGET WHICH WAS RECOMMENDED TO SPLIT OUT THE COST FOR CHILD WELFARE INTEGRATION FOR WASHOE COUNTY INTO A SEPARATE BUDGET ACCOUNT. THE SUBCOMMITTEE'S APPROVAL INCLUDED FUNDING FOR 18 NEW POSITIONS TO ACCOMMODATE PROJECTED FOSTER CARE CASELOAD GROWTH AND TO REDUCE THE FOSTER CARE STAFFING RATIO FROM 1:28 TO 1:25 IN FY 2006 AND TO 1:22 IN FY 2007. SIMILAR TO THE CLARK COUNTY INTEGRATION BUDGET, THE SUBCOMMITTEE APPROVED A PHASE-IN SCHEDULE FOR THE NEW POSITIONS. THE SUBCOMMITTEE ALSO APPROVED \$3.5 MILLION OVER THE BIENNIUM FOR PROJECTED CASELOAD INCREASES IN FOSTER CARE PLACEMENT AND ADOPTION SUBSIDIES COSTS.

RURAL CHILD WELFARE (101-3229) DCFS-55

THE SUBCOMMITTEE CLOSED THIS BUDGET BY APPROVING THE GOVERNOR'S RECOMMENDATION FOR \$4.6 MILLION OVER THE BIENNIUM FOR PROVIDER RATE INCREASES FOR HIGHER LEVELS OF CARE AND \$3.2 MILLION OVER THE BIENNIUM FOR PROJECTED CASELOAD INCREASES IN HIGHER LEVELS OF CARE PLACEMENTS. THE SUBCOMMITTEE APPROVED THE DEPARTMENT'S PROPOSAL TO REDESIGN MENTAL HEALTH RESIDENTIAL TREATMENT SERVICES FOR CHILDREN. THAT PROPOSAL INCLUDES BEGINNING THE PROCESS OF EVENTUALLY TRANSFERRING THE RESPONSIBILITY FOR HIGHER LEVELS OF CARE FOR FOSTER CHILDREN TO CLARK AND WASHOE COUNTIES. AS NOTED EARLIER, APPROVAL OF THIS CONCEPT REQUIRES THE DEPARTMENT OF HUMAN RESOURCES TO OBTAIN IFC APPROVAL FOR THE TRANSFER

OF POSITIONS AND FUNDING NECESSARY TO IMPLEMENT THE REDESIGN PROPOSAL.

THE SUBCOMMITTEE ALSO APPROVED 15 NEW POSITIONS TO REDUCE THE FOSTER CARE CASELOAD RATIO IN RURAL NEVADA FROM 1:28 TO 1:22 IN FY 2006 AND TO 1:19 IN FY 2007. THE SUBCOMMITTEE APPROVED A REVISED PHASE-IN SCHEDULE FOR THE POSITIONS, WHICH IS DESIGNED TO ASSIST IN RECRUITING AND RETAINING SOCIAL WORKERS IN RURAL NEVADA. A LETTER OF INTENT WAS APPROVED THAT WILL REQUIRE THE DIVISION TO REPORT TO IFC SEMIANNUALLY ON THE STATUS OF HIRING THE NEW POSITIONS AND ON THE VACANCIES IN SOCIAL WORKER POSITIONS. THE SUBCOMMITTEE ALSO APPROVED THE TRANSFER IN OF 100.57 EXISTING POSITIONS TO THIS BUDGET BASED UPON THE DIVISION'S REORGANIZATION AND BUDGET REALIGNMENT PROCESS. ALL CHILD WELFARE RESOURCES FOR THE RURAL REGION WILL NOW BE INCLUDED IN THIS BUDGET.

VICTIMS OF DOMESTIC VIOLENCE (101-3181) DCFS-74

THE SUBCOMMITTEE CLOSED THIS BUDGET BY INCREASING THE AMOUNT AVAILABLE FOR GRANTS TO SLIGHTLY OVER \$3.2 MILLION ANNUALLY, THE SAME LEVEL AS EXPENDED IN FY 2004. THE BUDGET HAD RECOMMENDED A DECREASE IN GRANT FUNDING TO APPROXIMATELY \$2.9 MILLION PER YEAR.

YOUTH ALTERNATIVE PLACEMENT (101-3147) DCFS-84

THE SUBCOMMITTEE APPROVED THE RESTORATION OF THE HISTORICAL FUNDING RATIO FOR THE CONTINUATION BUDGETS OF THE CHINA SPRING YOUTH CAMP AND THE AURORA PINES GIRLS FACILITY LOCATED IN DOUGLAS COUNTY. THE GOVERNOR'S BUDGET DID NOT INCLUDE THAT RECOMMENDATION, WHICH REQUIRED THE ADDITION OF \$338,682 IN GENERAL FUND SUPPORT OVER THE BIENNIUM AND REPRESENTS 36.8 PERCENT OF THE OPERATIONAL COSTS OF THE TWO FACILITIES. THE SUBCOMMITTEE ALSO AGREED TO INCLUDE ENHANCED FUNDING REQUESTS BY CHINA SPRING AND THE SPRING MOUNTAIN YOUTH CAMP IN CLARK COUNTY ON THE HIGH PRIORITY LIST FOR ADDITIONAL FUNDING. CHINA SPRING'S ENHANCEMENT REQUEST TOTALS \$363,976 IN ADDITIONAL GENERAL FUND AND SPRING MOUNTAIN'S ENHANCEMENT REQUEST IS \$1.4 MILLION IN ADDITIONAL GENERAL FUND SUPPORT.

JUVENILE CORRECTIONAL FACILITY (101-3148) DCFS-86

THE SUBCOMMITTEE CLOSED THIS BUDGET BY REDUCING THE DEBT SERVICE PAYMENTS FOR THE CONSTRUCTION COSTS OF THE FACILITY BY \$1,273,494 IN FY 2006 AND \$1,099,297 IN FY 2007. THE REDUCTIONS ARE BASED UPON SAVINGS REALIZED FROM REFINANCING AND ARE DIRECT OFFSETS TO THE GENERAL FUND. THE SUBCOMMITTEE ALSO INCREASED FUNDING FOR OVERTIME COSTS FOR THE FACILITY BY \$90,537 BASED ON A RECALCULATION OF NECESSARY OVERTIME COSTS.

CALIENTE YOUTH CENTER (101-3179) DCFS-92

THE SUBCOMMITTEE CLOSED THIS BUDGET SUBSTANTIALLY AS RECOMMENDED BY THE GOVERNOR WHICH INCLUDES 12 NEW POSITIONS TO REDUCE THE DIRECT CARE STAFF-TO-CLIENT RATIO FROM 1:10 TO 1:8 DURING WAKING HOURS. THE

SUBCOMMITTEE ALSO APPROVED A REQUEST FOR A BDR TO CLARIFY THE PAYMENT OF A HOUSING STIPEND TO THE SUPERINTENDENT IN LIEU OF A HOUSE. THE STATE OWNED HOUSE IN CALIENTE IS UNINHABITABLE, AND THE DIVISION IS PAYING A STIPEND TO THE SUPERINTENDENT. THE COMMITTEE SHOULD NOTE THAT THE BUDGET INCLUDES \$10,800 ANNUALLY FOR A HOUSING STIPEND, WHICH MAY REQUIRE MODIFICATION BASED UPON THE FINAL VERSION OF THE BDR AND ON THE FINAL UNCLASSIFIED SALARIES SET BY THE LEGISLATURE. THE APPROVED BUDGET ALSO INCLUDES A 2 GRADE SALARY INCREASE FOR GROUP SUPERVISOR STAFF AND CORRECTIONAL NURSE POSITIONS.

NEVADA YOUTH TRAINING CENTER (101-3259) DCFS-98

THE SUBCOMMITTEE CLOSED THIS BUDGET SIMILAR TO THE CALIENTE YOUTH CENTER BY APPROVING 15 NEW POSITIONS RECOMMENDED BY THE GOVERNOR TO REDUCE THE DIRECT CARE STAFFING RATIO FROM 1:10 TO 1:8. A NEW ACADEMIC TEACHER POSITION FOR STUDENTS WITH DISABILITIES RECOMMENDED BY THE GOVERNOR WAS ALSO APPROVED, AS WELL AS A TWO GRADE SALARY INCREASE FOR GROUP SUPERVISOR AND CORRECTIONAL NURSE POSITIONS.

NO. NEVADA CHILD & ADOLESCENT SERVICES (101-3281) DCFS-112

THE SUBCOMMITTEE DID NOT APPROVE THE GOVERNOR'S RECOMMENDATION TO CONTINUE THE WRAP AROUND IN NEVADA PROGRAM, KNOWN AS WIN, WITH CONTRACT EMPLOYEES. INSTEAD, THE SUBCOMMITTEE APPROVED THE CONVERSION OF THE PROGRAM FROM CONTRACT TO STATE EMPLOYEES. THE APPROVAL ADDS 26 STATE POSITIONS (COMPARED TO 23 CONTRACT STAFF) AND REQUIRES THE ADDITION OF \$475,518 IN GENERAL FUND SUPPORT OVER THE BIENNIUM. THE PROGRAM, WHICH IS AN ALTERNATIVE TO TRADITIONAL MENTAL HEALTH SERVICES, PROVIDES CHILDREN DIAGNOSED WITH SEVERE EMOTIONAL DISTURBANCE, WITH A "WRAP" OF INTENSIVE INTERVENTION SERVICES. STAFF ALSO RECOMMENDS THAT THIS PROGRAM BE TRANSFERRED TO A SEPARATE BUDGET ACCOUNT TO MORE CLEARLY TRACK ITS COSTS.

THE SUBCOMMITTEE ALSO APPROVED THE GOVERNOR'S RECOMMENDATION TO ADD A TOTAL OF 12.04 NEW POSITIONS TO RELIEVE WAITING LISTS FOR SERVICES IN THE OUTPATIENT AND EARLY CHILDHOOD MENTAL HEALTH SERVICES PROGRAMS AND FOR INCREASED UTILIZATION MANAGEMENT FOR MEDICAID REHABILITATION SERVICES. THE SUBCOMMITTEE ALSO APPROVED THE GOVERNOR'S RECOMMENDATION FOR A TWO GRADE SALARY INCREASE FOR PSYCHIATRIC NURSE POSITIONS.

SO. NEVADA CHILD & ADOLESCENT SERVICES (101-3646) DCFS-123

SIMILAR TO NORTHERN NEVADA CHILD AND ADOLESCENT SERVICES, THE SUBCOMMITTEE APPROVED THE CONVERSION OF THE WIN PROGRAM FROM CONTRACT TO STATE EMPLOYEES. THE CONVERSION REQUIRES ADDITIONAL GENERAL FUND SUPPORT OF \$54,923 OVER THE BIENNIUM AND WILL ADD 40 NEW STATE POSITIONS TO REPLACE 40 CONTRACT POSITIONS. STAFF ALSO RECOMMENDS THAT THIS PROGRAM BE TRANSFERRED TO A SEPARATE BUDGET

ACCOUNT TO MORE CLEARLY TRACK ITS COSTS. THE SUBCOMMITTEE ALSO APPROVED 16.51 NEW POSITIONS TO REDUCE WAITING LISTS FOR CHILDREN'S CLINICAL AND EARLY CHILDHOOD MENTAL HEALTH SERVICES AND FOR INCREASED UTILIZATION MANAGEMENT FOR MEDICAID REHABILITATION SERVICES. THE SUBCOMMITTEE ALSO APPROVED THE GOVERNOR'S RECOMMENDATION FOR A TWO GRADE SALARY INCREASE FOR PSYCHIATRIC NURSE POSITIONS.

THE FOLLOWING BUDGETS WERE CLOSED BY THE SUBCOMMITTEE PRIMARILY AS RECOMMENDED BY THE GOVERNOR WITH TECHNICAL ADJUSTMENTS:

- JUVENILE JUSTICE PROGRAMS (101-1383) PAGE DCFS-1
- UNITY/SACWIS (101-3143) PAGE DCFS-39
- CHILD CARE SERVICES (101-3149) PAGE DCFS-48
- TRANSITION FROM FOSTER CARE (606-3250) PAGE DCFS-68
- CHILD DEATHS REVIEW (101-3251) PAGE DCFS-70
- CHILD WELFARE TRUST (645-3242) PAGE DCFS-72
- CHILD ABUSE AND NEGLECT (101-3271) PAGE DCFS-76
- JUVENILE ACCOUNTABILITY BLOCK GRANT (101-3262) PAGE DCFS-80
- YOUTH PAROLE SERVICES (101-3263) PAGE DCFS-105

THE TOTAL GENERAL FUND IMPACT OF THE SUBCOMMITTEE'S ACTIONS RESULTS IN A \$1,659,048 DECREASE IN FY 2006 AND A \$1,211,491 DECREASE IN FY 2007.

Ms. Leslie said she would like to request a Letter of Intent for BA 101-3145 be sent to the DCFS requesting that information be provided on the performance-based contracting and the new mental health residential treatment services redesign. The Division should be asked to report on a quarterly basis to the Legislative Committee on Children, Youth, and Families as well as the Interim Finance Committee.

Ms. Leslie asked Mr. Peri to address the Federal Medical Assistance Percentage (FMAP) issue. That information was not outlined in the report, but it should be explained to the Committee and contained in the record.

Mr. Peri said he wanted to ask for the Committee's approval to implement the changes anticipated in the FMAP rate. The Committee had been informed on several occasions that those changes were inevitable, and staff was expecting a formal amendment from the Budget Division, which would require the addition of General Fund monies in the amount of approximately \$360,000 over the total for the DCFS in FY2007. He requested the Committee's approval to make those changes when the amendment was received from the Budget Division.

Mr. Seale commented that the budget closing would increase staff by approximately 171 people. He asked why there was such a large increase.

Ms. Leslie replied that the majority of the new positions came from the WIN conversion of contract employees to state employees with 40 positions in southern Nevada and 26 positions in northern Nevada.

Mr. Peri agreed that many positions were being added with the WIN program. He said he did not have the total number of positions recommended by the Governor, so he was not sure how many the Subcommittee had added to those in The Executive Budget. He offered to provide that information at a later time.

Mr. Stevens interjected that there was also a reduction in the caseload standard, which would account for a number of new positions.

Mr. Seale asked if that meant the addition of the new positions was driven by the caseloads. Ms. Leslie said that it was a matter of reducing staff to client ratio in the juvenile institutions, which had been included in The Executive Budget.

ASSEMBLYWOMAN MCCLAIN MOVED TO APPROVE THE CLOSING REPORT FOR THE DIVISION OF CHILD AND FAMILY SERVICES.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

MOTION CARRIED. (Mrs. Smith was not present for the vote.)

BUDGET CLOSED.

Assemblywoman Kathy McClain, District 15, Chairwoman of the Joint Subcommittee on Public Safety, read the following closing report for the Committee's consideration:

THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY COMPLETED ITS REVIEW FOR THE OFFICE OF THE MILITARY. THE CLOSING RECOMMENDATIONS OF THE SUBCOMMITTEE RESULTED IN GENERAL FUND SAVINGS OF \$329,068 IN FY 2005-06 AND \$556,385 IN FY 2006-07.

OFFICE OF THE MILITARY (BA 3650)

IN CLOSING THIS BUDGET, THE SUBCOMMITTEE APPROVED A TOTAL OF \$849,890 IN FY 2005-06 AND \$810,990 IN FY 2006-07 FOR 58 CLASS I HIGH-PRIORITY MAINTENANCE PROJECTS, SUCH AS ROOF REPAIRS, AMERICANS WITH DISABILITIES ACT (ADA) COMPLIANCE REQUIREMENTS, ETC. OF THIS TOTAL, GENERAL FUND WAS APPROVED IN THE AMOUNT OF \$332,365 IN FY 2005-06 AND \$132,240 IN FY 2006-07. THE SUBCOMMITTEE'S ACTION DECREASED THE GENERAL FUND AMOUNTS RECOMMENDED BY THE GOVERNOR IN THE AMOUNT OF \$177,300 IN FY 2006-07 FOR STATE-FUNDED CLASS II PROJECTS, WHICH ARE NECESSARY, BUT NOT YET CRITICAL, AND SHOULD BE COMPLETED IN TWO TO FOUR YEARS.

THE SUBCOMMITTEE AUTHORIZED THE OFFICE TO ACCEPT FEDERAL FUNDS IN THE AMOUNT OF \$2.4 MILLION IN FY 2005-06 AND \$2.7 MILLION IN FY 2006-07 FOR 57.0 FTE NEW STATE SECURITY EMPLOYEES, WITH RELATED OPERATING, EQUIPMENT, AND COMPUTER NEEDS. THESE FUNDS WILL BE UTILIZED TO PROVIDE 24-HOUR SECURITY COVERAGE OF THE STEAD ARMORY, THE CARSON CITY ARMORY AND THE CLARK COUNTY ARMORY.

THE SUBCOMMITTEE AUTHORIZED THE OFFICE TO ACCEPT RENT FROM ALL PARTIES THAT WILL RELOCATE TO THE NEW STATE EMERGENCY OPERATIONS CENTER IN APRIL 2006, INCLUDING THE DIVISION OF EMERGENCY MANAGEMENT, DIVISION OF FORESTRY, OFFICE OF HOMELAND SECURITY,

AND HIGHWAY PATROL. THE SUBCOMMITTEE APPROVED THE RENT TO BE UTILIZED FOR A 1.0 FTE MAINTENANCE REPAIR WORKER II AND A 1.0 FTE CUSTODIAL WORKER II FOR THE NEW FACILITY. A 1.0 FTE HVAC SPECIALIST I RECOMMENDED BY THE GOVERNOR FOR THE NEW CENTER WAS NOT APPROVED BY THE SUBCOMMITTEE DUE TO THE OFFICE ALREADY HAVING AN HVAC SPECIALIST FOR THE CARSON CITY/RURAL NEVADA AREAS. INSTEAD, THE SUBCOMMITTEE APPROVED ADDITIONAL GENERAL FUNDS IN THE AMOUNT OF \$34,843 IN FY 2005-06 AND \$51,267 IN FY 2006-07 FOR A 1.0 FTE HVAC SPECIALIST FOR THE LAS VEGAS AREA; THE AGENCY DOES NOT CURRENTLY HAVE AN HVAC SPECIALIST IN LAS VEGAS.

THE SUBCOMMITTEE DID NOT APPROVE STATE GENERAL FUND IN THE AMOUNT OF \$179,310 IN FY 2006-07 TO FUND THE SALARIES AND BENEFITS OF 4.0 FTE MAINTENANCE AND CUSTODIAL POSITIONS FOR THE NEW LAS VEGAS READINESS CENTER, AS RECOMMENDED BY THE GOVERNOR. INSTEAD, THE SUBCOMMITTEE APPROVED A LETTER OF INTENT REQUESTING THE AGENCY TO APPROACH THE INTERIM FINANCE COMMITTEE TO REQUEST AN ALLOCATION FROM THE CONTINGENCY FUND, OR TO REQUEST A SUPPLEMENTAL APPROPRIATION FROM THE 2007 LEGISLATURE FOR THE POSITIONS AND OPERATING COSTS IF THE FUNDS ARE REQUIRED PRIOR TO JULY 1, 2007. THIS DECISION WAS MADE DUE TO THE UNCERTAINTY OF WHEN THE NEW READINESS CENTER WILL BE COMPLETED; THE FACILITY IS ANTICIPATED TO BE COMPLETED SOMETIME AFTER FEBRUARY 2007. THE SUBCOMMITTEE DID APPROVE STATE GENERAL FUNDS IN THE AMOUNT OF \$33,585 IN FY 2005-06 AND \$49,422 IN FY 2006-07 FOR A NEW FACILITIES SUPERVISOR POSITION FOR THE LAS VEGAS AREA TO BE HIRED IN OCTOBER 2005. THIS NEW POSITION WILL OVERSEE ALL FACILITY MAINTENANCE AND CUSTODIAL PROJECTS IN SOUTHERN NEVADA.

THE SUBCOMMITTEE APPROVED THE REDUCTION OF STATE GENERAL FUNDS IN THE AMOUNT OF \$120,000 IN EACH FISCAL YEAR OF THE 2005-07 BIENNIUM, WITH A CORRESPONDING INCREASE IN FEDERAL FUNDS FOR UTILITIES. DURING THE 2003 LEGISLATIVE SESSION, THE AGENCY RECEIVED AN AGREEMENT WITH THE UNITED STATES PLANNING AND FINANCIAL OFFICE (USPFO) TO INCREASE THE FEDERAL SHARE OF FUNDS PROVIDED TO SUPPORT MAINTENANCE AND UTILITIES AT THE ARMY ARMORIES FROM 0 PERCENT TO 50 PERCENT. BECAUSE THE FEDERAL GOVERNMENT HAS INDICATED THAT IT MAY NOT BE ABLE TO CONTINUE THE 50/50 SPLIT, THE GOVERNOR RECOMMENDED ADDITIONAL STATE GENERAL FUNDS TO COVER UTILITY EXPENSES IN THE EVENT THE USPFO AGREEMENT IS CANCELLED. INSTEAD OF APPROVING THE GOVERNOR'S RECOMMENDATION, THE SUBCOMMITTEE APPROVED A LETTER OF INTENT REQUESTING THE AGENCY TO APPROACH THE INTERIM FINANCE COMMITTEE TO REQUEST AN ALLOCATION FROM THE CONTINGENCY FUND, OR TO REQUEST A SUPPLEMENTAL APPROPRIATION FROM THE 2007 LEGISLATURE IN THE EVENT OF A SHORTFALL IN UTILITIES AS A RESULT OF THE FEDERAL GOVERNMENT ELIMINATING THE AGREEMENT TO PAY 50 PERCENT OF UTILITIES FOR ARMY ARMORIES.

FINALLY, THE SUBCOMMITTEE INCLUDED THE REDUCTION OF GENERAL FUNDS IN THE AMOUNT OF \$146,996 IN FY 2005-06

AND \$153,248 IN FY 2006-07 FOR COSTS RELATED TO PERSONNEL, WHICH WERE PAID 100 PERCENT WITH STATE GENERAL FUNDS AND SHOULD HAVE BEEN PAID 75 PERCENT WITH FEDERAL FUNDS AND 25 PERCENT WITH GENERAL FUNDS.

ADJUTANT GENERAL CONSTRUCTION FUND (BA 3652)

THE SUBCOMMITTEE APPROVED THE BUDGET FOR THE ADJUTANT GENERAL CONSTRUCTION FUND AS RECOMMENDED BY THE GOVERNOR. THE GOVERNOR RECOMMENDS AUTHORITY OF \$35,568 IN FY 2005-06 AND \$35,871 IN FY 2006-07 FOR THIS FUND. THIS FUND IS A FLOW-THROUGH ACCOUNT FOR ENVIRONMENTAL, CONSTRUCTION, AND REPAIR PROJECTS FOR NEW OR EXISTING FACILITIES.

NATIONAL GUARD BENEFITS (BA 3653)

THE SUBCOMMITTEE APPROVED THE BUDGET FOR THE NATIONAL GUARD BENEFITS PROGRAM AS RECOMMENDED BY THE GOVERNOR. THE GOVERNOR'S BUDGET RECOMMENDS \$104,572 IN EACH FISCAL YEAR OF THE 2005-07 BIENNIUM TO CONTINUE THE NATIONAL GUARD BENEFITS PROGRAM AS IT WAS PRIOR TO THE PASSAGE OF ASSEMBLY BILL 9 OF THE 20TH SPECIAL SESSION, WHICH PROVIDED THE TUITION WAIVER PROGRAM FOR NATIONAL GUARDSMEN. IN MAKING THIS DECISION, THE SUBCOMMITTEE ALSO APPROVED THE REDUCTION OF \$84,572 IN EACH FISCAL YEAR OF THE BIENNIUM IF SENATE BILL 78 OF THE 2005 LEGISLATIVE SESSION IS APPROVED BY THE LEGISLATURE; THIS BILL WOULD CONTINUE THE TUITION WAIVER PROGRAM FOR FALL AND SPRING SEMESTERS. THE BUDGET FOR THE NATIONAL GUARD BENEFITS PROGRAM WOULD CONTINUE TO PROVIDE TUITION REIMBURSEMENT TO NATIONAL GUARDSMEN WHO ATTEND SUMMER SCHOOL. THE SUBCOMMITTEE APPROVED \$20,000 IN EACH FISCAL YEAR TO REMAIN IN THIS BUDGET ACCOUNT FOR PURPOSES OF SUMMER SCHOOL TUITION REIMBURSEMENT. SENATE BILL 78 HAS BEEN APPROVED BY THE SENATE COMMITTEE ON FINANCE.

ASSEMBLYMAN HETTRICK MOVED TO APPROVE THE CLOSING REPORT FOR THE DEPARTMENT OF THE MILITARY.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

Ms. McClain pointed out that the security positions included in the budget would be eliminated if the federal funding was eliminated.

MOTION CARRIED. (Ms. Giunchigliani, Mr. Perkins, and Mrs. Smith were not present for the vote.)

BUDGET CLOSED.

Assemblywoman Kathy McClain, District 15, Chairwoman of the Joint Subcommittee for Public Safety, Natural Resources, and Transportation, read the following closing report for the Committee's consideration:

THE SUBCOMMITTEE FOR PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION DEVELOPED THE

FOLLOWING RECOMMENDATIONS FOR THE DEPARTMENT OF MOTOR VEHICLES.

22 PERCENT CAP:

UNDER NRS 408.235, THE DEPARTMENT OF MOTOR VEHICLES MAY NOT EXPEND MORE THAN 22 PERCENT OF THE FEES COLLECTED (EXCLUDING GASOLINE TAX) FOR THE HIGHWAY FUND ON ADMINISTRATION.

THE SUBCOMMITTEE, THROUGH HIGHWAY FUND REDUCTIONS IN OTHER AREAS OF THE DEPARTMENT'S BUDGETS, HAS MAINTAINED THE 22 PERCENT CAP AT 19.7 PERCENT IN BOTH OF FISCAL YEARS 2006 AND 2007, LEAVING APPROXIMATELY \$5.5 MILLION UNDER THE CAP IN EACH YEAR OF THE BIENNIUM. CALCULATION OF THE CAP DOES NOT INCLUDE THE IMPACT OF STATEWIDE ALLOCATIONS THAT WILL BE APPLIED AFTER APPROVAL BY THE LEGISLATURE.

DMV, DIRECTOR'S OFFICE, (BA 201-4744) DMV-1:

THE SUBCOMMITTEE CONCURS WITH THE GOVERNOR'S RECOMMENDATION OF APPROXIMATELY \$1.5 MILLION EACH YEAR OF THE BIENNIUM TO CONTINUE THE USE OF KIOSKS AND TO EXPAND THEIR USE TO RURAL LOCATIONS IN MINDEN, FALLON, MESQUITE AND PAHRUMP FIELD OFFICES AND TO INCREASE FUNCTIONALITY TO INCLUDE INSURANCE VERIFICATION REINSTATEMENTS AND TO ALLOW FOR A MIX OF PAYMENT OPTIONS.

THE SUBCOMMITTEE ALSO CONCURS WITH THE GOVERNOR'S RECOMMENDATION TO CONTINUE THE PUBLIC AWARENESS CAMPAIGN AT APPROXIMATELY \$100,000 EACH YEAR OF THE BIENNIUM TO PROVIDE OUTREACH TO CITIZENS FOR DMV SERVICES.

DMV ADMINISTRATIVE SERVICES (BA 201-4745) DMV-8

THE SUBCOMMITTEE HEARD TESTIMONY CONCERNING THE GOVERNOR'S RECOMMENDED REDUCTION IN HIGHWAY FUND REVENUES OF APPROXIMATELY \$2.5 MILLION IN FY 2006 AND \$6.3 MILLION IN FY 2007 WITH OFFSETTING REVENUE PROPORTIONATELY REIMBURSED BY ALL STATE AND LOCAL ENTITIES FOR MERCHANT FEES CHARGED FOR THE USE OF A CREDIT CARD FOR PAYMENT BY THE PUBLIC. THE GOVERNOR'S PROPOSED INITIATIVE, UNDER A. B. 435, WAS SUBSEQUENTLY WITHDRAWN BY THE ADMINISTRATION AND, AS A RESULT, THE SUBCOMMITTEE ADDED HIGHWAY FUNDS BACK TO THE ADMINISTRATIVE SERVICES ACCOUNT IN THE APPROXIMATE AMOUNTS OF THE \$2.5 MILLION IN FY 2006 AND \$6.3 MILLION IN FY 2007.

THE SUBCOMMITTEE APPROVED A HIGHWAY FUND AUGMENTATION OF \$2.3 MILLION IN FY 2006 AND \$3.5 MILLION IN FY 2007 TO COVER ANTICIPATED INCREASES IN CREDIT CARD COSTS.

ALSO, THE SUBCOMMITTEE APPROVED HIGHWAY FUNDING IN THE AMOUNT OF \$60,000 TO CONDUCT A FORENSIC COMPUTER SYSTEM AUDIT OF THE DEPARTMENT'S APPLICATION. RESULTS OF THE AUDIT ARE ANTICIPATED TO

PROVIDE DIRECTION CONCERNING THE WEAKNESSES OF THE SYSTEM, IF ANY, ALONG WITH A PROFILE OF CHANGES THAT MAY BE REQUIRED.

DMV, COMPLIANCE ENFORCEMENT (BA 201-4740) DMV-18

THE SUBCOMMITTEE RECOMMENDED CONTINUATION OF THE FRAUD UNIT PROGRAM APPROVED BY THE 2003 LEGISLATURE TO ENFORCE INSTANCES OF TITLE, ODOMETER AND IDENTIFICATION FRAUD. IN REVIEWING THE CASE STATISTICS FOR THE FRAUD UNIT, THE SUBCOMMITTEE DETERMINED THE ORIGINAL NUMBER OF POSITIONS, ONE SUPERVISOR, FIVE INVESTIGATORS AND TWO PROGRAM OFFICERS, WERE NOT WARRANTED, GIVEN THE NUMBER OF CASES HANDLED BY EACH INVESTIGATOR. AS A RESULT, ONE INVESTIGATIVE POSITION WAS DELETED FROM THE PROGRAM WITH A REDUCTION IN HIGHWAY FUNDING OF \$64,059 IN FY 2006 AND \$67,184 IN FY 2007.

THE SUBCOMMITTEE CONCURRED IN THE GOVERNOR'S RECOMMENDATION FOR ONE NEW SUPERVISORY COMPLIANCE INVESTIGATOR IN THE RENO OFFICE TO REDUCE THE SPAN OF CONTROL FROM THE EXISTING RATIO OF 12:1 TO 6.5:1. THE SPAN OF CONTROL INCLUDES TWO ADDITIONAL COMPLIANCE INVESTIGATOR POSITIONS RECOMMENDED IN THE SALVAGE WRECKERS/BODY SHOPS BUDGET.

DMV, FIELD SERVICES (BA 201-4735) DMV-25

THE 2003 LEGISLATURE APPROVED 81 POSITIONS IN RESERVE FOR MAJOR METROPOLITAN DMV FIELD OFFICES WITH A REQUIREMENT THE DEPARTMENT RETURN TO THE IFC TO REQUEST POSITIONS AS NEEDED. FUNDING FOR 51 OF THOSE POSITIONS WAS APPROVED BY THE IFC OVER THE PAST BIENNIUM. OF THE REMAINING 30 POSITIONS, 13 POSITIONS WERE RECOMMENDED IN THE EXECUTIVE BUDGET FOR THE SAHARA FIELD OFFICE. THE SUBCOMMITTEE DID NOT CONCUR WITH THE GOVERNOR'S RECOMMENDATION. IN ITS CONSIDERATION OF THE NEW POSITIONS, THE SUBCOMMITTEE REVIEWED CURRENT WAIT TIMES AT SAHARA AND DETERMINED THOSE WAIT TIMES TO BE WELL WITHIN THE 60 MINUTE POLICY ESTABLISHED BY THE GOVERNOR. THE SUBCOMMITTEE DIRECTED THE AGENCY TO APPROACH THE IFC WITH A REQUEST FOR HIGHWAY FUND CONTINGENCY MONIES WHEN ADDITION OF THE POSITIONS IS JUSTIFIED BASED ON WAIT TIME EXPERIENCE ABOVE 60 MINUTES.

THE NORTH LAS VEGAS (CAREY AVENUE) BRANCH OFFICE OF THE DMV IS SCHEDULED TO CLOSE AND RELOCATE TO DECATUR AVENUE IN NORTH LAS VEGAS UPON COMPLETION OF THE NEW FACILITY. THE SUBCOMMITTEE APPROVED THE ADDITION OF FIFTEEN NEW POSITIONS FOR THE NEW DECATUR FACILITY SCHEDULED FOR OCCUPANCY BY MAY 1, 2006. FURTHER, THE SUBCOMMITTEE RESERVED FUNDING FOR THE NEW POSITIONS WITH A REQUIREMENT THE DEPARTMENT APPROACH THE IFC FOR RELEASE OF THAT FUNDING ON AN AS-NEEDED BASIS, DEPENDENT UPON WAIT TIMES AT THE BRANCH OFFICE.

THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION FOR TWO NEW DMV TECHNICIAN III

POSITIONS IN THE FLEETS SECTION OF THE HENDERSON OFFICE AND FOR ONE NEW DMV TECHNICIAN III TO ASSIST IN THE TITLES SECTION AT THAT OFFICE. ADDITIONALLY, ONE MOTOR VEHICLE APPRAISER POSITION WAS APPROVED BY THE SUBCOMMITTEE FOR INSPECTIONS AND APPRAISALS IN THE PAHRUMP OFFICE.

THE SUBCOMMITTEE ALSO APPROVED ADJUSTMENTS TO GOVERNMENTAL SERVICES TAX COMMISSIONS AND GOVERNMENTAL SERVICES TAX PENALTIES BASED ON REVISED PROJECTIONS FROM THE DEPARTMENT AND RESULTED IN A REDUCTION IN HIGHWAY FUND APPROPRIATIONS OF APPROXIMATELY \$800,000 EACH YEAR OF THE BIENNIUM.

DMV, CENTRAL SERVICES (BA 201-4741) DMV-39

THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION FOR ONE DMV SERVICES TECHNICIAN II TO MEET THE TWO-DAY TURNAROUND REQUIREMENTS ESTABLISHED UNDER A. B. 325 (2003 LEGISLATIVE SESSION) FOR PROCESSING SALVAGE TITLES. FUNDING FOR THE POSITION IS PROVIDED WITH A TRANSFER FROM THE SALVAGE WRECKERS/BODY SHOPS ACCOUNT.

DMV, MOTOR CARRIER (BA 201-4717) DMV-54

THE SUBCOMMITTEE DID NOT SUPPORT THE GOVERNOR'S RECOMMENDATION TO ADD SIX NEW POSITIONS TO THE AUDIT SECTION TO INCREASE THE FREQUENCY OF AUDITS PERFORMED ON NEVADA'S FUEL SUPPLIER INDUSTRY FROM ONCE EVERY FOUR YEARS TO ONCE EVERY TWO YEARS. INFORMATION PROVIDED BY THE DEPARTMENT INDICATED IT IS NOT CURRENTLY MEETING THE FOUR-YEAR AUDIT REQUIREMENT WITH EXISTING STAFF. BASED ON THAT INFORMATION, THE SUBCOMMITTEE APPROVED THE ADDITION OF ONE NEW AUDITOR II POSITION, AN AUDITOR III AND AN ADMINISTRATIVE ASSISTANT TO CONDUCT AUDITS EVERY FOUR YEARS WITH DIRECTION TO THE DEPARTMENT THAT IT LOOK TO MORE FREQUENT AUDITS, IF WARRANTED, IN THE FUTURE.

DMV, SALVAGE WRECKERS/BODY SHOPS, BA (101-4690) DMV-62

THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION FOR TWO ADDITIONAL COMPLIANCE INVESTIGATOR POSITIONS TO SUPPORT THE DIVISION'S RESPONSIBILITIES AS IT RELATES TO REGISTERED VEHICLE REPAIR FACILITIES AND THE INVESTIGATION OF VEHICLE REPAIR ORDER DISPUTES. FUNDING FOR THE NEW POSITIONS WAS APPROVED AFTER A REVIEW OF THE RESERVE LEVELS IN THE SALVAGE WRECKERS/BODY SHOPS ACCOUNT AND ASSURANCES FROM THE DEPARTMENT ITS RE-PROJECTION OF REVENUES ALONG WITH ANTICIPATED EXPENDITURE ACTIVITY IN FY 2005 WOULD INCREASE THE RESERVE BALANCE SUFFICIENT TO SUPPORT THE NEW POSITIONS.

THE SUBCOMMITTEE ALSO APPROVED FUNDING, WITH STAFF ADJUSTMENTS, FROM THE SALVAGE WRECKERS/BODY SHOPS ACCOUNT IN THE APPROXIMATE AMOUNT OF \$50,000 IN EACH

YEAR OF THE BIENNIUM FOR THE RECOMMENDED POSITION IN THE CENTRAL SERVICES ACCOUNT TO MEET THE DEMANDS OF THE A. B. 325 MANDATES (2003 LEGISLATIVE SESSION) FOR A TWO-DAY TURNAROUND IN THE PROCESSING OF SALVAGE TITLES.

DMV, MOTOR VEHICLE POLLUTION CONTROL (BA 101-4722)
DMV-73

THE SUBCOMMITTEE DID NOT CONCUR WITH THE GOVERNOR'S RECOMMENDATION FOR \$314,133 IN EXCESS RESERVE FUND REDISTRIBUTIONS TO COUNTIES FOR PROGRAMS RELATED TO THE AIR QUALITY IMPROVEMENTS. THE SUBCOMMITTEE NOTED EXISTING STATUTES DO NOT PROVIDE FOR DIRECT ACCESS TO EXCESS RESERVE FUNDS WITHIN THE POLLUTION CONTROL ACCOUNT, NOR DOES LANGUAGE IN PROPOSED LEGISLATION SUBMITTED BY THE ADMINISTRATION (S. B. 26) WHICH DOES ALLOW FOR A DIRECT DISTRIBUTION OF FUNDING RECEIVED FROM THE SALE OF EMISSION CERTIFICATES TO LOCAL AIR QUALITY AGENCIES IN THE NON-ATTAINMENT OR MAINTENANCE AREAS WITHOUT REQUIRING APPROVAL BY THE INTERIM FINANCE COMMITTEE. ADDITIONALLY, THE SUBCOMMITTEE APPROVED REVISED REVENUE PROJECTIONS THAT WOULD ALLOW THE DEPARTMENT TO MAINTAIN A PROPOSED \$1 MILLION RESERVE LEVEL (S. B. 26) AND PROVIDE FOR EXCESS RESERVE GRANTS OF APPROXIMATELY \$2 MILLION OVER THE BIENNIUM IF REQUESTED BY THE COUNTIES. THE SUBCOMMITTEE DIRECTED THE DEPARTMENT TO APPROACH THE IFC, AS IS CURRENTLY ITS PRACTICE, TO BOTH SUBMIT THE APPROVAL OF EXCESS RESERVE GRANTS AND ESTABLISH AUTHORITY FOR RECEIPT OF THOSE GRANTS.

DMV, AUTOMATION (BA 201-4715) DMV-86

THE SUBCOMMITTEE CONCURS WITH THE GOVERNOR'S RECOMMENDATION FOR ONE NEW COMPUTER NETWORK SPECIALIST II TO PROVIDE TECHNOLOGICAL SUPPORT AT THE NEW DECATUR FIELD OFFICE. THE SUBCOMMITTEE ALSO CONCURS WITH THE GOVERNOR'S RECOMMENDATION FOR TWO COMPUTER SYSTEMS TECHNICIAN III POSITIONS FOR SECOND-SHIFT OPERATIONS SUPPORT, WITH STAFF ADJUSTMENTS FOR OVERTIME EXPENDITURES.

THE SUBCOMMITTEE DID NOT CONCUR WITH THE GOVERNOR'S RECOMMENDATION TO ADD ONE INFORMATION SYSTEM SPECIALIST II POSITION FOR THE DECATUR FIELD OFFICE IN LAS VEGAS TO PROVIDE FLEET PROGRAM CHANGES FOR ENTITIES REGISTERING FLEETS IN SOUTHERN NEVADA. THE SUBCOMMITTEE INDICATED SUPPORT FOR FLEET CHANGES SHOULD BE PROVIDED BY THE DIVISION'S EXISTING STAFF OF APPROXIMATELY 25 PROGRAMMER POSITIONS.

THE SUBCOMMITTEE ALSO APPROVED A REDUCED AMOUNT OVER THAT RECOMMENDED IN THE EXECUTIVE BUDGET FOR TRAINING. HIGHWAY FUND REDUCTIONS FOR TRAINING EQUAL APPROXIMATELY \$75,000 IN EACH YEAR OF THE BIENNIUM.

THE SUBCOMMITTEE CONCURRED WITH THE GOVERNOR'S RECOMMENDATION FOR THE DEPARTMENT TO DEVELOP, IN-HOUSE, A PORTION OF THE IFTA (INTERNATIONAL FUEL TAX AGREEMENT) SYSTEM COVERING ELECTRONIC FILING OF FUEL

TRACKING BY SUPPLIERS. IN CONJUNCTION WITH THAT APPROVAL, THE SUBCOMMITTEE APPROVED THE ADDITION OF TWO INFORMATION SYSTEMS SPECIALIST III POSITIONS IN THE AUTOMATION ACCOUNT TO PROVIDE THE DEVELOPMENT AND PROGRAMMING NECESSARY FOR THE TRACKING AND REPORTING REQUIREMENTS.

THE SUBCOMMITTEE ALSO REVIEWED ALL REMAINING BUDGETS FOR THE DEPARTMENT (201-4742 MANAGEMENT SERVICES; 201-4731 VERIFICATION OF INSURANCE; 201-4711 RECORDS SEARCH; AND 201-4732 HEARINGS) AND RECOMMENDS THESE BUDGETS BE CLOSED AS RECOMMENDED BY THE GOVERNOR, WITH TECHNICAL ADJUSTMENTS.

Mr. Seale called attention to BA 101-4745 and the credit card fees. He said a substantial amount of money had been put into the budget for those fees, and there was a program being worked on by the Department of Taxation, the DMV, and the Treasurer's Office that would accept electronic payments. If that particular program was successful, it potentially would have a substantial impact on the credit card fees as the cost of an electronic payment was far less than the cost of a credit card payment.

Ms. McClain agreed and said that the Subcommittee had discussed that issue at great length, and the DMV was aware of the situation.

ASSEMBLYMAN SEALE MOVED TO APPROVE THE CLOSING REPORT FOR THE DEPARTMENT OF MOTOR VEHICLES.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

MOTION CARRIED. (Mr. Perkins and Mrs. Smith were not present for the vote.)

BUDGET CLOSED.

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Assemblywoman Sheila Leslie, District 27, Chairwoman of the Joint Subcommittee on K-12/Human Resources, read the following closing report for the Committee's consideration:

THE JOINT SUBCOMMITTEE FOR K-12, HUMAN RESOURCES DEVELOPED RECOMMENDATIONS FOR THE BUDGETS WITHIN THE DIVISION OF MENTAL HEALTH AND DEVELOPMENTAL SERVICES (MHDS), INCLUDING MHDS ADMINISTRATION, NORTHERN NEVADA ADULT MENTAL HEALTH SERVICES (NNAMHS), LAKE'S CROSSING FACILITY FOR THE MENTAL OFFENDER, RURAL CLINICS, SOUTHERN NEVADA ADULT MENTAL HEALTH SERVICES (SNAMHS), SOUTHERN NEVADA FOOD SERVICES, SIERRA REGIONAL CENTER (SRC), DESERT REGIONAL CENTER (DRC), FAMILY PRESERVATION PROGRAM, RURAL REGIONAL CENTER (RRC), AND MENTAL HEALTH INFORMATION SYSTEMS.

THE SUBCOMMITTEE'S RECOMMENDATIONS FOR THE DIVISION OF MENTAL HEALTH AND DEVELOPMENTAL SERVICES RESULT IN GENERAL FUND INCREASES OF \$1.07 MILLION IN FY 2005-06

AND \$3.88 MILLION IN FY 2006-07. A SUMMARY IS ATTACHED TO THE CLOSING PACKET.

DIVISION-WIDE ISSUES

THERE ARE FOUR DECISION MODULES THAT AFFECT SEVERAL ACCOUNTS WITHIN THE DIVISION:

THE SUBCOMMITTEE APPROVED A VARIETY OF DEFERRED MAINTENANCE PROJECTS TO THE NNAMHS, SNAMHS, LAKE'S CROSSING AND DRC CAMPUS FACILITIES. THE SUBCOMMITTEE REDUCED THE GOVERNOR'S RECOMMENDED FUNDING BY \$549,528, WHICH ELIMINATES A NUMBER OF PROJECTS ASSOCIATED WITH BUILDINGS TO BE SECURED AT NNAMHS DUE TO ADJUSTMENTS FOR INCORRECT PROJECT ESTIMATES OR PROJECTS BEING DEEMED UNNECESSARY.

THE SUBCOMMITTEE CONCURRED WITH THE GOVERNOR'S RECOMMENDATION TO FUND A THREE-PERCENT RATE INCREASE IN FY 2005-06 AND AN ADDITIONAL FIVE-PERCENT INCREASE IN FY 2006-07 TO SUPPORTED LIVING ARRANGEMENT AND COMMUNITY TRAINING CENTER SERVICE PROVIDERS. THIS INCREASE IS IN ADDITION TO THE RATE INCREASES OF SEVEN PERCENT IN FY 2003-04 AND EIGHT PERCENT IN FY 2004-05 DERIVED FROM THE STRATEGIC PLAN THAT WAS DEVELOPED IN RESPONSE TO ASSEMBLY BILL 513 AS APPROVED BY THE 2001 LEGISLATURE.

THE SUBCOMMITTEE APPROVED FISCAL STAFF'S RECOMMENDATION TO ADJUST THE FEDERAL MEDICAL ASSISTANCE PERCENTAGE (FMAP) IN FY 2006-07 AS PROJECTED BY THE FEDERAL FUNDS INFORMATION FOR STATES (FFIS). THE FFIS PROJECTION DECREASES THE AMOUNT OF MEDICAID TITLE XIX FUNDS AVAILABLE TO THE DIVISION BY APPROXIMATELY \$700,000 WITH A CORRESPONDING INCREASE IN GENERAL FUND APPROPRIATIONS.

THE SUBCOMMITTEE CONCURRED WITH THE GOVERNOR'S RECOMMENDATION TO FUND A TWO-GRADE SALARY INCREASE FOR THE DIVISION'S NURSING STAFF IN ORDER TO REDUCE THE COMPENSATION GAP BETWEEN PUBLIC- AND PRIVATE-SECTOR NURSES.

MENTAL HEALTH AGENCIES - COMMON ISSUES

THE SUBCOMMITTEE TOOK ACTION ON TWO ISSUES THAT AFFECT THE DIVISION'S MENTAL HEALTH AGENCIES:

THE SUBCOMMITTEE APPROVED INFLATION INCREASES FOR MEDICATIONS OF 11.4 PERCENT IN FY 2004-05, 11.6 PERCENT IN FY 2005-06 AND 10.7 PERCENT IN FY 2006-07, BASED UPON UPDATED INFORMATION PROVIDED BY THE CENTER FOR MEDICARE AND MEDICAID SERVICES (CMS). THESE REVISED RATES GENERATED GENERAL FUND SAVINGS OF \$304,865 IN FY 2005-06 AND \$564,482 IN FY 2006-07.

THE SUBCOMMITTEE CONCURRED WITH THE GOVERNOR'S RECOMMENDATION TO SUPPORT CASELOAD INCREASES IN THE MEDICATION CLINICS, RESIDENTIAL PLACEMENTS, OUTPATIENT COUNSELING SERVICES, PSYCHIATRIC

AMBULATORY SERVICES, SERVICE COORDINATION AND PSYCHOSOCIAL REHABILITATION SERVICES. THE INCREASE IN CASELOAD SERVICES RESULTS IN AN ADDITIONAL 159 FTE POSITIONS STATEWIDE AND WILL SIGNIFICANTLY INCREASE SERVICES FOR MEDICATION CLINICS AND RESIDENTIAL PLACEMENTS, ESPECIALLY IN SOUTHERN NEVADA.

MHDS ADMINISTRATION (101-3168) MHDS-1: THE SUBCOMMITTEE ADDED GENERAL FUND APPROPRIATIONS OF \$180,048 IN FY 2005-06 AND \$250,574 IN FY 2006-07 TO SUPPORT FOUR FTE RESIDENTS IN ESTABLISHING A PSYCHIATRIC RESIDENCY PROGRAM IN SOUTHERN NEVADA. THE GOVERNOR'S BASE BUDGET CONTINUES THE RESIDENCY PROGRAM IN NORTHERN NEVADA.

NORTHERN NEVADA ADULT MENTAL HEALTH SERVICES (101-3162) MHDS-8: THE SUBCOMMITTEE VOTED TO APPROVE BUDGET OFFICE AMENDMENT #34 THAT ADDS TWO FULL-TIME PSYCHIATRIC CASEWORKER POSITIONS AND A 0.51 FTE ADMINISTRATIVE ASSISTANT IN SUPPORT OF THE WASHOE COUNTY MENTAL HEALTH COURT. THE AMENDMENT ELIMINATES THE CURRENT CONTRACT WITH PROJECT RESTART, WHICH PROVIDES CASE MANAGEMENT AND INDEPENDENT LIVING SKILLS TRAINING TO INDIVIDUALS ASSIGNED TO THE MENTAL HEALTH COURT. THE SUBCOMMITTEE NOTED DURING THE BUDGET CLOSING ITS DESIRE TO PLACE A HIGH PRIORITY ON FUNDING MENTAL HEALTH COURT PROGRAMS IN CLARK COUNTY (GENERAL FUND IMPACT - \$737,093 IN FY 2005-06 AND \$1,210,757 IN FY 2006-07) AND CARSON CITY (GENERAL FUND IMPACT - \$100,000 EACH YEAR), AND FOR EXPANSION OF THE EXISTING PROGRAM IN WASHOE COUNTY (GENERAL FUND IMPACT - \$382,643 IN FY 2005-06 AND \$816,236 IN FY 2006-07).

THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO ELIMINATE A VACANT HEALTH SERVICE COORDINATOR POSITION AND UTILIZE THE FUNDING TO ADD TWO NEW CONSUMER SERVICES ASSISTANTS. THE NEW POSITIONS ARE USUALLY FILLED BY FORMER CLIENTS WHO ASSIST INDIVIDUALS IN ACCESSING SERVICES AND ENHANCE THE AGENCY'S DROP-IN CENTER/CLUBHOUSE PROGRAM.

LAKE'S CROSSING FACILITY FOR THE MENTAL OFFENDER (101-3645) MHDS- 21: THE SUBCOMMITTEE VOTED TO APPROVE A TWO-GRADE SALARY INCREASE FOR THE AGENCY'S FIVE CORRECTIONAL OFFICER POSITIONS AND 38 FORENSIC SPECIALIST POSITIONS THAT WERE NOT INCLUDED IN THE EXECUTIVE BUDGET AT A GENERAL FUND COST OF \$204,750 IN FY 2005-06 AND \$212,333 IN FY 2006-07. THE INCREASE FOR CORRECTIONAL OFFICERS IS CONSISTENT WITH THOSE RECOMMENDED FOR THE DEPARTMENT OF CORRECTIONS, WHILE THE INCREASE FOR THE FORENSIC SPECIALISTS IS INTENDED TO KEEP PACE WITH THE CORRECTIONAL OFFICERS FOR SIMILAR DUTIES PERFORMED.

RURAL CLINICS (101-3648) MHDS-28: THE SUBCOMMITTEE CONCURRED WITH THE GOVERNOR'S RECOMMENDATION TO ESTABLISH A NEW CLINIC IN LAUGHLIN, NEVADA, INCLUDING 7.51 NEW FTE POSITIONS AND ASSOCIATED STAFFING COSTS. THE OFFICE SPACE AND JANITORIAL SERVICES WILL BE PROVIDED BY CLARK COUNTY AND THE CITY OF LAUGHLIN AT

NO CHARGE IN THE FY 2005-07 BIENNIUM. HOWEVER, THE SUBCOMMITTEE NOTED FUTURE BIENNIAL BUDGET REQUESTS WILL INCLUDE OFFICE RENT EXPENDITURES, CURRENTLY ESTIMATED AT \$43,000 PER YEAR.

THE SUBCOMMITTEE APPROVED FULL FUNDING SUPPORT THAT INCLUDES 22.51 FTE POSITIONS TO REDUCE STAFFING RATIOS FOR OUTPATIENT COUNSELING SERVICES (FROM 75:1 TO 30:1) AND SERVICE COORDINATION (FROM 35:1 TO 12:1) FOR YOUTH AND ADOLESCENTS WHO ARE SEVERELY EMOTIONALLY DISTURBED (SED). THE AGENCY IDENTIFIED A CURRENT CASELOAD OF 616 SED YOUTH/ADOLESCENTS, WITH AN ADDITIONAL 31 SED YOUTH/ADOLESCENTS ON WAITING LISTS FOR SERVICES. THE GOVERNOR'S RECOMMENDATION CALLED FOR 23.01 FTE POSITIONS THIS BIENNIUM, WITH AN ADDITIONAL 21.42 FTE POSITIONS RECOMMENDED IN THE 2007-09 BIENNIUM IN ORDER TO "PHASE-IN" THE REDUCTION IN STAFFING RATIOS OVER TWO BIENNIA. HOWEVER, DUE TO CALCULATION ERRORS NOTED IN DEVELOPING THE GOVERNOR'S RECOMMENDED STAFFING PROPOSAL, THE SUBCOMMITTEE WAS ABLE TO FULLY FUND THE REDUCED STAFFING RATIOS IN THE 2005-07 BIENNIUM WITH ADDITIONAL GENERAL FUND APPROPRIATIONS OF \$26,693 IN FY 2005-06 AND \$36,771 IN FY 2006-07.

THE SUBCOMMITTEE DID NOT APPROVE THE GOVERNOR'S RECOMMENDATION TO ELIMINATE \$79,200 EACH YEAR IN CONTRACT PSYCHIATRIST TRAVEL COSTS THAT WAS INITIALLY ANTICIPATED TO OCCUR AS A RESULT OF THE TELE-MENTAL HEALTH VIDEOCONFERENCING SYSTEM RECOMMENDED IN THE INFORMATION TECHNOLOGY PROJECTS ACCOUNT. DURING THE BUDGET HEARING AND WORK SESSION, THE DIVISION STATED THAT THE REDUCTION IN PSYCHIATRIST TRAVEL TIME WAS OVERESTIMATED, AS THE VIDEOCONFERENCING SYSTEM, IF APPROVED, WOULD NEED TO BE PHASED-IN OVER THE BIENNIUM, AND WAS INTENDED AS AN ENHANCEMENT TO EXISTING SERVICES FOR CLIENTS IN RURAL NEVADA.

SOUTHERN NEVADA ADULT MENTAL HEALTH SERVICES (101-3161) MHDS-41: IN ADDITION TO THE CASELOAD INCREASES NOTED EARLIER, THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO INCREASE ACUTE INPATIENT CAPACITY FROM 131 BEDS TO 217 BEDS, INCLUDING 256.33 NEW FTE POSITIONS. A TOTAL OF 150 BEDS (30 PSYCHIATRIC OBSERVATION UNIT BEDS AND 120 INPATIENT BEDS) ARE LOCATED IN THE NEW HOSPITAL CURRENTLY UNDER CONSTRUCTION AND ANTICIPATED TO OPEN MAY 2006; 28 BEDS ARE LOCATED IN BUILDING 1300 ON THE DRC CAMPUS ADJACENT TO THE CURRENT INPATIENT FACILITY; AND 39 BEDS ARE TO CONTINUE IN THE EXISTING INPATIENT FACILITY UNTIL THE SCHEDULED DECEMBER 2006 COMPLETION OF THE FINAL 4TH "POD" OF THE NEW HOSPITAL. THE SUBCOMMITTEE REDUCED THE GOVERNOR'S RECOMMENDED FUNDING BY \$263,396 IN THE 2005-07 BIENNIUM AS A RESULT OF ADJUSTMENTS ELIMINATING DUPLICATE CUSTODIAL/MAINTENANCE POSITIONS, MAINTENANCE AND UTILITY COSTS, AND REDUCING UTILITY INFLATION RATES FOR THE NEW FACILITY.

THE SUBCOMMITTEE VOTED TO APPROVE A NEW UNCLASSIFIED MEDICAL DIRECTOR POSITION THAT WAS NOT INCLUDED IN THE EXECUTIVE BUDGET. THE NEW POSITION WILL BEGIN AT THE TIME THE NEW HOSPITAL IS SCHEDULED TO OPEN AND IS INTENDED TO RELIEVE THE CURRENT STATEWIDE MEDICAL DIRECTOR OF THE DUAL DUTIES CURRENTLY PERFORMED FOR BOTH POSITIONS.

DEVELOPMENTAL SERVICES AGENCIES – COMMON ISSUES

THE SUBCOMMITTEE ADDRESSED FIVE ISSUES THAT ARE COMMON TO THE DIVISION'S DEVELOPMENTAL SERVICES AGENCIES:

THE SUBCOMMITTEE VOTED TO APPROVE ADDITIONAL CASELOAD INCREASES BASED UPON REVISED PROJECTIONS PROVIDED BY THE DIVISION. THE SERVICE COORDINATION CASELOAD INCREASES FROM 282 CLIENTS, AS RECOMMENDED BY THE GOVERNOR, TO 604 CLIENTS AS APPROVED BY THE SUBCOMMITTEE. ADDITIONAL GENERAL FUND APPROPRIATIONS TOTALING \$5.2 MILLION IN THE 2005-07 BIENNIUM SUPPORT THE ADDITIONAL CASELOAD AS REVISED.

THE SUBCOMMITTEE APPROVED TWO NEW FULL-TIME QUALITY ASSURANCE POSITIONS INSTEAD OF THE FOUR POSITIONS RECOMMENDED BY THE GOVERNOR. THE POSITIONS WILL CONDUCT ANNUAL REVIEWS FOR EACH PERSON RECEIVING WAIVER SERVICES TO ENSURE NO INCIDENTS OF CLIENT NEGLECT OR ABUSE HAVE OCCURRED, AS DIRECTED BY THE CENTER FOR MEDICARE AND MEDICAID SERVICES AND THE DIVISION OF HEALTH CARE FINANCE AND POLICY.

THE SUBCOMMITTEE AGREED WITH THE GOVERNOR'S RECOMMENDATION TO ELIMINATE 10 INTERMEDIATE CARE FACILITY/MENTAL RETARDATION (ICF/MR) BEDS AT SRC AND 6 BEDS AT DRC, WITH FUNDING PROVIDED TO SUPPORT 16 ADDITIONAL COMMUNITY RESIDENTIAL PLACEMENTS. THE ICF/MR BED REDUCTIONS CONTINUE THE DIVISION'S EFFORTS AT COMPLYING WITH THE SUPREME COURT'S OLMSTEAD DECISION, WHICH PROVIDES FOR THE PLACEMENT OF INDIVIDUALS IN LESS-RESTRICTIVE COMMUNITY SETTINGS. THIS ACTION WILL LEAVE SRC STAFFED FOR 30 BEDS AND DRC STAFFED FOR 54 BEDS IN THE 2005-07 BIENNIUM.

THE SUBCOMMITTEE ALSO AGREED WITH THE GOVERNOR'S RECOMMENDATION TO TRANSITION 60 INDIVIDUALS CURRENTLY RESIDING IN PRIVATELY-OWNED INSTITUTIONAL CARE FACILITIES WITH FUNDING SUPPORT PROVIDED THROUGH THE MEDICAID BUDGET TO COMMUNITY RESIDENTIAL PLACEMENTS SUPPORTED BY THE THREE REGIONAL CENTER BUDGETS. SIMILAR TO THE STATE-OWNED ICF/MR BEDS, THIS ACTION CONTINUES THE DIVISION'S EFFORTS TO COMPLY WITH THE OLMSTEAD DECISION.

THE SUBCOMMITTEE RECEIVED TESTIMONY DURING THE DIVISION'S BUDGET HEARING REGARDING THE PROVISION OF SERVICES FOR INDIVIDUALS AND FAMILIES OF INDIVIDUALS WITH AUTISM. THE DIVISION SUBMITTED AN ITEM FOR SPECIAL CONSIDERATION REQUESTING GENERAL FUND APPROPRIATIONS OF \$1.0 MILLION IN FY 2005-06 AND \$3.5 MILLION IN FY 2006-07, INCLUDING 3.76 NEW FTE

POSITIONS, TO PROVIDE SERVICE COORDINATION FOR SELF-DIRECTED SERVICES AND INTENSIVE EARLY INTERVENTION SERVICES. ADDITIONAL MEDICAID FUNDS OF \$67,954 IN FY 2005-06 AND \$1.3 MILLION IN FY 2006-07 WERE ALSO REQUESTED. THE GOVERNOR DID NOT RECOMMEND THIS FUNDING IN THE EXECUTIVE BUDGET. THE SUBCOMMITTEE NOTED DURING THE BUDGET CLOSING ITS DESIRE TO PLACE A HIGH PRIORITY ON FUNDING AUTISM SERVICES SUGGESTED BY THE DIVISION, SHOULD ADDITIONAL FUNDING BE AVAILABLE.

SIERRA REGIONAL CENTER (101-3280) MHDS-62; DESERT REGIONAL CENTER (101-3279) MHDS-72; RURAL REGIONAL CENTER (101-3167) MHDS-86: THE SUBCOMMITTEE CLOSED THE REMAINDER OF THE THREE REGIONAL CENTER BUDGETS AS RECOMMENDED BY THE GOVERNOR, WITH MINOR OR TECHNICAL ADJUSTMENTS.

FAMILY PRESERVATION PROGRAM (101-3166) MHDS-82: THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO SERVE AN ADDITIONAL 30 FAMILIES IN THE FPP DURING THE 2005-07 BIENNIUM. A TOTAL OF 466 FAMILIES ARE PROJECTED TO BE SERVED. THE SUBCOMMITTEE ALSO APPROVED THE GOVERNOR'S RECOMMENDATION TO INCREASE THE MONTHLY PAYMENT TO \$350 PER FAMILY FOR 466 FAMILIES, INCLUDING THE 112 FAMILIES CURRENTLY FUNDED WITH TANF, WITH THE UNDERSTANDING THE MONTHLY PAYMENT WILL BE CAPPED AT THAT AMOUNT. SHOULD THE ACTUAL NUMBER OF FAMILIES SERVED EXCEED THE BUDGETED 466, THE DIVISION WOULD APPROACH IFC FOR AN ALLOCATION FROM THE CONTINGENCY FUND.

MENTAL HEALTH INFORMATION SYSTEM (101-3164) MHDS-95: THE SUBCOMMITTEE APPROVED TWO NEW FULL-TIME AGENCY PROGRAM INFORMATION SPECIALIST POSITIONS, BUT NOT THE 0.51 FTE ADMINISTRATIVE ASSISTANT, AS RECOMMENDED BY THE GOVERNOR. ONE OF THE NEW POSITIONS WILL BE LOCATED AT NNAMHS, WITH THE OTHER POSITION LOCATED AT SNAMHS, AND THEY WILL PROVIDE ON-SITE SUPPORT FOR THE NEW STATEWIDE CLIENT INFORMATION AND BILLING SYSTEM (AVATAR). PHASE III OF AVATAR WILL INCORPORATE THE REMAINDER OF THE CLINICIAN WORKSTATION MODULE AND ADD THE PRESCRIPTION ORDER ENTRY MODULE. TEMPORARY EMPLOYMENT SERVICES TOTALING \$34,135 EACH YEAR IN SUPPORT OF PHASE III WERE ELIMINATED. THE SUBCOMMITTEE ALSO APPROVED THE GOVERNOR'S RECOMMENDATION TO FUND A GAP-ANALYSIS STUDY BETWEEN THE DIVISION'S VARIOUS DEVELOPMENTAL SERVICES INFORMATION SYSTEMS AND THE AVATAR SUITE OF PRODUCTS.

Ms. Leslie disclosed that she worked for the Washoe County District Court in the Mental Health Court program, but none of the funds were related to her position.

Ms. Leslie remarked that one of the most emotional hearings all session involved the issue of autism, and she said there were only 60 families who received services for their autistic children. If an autistic child did not receive services within the first three years, his development was severely hindered.

Mrs. Smith added that she had been present at that hearing and had been affected by the testimony from a mother of an autistic child who had not received services. She said she was glad that it was on a priority list.

Mr. Denis expressed appreciation for the choices made in the budget.

ASSEMBLYMAN DENIS MOVED TO APPROVE THE CLOSING
REPORT FOR THE DIVISION OF MENTAL HEALTH AND
DEVELOPMENTAL SERVICES.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

Mr. Seale noted that 318 positions were being added in the budget, all indications were that the positions were needed, but he wondered if the additions were being driven by caseload.

Ms. Leslie said the budget was more complicated than the DCFS budget. She said that caseload was a significant factor and there was also a new hospital being opened in Las Vegas. She pointed out that in the past many individuals had not been treated and ended up in the juvenile justice system and in emergency rooms, but the additional positions were necessary to treat those severely mentally ill people who needed to be treated. Mr. Seale agreed and commended Ms. Leslie and the subcommittee for their hard work.

Ms. Weber said she agreed that there was a great need, but she was concerned that it would be difficult to find the best people for the positions considering the amount of new positions that would need to be filled. She said it would be difficult to find psychiatrists and psychiatric nurses to fill those slots and hoped that the Division was working on a hiring plan.

Ms. Leslie agreed that it would be a challenge, and she said that the agency was well aware of the challenge. She agreed that it would be difficult to find the nurses, and the subcommittee had tried to deal with the salary issue throughout the state to make it somewhat easier to hire nurses. She assured the Committee that the IFC would monitor the process closely and could make adjustments as needed.

MOTION CARRIED. (Mr. Perkins was not present for the vote.)

BUDGET CLOSED.

The meeting was recessed at 10:08 a.m. and called back to order at 10:24 a.m.

Chairman Arberry indicated that the Committee would discuss the Public Employees' Benefits Program (PEBP).

**PUBLIC EMPLOYEES' BENEFITS PROGRAM (625-1338)—BUDGET PAGE
PEBP-1**

Michael D. Hillerby, Chief of Staff, Office of the Governor, addressed the Committee and distributed [Exhibit E](#). Mr. Hillerby remarked that a great deal of attention had been paid to the PEBP during the session. He indicated that he would be discussing what the proposal ([Exhibit E](#)) was and what actions the Senate Committee on Finance had taken with respect to closing the budget.

Mr. Hillerby said there was a tremendous amount of concern for a specific group of people covered in the PEBP with the new rate structure: the Medicare retirees. With the concept of commingling, a group was brought in and the risk was spread among a larger pool. In the case of the Medicare retirees who had been commingled with the larger pool in 2001 to spread the actuarial risk of an older and less healthy population among a larger, younger, and healthier population, he noted that in looking at that situation, a decision had been made during the current session that there should be a trade-off: the Medicare retirees brought the risk, and they also should bring the Medicare money into the pool as well. That decision had caused consternation and there had been a fairly significant rate increase for three particular tiers within the Medicare retiree group. Many of the organizations had requested that the Legislature do something to remedy the situation.

Mr. Hillerby said that in an effort to do something for that group, the Joint Subcommittee on General Government had made a recommendation that pulled the Medicare retirees out of the PEBP system so they were no longer commingled because, at the moment, the retirees could get a lower rate by being in their own group. The other recommendation was related to rebating some of the surplus to employees. The net effect of those recommendations was that there would be \$15 million in additional expense and a rate increase for everybody in the plan. He reminded the Committee that all state employees received a substantial use of the surplus because the rates decreased considerably, but it was a "one-time deal." The state continued to pay its portion, so state employees had enjoyed the use of that surplus throughout the current year.

Mr. Hillerby explained that when the total cost of the plan and the impact on rates had been determined, there had been a realization that the recommendations were not necessarily the best way to handle the situation. He directed the Committee to [Exhibit E](#), which outlined the effects of the reverse commingling, or the "uncommingling," of the Medicare retirees, as well as other options. In addition to the \$7.5 million expense, there would have been a rate increase to active participants and non-Medicare retirees.

Mr. Hillerby pointed out that, out of the entire plan, there were approximately 3,000 Medicare retirees, and approximately 680 of those were in the group that would be hit the hardest, the Medicare retiree and spouse category. The other option was to leave commingling and provide additional subsidy to the hardest hit groups, the effects of which were also shown in [Exhibit E](#).

Mr. Hillerby said he was providing that option to the Committee, which was the option that the Senate Committee on Finance had chosen. That particular option would leave the existing rate structure the way it was for everybody else in the group, so there would not be a rate increase, while at the same time directly subsidizing the three hardest hit tiers within the Medicare retiree group—Medicare retiree and spouse, Medicare surviving spouse, and retiree and spouse, one with Medicare and one without. The cost of that option would be \$4.85 million. The Medicare retiree group would remain in the PEBP.

Mr. Hillerby indicated that there were concerns as to the long-term consequences of uncommingling without more information. He pointed out that with only 3,000 people, a bad year could cause the rates to "skyrocket" because there would be nowhere to spread the risk, and then that group would be turning to the state for help.

Mr. Hillerby said that it would be best to study the situation during the interim to determine the best way to handle the Medicare retirees, whether that was pulling them out of the plan or developing or buying an existing plan that would acknowledge Medicare as the primary insurance and provide a less expensive plan that “wraps around” Medicare. He noted that the Medicare prescription drug benefit taking effect in 2006 was another factor.

Mr. Hillerby remarked that there were many questions to study, such as whether or not the PEBP could find a way to acknowledge the lower expense for those claims that Medicare was paying to the state. He said the Governor’s Office was committed to studying the situation to find a long-term solution. However, the short-term solution appeared to be spending \$4.85 million to directly subsidize that Medicare retiree group to keep their rates in 2006 the same as they would have been if they had pulled themselves out of the plan. In 2007, the state funding would keep them halfway between where they would have been if they had pulled themselves out of the plan and the rate structure that had originally been proposed, which meant that half the subsidy would be provided in the second year of the biennium. The cost would be \$3.08 million in FY2006 and \$1.77 million in FY2007.

Mr. Hillerby continued and directed the Committee’s attention to the third page of [Exhibit E](#), which contained a chart that displayed rates. Those were the total net participant share for the different plans. Fiscal years 2004, 2005, and 2006 had all been included to show what had happened in FY2005, which was the current plan year. The rates had decreased substantially in order to “burn off” that surplus, but then the rates had increased. The problem with the temporary decrease was that it gave people the false impression that it was the new cost of insurance, but it was a one-time burn off of surplus. It also brought up the issue that the benefits and the rates were constantly changing. He pointed out that those fluctuations were part of the political process because there was always an outlying group.

Mr. Hillerby pointed out that the chart showed those three years of rates for state active, active and spouse, early retiree and spouse, Medicare retiree and spouse, so the Committee could see what the rates had been. He reminded the Committee that the out-of-pocket total participant share for the Medicare retiree and spouse would be \$391.28 in FY2006. That was the base rate. Half of those retirees had retired after 1994 with more than 20 years of service, which meant they received an additional subsidy of \$120 a month, so the real cost for that portion of the group was \$270 and the state paid an additional \$800 subsidy.

Mr. Hillerby noted that, despite the fact that it was not an inconsequential amount for those individuals at \$391 net for the base rate with half of them only paying \$270, the state was paying an additional \$800 a month for their health insurance. He opined that it was a good plan with a good benefit, and the proposal in [Exhibit E](#) did the least long-term damage and gave the state time to find a solution for the Medicare retiree situation. He said that the proposal would address the needs of the group that would be most affected as the state moved forward with its commitment to study the situation during the interim and find the best way to handle that group.

Mr. Hillerby summarized that the option in [Exhibit E](#) would cost \$4.85 million, would keep the rates for the Medicare retirees where they would have been in FY2006 with the uncommingling and halfway between the state’s rate and the uncommingled rate in FY2007, would not affect the rates of the others in the PEBP, and would be a savings to the state.

Mr. Marvel asked how long the state would provide the \$800 subsidy. Mr. Hillerby explained that the \$800 subsidy would essentially "go on forever." The amount varied every year depending on the cost of the plan and how the subsidy was applied, but there was a base subsidy approved every legislative session for active employees and retirees. The subsidy changed depending on the various tiers, and then the PEBP Board applied the subsidy. The base subsidy was an average based on 15 years of service, over 77 percent of participants in the system had at least 15 years of service or more, and 55 percent had a full 20 years or more, which meant they received an additional 137.5 percent of the base subsidy going forward for the retirees.

Mr. Marvel asked if the pool was increasing in size. Mr. Hillerby said the pool was continuing to grow as more state employees retired. The Medicare group would continue to get larger as well, which might have an impact in the future. If the pool became big enough to be self-sufficient, those Medicare retirees could be uncommingled. He noted that there also might be a different type of plan that was less expensive and acknowledged Medicare as the primary payor.

Mr. Seale summarized that the plan was to leave the plan commingled as it had been, to subsidize the Medicare retirees, and then the Medicare retirees would be where they would have been had they been uncommingled. During the interim, different solutions would be examined, including the possibility of outsourcing or finding a private set of policies for the Medicare retiree group. He asked if there was such a product currently in existence.

Mr. Hillerby clarified that the plan would remain commingled and in FY2006 the rate would remain within \$2 of what it would have been had they uncommingled. However, in FY2007, the state would subsidize to put the rate halfway between the PEBP rate and the uncommingled rate. He pointed out that there might be insurance products that the PEBP could buy on behalf of the Medicare retirees or the PEBP might even be interested in developing a product. Either way, those options would be studied during the interim as to their possible legal and actuarial effects. A new solution that was long-term and was a "wraparound" for the primary Medicare insurance could be found through the study.

Mr. Seale commented that it was uncertain whether there was such a plan. Mr. Hillerby conceded that there were many unknowns, but there were supplemental plans and one of those might be sufficient.

P. Forrest Thorne, Executive Officer, Public Employees' Benefits Program (PEBP), addressed Mr. Seale's comment. Mr. Thorne explained that there were a number of Medicare supplement plans that provided a variety of additional fringe benefits around the core Medicare benefits. The plans, however, did not generally provide catastrophic protection, which was of great concern. Catastrophic protection was the most costly piece of the "wraparound," which made the PEBP rates as high as they were.

Assemblywoman McClain added that when the Joint Subcommittee on General Government heard the plan to uncommingle, the cost was \$3.7 million to backfill the rates of the other groups. There had never been any discussion about raising the rates for those other groups. She emphasized that uncommingling the Medicare retirees would not have raised the rates of the other groups. The cost was \$3.3 million to subsidize the Medicare retirees so the total cost would be \$7 million per year. The rebate was a different issue and was unrelated to the Medicare retiree situation. The \$15 million cost that

had been referred to included the rebate and the subsidy. She urged the Committee to keep the issues separate because it would not cost \$15 million to take care of the Medicare retirees.

Ms. McClain indicated that she would acquiesce to the Committee's decision on the option presented in [Exhibit E](#) because it was similar to what the Subcommittee had attempted to do. However, she stressed that the problem was the way the rates were calculated for those who had another primary insurance, such as Medicare. She asserted that the Medicare retirees could not be a bigger risk than someone who did not have Medicare because a non-Medicare person was utilizing the state insurance to a greater extent. Uncommingling might raise the rates on non-Medicare people just because Medicare people were subsidizing the other group.

Ms. Giunchigliani agreed that the primary insurance issue was a problem, and regardless of the way the PEBP budget was closed, there was an ongoing interim study and perhaps the primary insurance and wraparound issues could be added to the study. She opined that all members of the Public Employees' Retirement System (PERS) should also be part of the PEBP, making the pool even larger. She said she would be willing to work with the Governor's Office on that part of the study.

Mr. Hillerby said the Governor's Office was committed to studying those issues and finding solutions. He agreed that one of the options that should be studied was the larger plan and what benefits it might have for those who were covered and for the state as far as paying the subsidy. He agreed that Ms. McClain was correct; the rebate and the Medicare retiree issues were separate.

Mr. Hillerby emphasized that the PEBP needed to find a way to acknowledge that Medicare was the primary payor. He added that it was important to examine the long-term consequences before uncommingling the Medicare retiree group.

Chairman Arberry indicated that he would accept a motion to reopen the PEBP budget in order to align the budget closing with the actions taken by the Senate Committee on Finance.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO REOPEN THE
PEBP BUDGET.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

MOTION CARRIED. (Mrs. Smith was not present for the vote.)

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Chairman Arberry said he would accept a motion to close the PEBP budget as outlined by Mr. Hillerby, which would be in alignment with the actions taken in the Senate.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO CLOSE THE PEBP
BUDGET AS DISCUSSED.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

MOTION CARRIED. (Mrs. Smith was not present for the vote.)

BUDGET CLOSED.

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Chairman Arberry indicated that the Committee would consider bills.

Assembly Bill 103: Makes appropriation to Department of Administration for allocation to Nevada Rural Hospital Partners for establishment of pool for loans and grants for rural health care providers. (BDR S-1216)

Mr. Stevens explained that A.B. 103 was a one-shot appropriation included in The Executive Budget. The bill would allocate a total of \$1 million to Nevada Rural Hospital Partners. When the bill had been presented, the representatives from the agency had testified that the intent was to establish a loan program rather than a grant program. Line 4 of A.B. 103 included grants, so if the Committee wished to process the bill and agreed that it should be a loan program, the word grant would be amended out of line 4.

Mr. Stevens noted that Robin Keith, Nevada Rural Hospital Partners Foundation, who had testified on A.B. 103, had suggested that a new subsection defining the term "rural" be added. The suggestion would be to define "rural" as those counties with a population of 100,000 or less, or portions of other counties designated as rural by the Nevada Office of Rural Health.

Mr. Stevens pointed out that if the Committee chose to establish the program as a revolving loan program, the reversion language in Section 2 would need to be deleted.

Ms. Leslie opined that it was a good bill, and she thought all three amendments were appropriate, and the program would help to improve rural health care.

Mr. Seale agreed with Ms. Leslie and said a revolving loan program was an opportunity to spend the money in a way that was not costly to the state and could be leveraged with the state's credit rating. Similar programs had worked very nicely.

Mr. Denis asked if the agency would have to report as to how the funds were allocated. Mr. Stevens directed the Committee's attention to subsection 2(a) of Section 1 and said that a report to the Interim Finance Committee was required. He pointed out that the report would not be ongoing, although the Committee could indicate that further reporting would be required.

Mr. Denis asked if the money could be used for administrative costs. Mr. Stevens said the language in A.B. 103 did not specify that the funds could not be used for administrative costs; however, if that was a concern, language could be added stipulating that it could not be used for those costs.

Ms. Leslie recalled that during the hearing on the bill, the agency had been asked on the record whether any of the money would be used for administrative costs and the agency had said no.

Chairman Arberry asked if the Committee wished to place that language in the bill, and the members indicated that it was not necessary.

ASSEMBLYMAN HETTRICK MOVED AMEND AND DO PASS
A.B. 103.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

Ms. Gansert opined that the report should be ongoing since the program would be a revolving loan program.

Mr. Stevens said the language in the bill could be left as it was or the Committee could add a requirement that the agency had to report on even-numbered years to the Interim Finance Committee.

Chairman Arberry opined that the reporting requirement should be added to the bill. Mr. Hettrick pointed out that the IFC would ask for the report even without the language in the bill. Chairman Arberry agreed, but said it should be put in writing.

MOTION CARRIED UNANIMOUSLY.

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Assembly Bill 274 (1st Reprint): Makes various changes concerning sex offenders and offenders convicted of crimes against children. (BDR 14-706)

Chairman Arberry noted that the Committee's concern with the bill had been the cost, but the fiscal note had been removed.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED DO PASS AS
AMENDED A.B. 274.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

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Senate Bill 18 (1st Reprint): Revises provisions governing program that provides grants for water conservation and capital improvements to certain water systems. (BDR 30-707)

ASSEMBLYMAN SEALE MOVED DO PASS S.B. 18.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

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Senate Bill 71: Removes requirement for approval of salaries of executive staff of Public Employees' Benefits Program by Interim Retirement and Benefits Committee. (BDR 23-86)

ASSEMBLYMAN MARVEL MOVED DO PASS S.B. 71.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

MOTION CARRIED WITH MS. MCCLAIN VOTING NO.

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Senate Bill 113: Revises various provisions relating to Office of State Treasurer. (BDR 18-579)

ASSEMBLYMAN SEALE MOVED DO PASS S.B. 113.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

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Senate Bill 318 (1st Reprint): Provides funding for repair and maintenance of state park facilities and grounds. (BDR 35-467)

ASSEMBLYMAN PERKINS MOVED DO PASS S.B. 318.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

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Senate Bill 321: Requires Department of Taxation to administer exemption for sales to nonprofit organizations to include motor vehicles transferred to nonprofit organizations. (BDR 32-1253)

ASSEMBLYWOMAN LESLIE MOVED DO PASS S.B. 321.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

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Chairman Arberry informed the Committee that there were more subcommittee closing reports to consider.

Assemblywoman Sheila Leslie, District 27, Chairwoman of the Joint Subcommittee on K-12/Human Resources, read the following closing report for the Committee's consideration:

THE JOINT SUBCOMMITTEE REVIEWED 22 BUDGETS OF THE STATE HEALTH DIVISION. THE SUBCOMMITTEE RECOMMENDATIONS RESULT IN A REDUCTION OF GENERAL FUND IN THOSE ACCOUNTS IN THE AMOUNT OF \$609,991 FOR FY 2005-06 AND \$100,283 IN FY 2006-07. IT WILL BE NOTED LATER, AS THE EARLY INTERVENTION SERVICES ACCOUNT IS PRESENTED, THAT A PORTION OF THAT REDUCTION WILL BE ADDED BACK TO OTHER BUDGET ACCOUNTS OUTSIDE THE HEALTH DIVISION, SO THE NET GENERAL FUND CHANGE IS A SAVINGS OF \$371,443 IN FY 2005-06 AND AN INCREASE OF \$372,520 IN FY 2006-07. THE FOLLOWING HIGHLIGHTS THE MORE SIGNIFICANT CLOSING RECOMMENDATIONS OF THE SUBCOMMITTEE.

OFFICE OF HEALTH ADMINISTRATION (101-3223)

THE EXECUTIVE BUDGET RECOMMENDED NINE NEW POSITIONS IN THIS ACCOUNT TO ADDRESS THE GROWTH IN THE AGENCY, PRIMARILY RELATED TO THE INCREASE IN FEDERAL GRANT ACTIVITY. THE POSITIONS WERE RECOMMENDED TO BE FUNDED WITH INDIRECT COSTS ASSESSED ON FEDERAL GRANTS. RECENT COMPLICATIONS WITH THE INDIRECT COST METHODOLOGY RESULTED IN THE HEALTH DIVISION REQUESTING THAT FOUR OF THE POSITIONS BE DELAYED UNTIL THE SECOND YEAR OF THE UPCOMING BIENNIUM. THE SUBCOMMITTEE APPROVED THE MODIFIED REQUEST, SUBJECT TO THE AVAILABILITY OF INDIRECT COST REVENUE SUFFICIENT TO SUPPORT THE POSITIONS.

VITAL STATISTICS (101-3190)

THE EXECUTIVE BUDGET RECOMMENDS A NEW ADMINISTRATIVE SERVICES OFFICER TO PROVIDE FINANCIAL MANAGEMENT SUPPORT FOR THE BUREAU OF HEALTH PLANNING AND STATISTICS. IN REVIEWING THIS RECOMMENDATION, THE SUBCOMMITTEE DETERMINED THE BUREAU OF HEALTH PLANNING AND STATISTICS IS ONE OF THE SMALLEST BUREAUS WITHIN THE DIVISION, AND NO NEW PROGRAMS OR SIGNIFICANT EXPANSION OF EXISTING PROGRAMS IS RECOMMENDED. ALSO, THE 2003 LEGISLATURE APPROVED NEW FISCAL POSITIONS FOR THE OFFICE OF HEALTH ADMINISTRATION FOR SUPPORT OF THE ENTIRE DIVISION, AND TWO ADDITIONAL FISCAL POSITIONS ARE RECOMMENDED FOR THE UPCOMING BIENNIUM. BASED ON THESE FACTORS, THE SUBCOMMITTEE RECOMMENDS ELIMINATING THIS NEW POSITION, WHICH WILL PROVIDE FOR A GENERAL FUND SAVINGS OF APPROXIMATELY \$114,000 OVER THE 2005-07 BIENNIUM.

CONSUMER HEALTH PROTECTION (101-3194)

THE SUBCOMMITTEE RECOMMENDS APPROVING THE TRANSFER OF THE REMAINING PORTIONS OF THE SAFE DRINKING WATER PROGRAM AND RELATED COMPONENTS OF THE PUBLIC HEALTH ENGINEERING SECTION TO THE DIVISION OF ENVIRONMENTAL PROTECTION (DEP). THE TRANSFER INCLUDES 17.5 EXISTING POSITIONS AND COMPLETES THE TRANSITION TO DEP OF TOTAL RESPONSIBILITY FOR THE SAFE DRINKING WATER PROGRAM. SENATE BILL 395 FORMALIZES THE PROPOSED TRANSFER IN STATUTE.

THE SUBCOMMITTEE RECOMMENDS APPROVING A NEW ENVIRONMENTAL HEALTH SPECIALIST POSITION TO OVERSEE THE LAS VEGAS OFFICE AND TO PROVIDE SUPERVISORY SUPPORT FOR THE BRANCH OFFICES LOCATED IN ELY AND TONOPAH. THE HEALTH DIVISION PROVIDED TESTIMONY THAT ADMINISTRATIVE OVERSIGHT FOR THE SOUTHERN PART OF THE STATE IS CURRENTLY PROVIDED THROUGH THE CARSON CITY OFFICE. ACCORDING TO THE DIVISION, THE DISTANCE BETWEEN THESE OFFICES AND LACK OF CONSISTENT OVERSIGHT HAVE IMPACTED THE QUALITY AND TIMELINESS OF REGULATORY SERVICES PROVIDED. THE SUBCOMMITTEE CONCURS WITH THE DIVISION'S ASSESSMENT AND RECOMMENDS APPROVING THIS POSITION CONTINGENT ON THE HEALTH DIVISION ENSURING THE SALARY COSTS WILL BE SUPPORTED BY FEES AND NOT BECOME A GENERAL FUND OBLIGATION IN THE FUTURE.

SEXUALLY TRANSMITTED DISEASE (101-3215)

THE EXECUTIVE BUDGET RECOMMENDS MAINTAINING GENERAL FUND SUPPORT FOR THE AIDS DRUG ASSISTANCE PROGRAM (ADAP) AT APPROXIMATELY \$1.35 MILLION FOR EACH FISCAL YEAR OF THE 2005-07 BIENNIUM, THE SAME LEVEL AS FY 2004. THE STATE GENERAL FUND SUPPLEMENTS FEDERAL FUNDING FOR AIDS MEDICATIONS, INCLUDING PROTEASE INHIBITORS, THROUGH THE ADAP PROGRAM. DURING THE HEARING PROCESS THE HEALTH DIVISION PRESENTED INFORMATION WHICH INDICATES A WAITING LIST FOR THE ADAP PROGRAM IS LIKELY TO OCCUR SOMETIME DURING FY 2006 IF ADDITIONAL FUNDING IS NOT MADE AVAILABLE. THE SUBCOMMITTEE REVIEWED A NUMBER OF OPTIONS, INCLUDING THE GOVERNOR'S RECOMMENDATION TO MAINTAIN A STATUS QUO BUDGET. HOWEVER, THE SUBCOMMITTEE DID NOT CONSIDER ESTABLISHING A WAITING LIST FOR AIDS MEDICATIONS A VIABLE OPTION. TO ADDRESS THE CONCERN OF ESTABLISHING A WAITING LIST, THE SUBCOMMITTEE RECOMMENDS ADDITIONAL GENERAL FUND SUPPORT IN THE AMOUNT OF \$284,549 FOR FY 2006 AND \$461,332 FOR FY 2007, FOR A TOTAL OF \$746,332 OVER THE BIENNIUM. THE ADDITIONAL GENERAL FUND SUPPORT WILL SERVE AN ADDITIONAL 38 CLIENTS PER MONTH FOR FY 2006 AND AN ADDITIONAL 65 CLIENTS PER MONTH FOR FY 2007. THE SUBCOMMITTEE ALSO RECOMMENDS ADDING LANGUAGE TO THE GENERAL APPROPRIATIONS ACT TO ALLOW THE HEALTH DIVISION TO TRANSFER THE GENERAL FUND ALLOCATION FOR ADAP MEDICATIONS BETWEEN FISCAL YEARS, WITH THE APPROVAL OF THE INTERIM FINANCE COMMITTEE.

IMMUNIZATION PROGRAM (101-3213)

THE SUBCOMMITTEE RECOMMENDS APPROVING GENERAL FUNDS IN THE AMOUNT OF APPROXIMATELY \$1.5 MILLION FOR EACH FISCAL YEAR OF THE 2005-07 BIENNIUM AND TRANSFERS OF TITLE XXI FUNDS FROM THE NEVADA CHECK-UP PROGRAM IN THE AMOUNT OF APPROXIMATELY \$3 MILLION EACH FISCAL YEAR TO SUPPLEMENT DIRECT FEDERAL ASSISTANCE FOR THE PURCHASE OF VACCINES. THE USE OF TITLE XXI FUNDS IN THIS MANNER REDUCES THE NEED FOR GENERAL FUND SUPPORT FOR VACCINES TO IMMUNIZE THIS POPULATION OF CHILDREN AND COVERS VACCINE UTILIZATION FOR THE PROJECTED POPULATION INCREASES FOR THE 2005-07 BIENNIUM.

THE SUBCOMMITTEE RECOMMENDS APPROVING THE SAME LETTER OF INTENT HISTORICALLY ISSUED THAT REQUIRES THE HEALTH DIVISION APPROACH THE INTERIM FINANCE COMMITTEE ON ALL PROPOSED MODIFICATIONS TO THE CURRENT IMMUNIZATION PROGRAM PRIOR TO FORMAL IMPLEMENTATION. THE HEALTH DIVISION ANTICIPATES A NEW VACCINE, MENACTRA, WHICH PROTECTS AGAINST INVASIVE MENINGOCOCCAL DISEASE, WILL POSSIBLY BE INTRODUCED DURING THE INTERIM.

EARLY INTERVENTION SERVICES (101-3208)

THE ACCOUNT WAS FORMERLY KNOWN AS THE SPECIAL CHILDREN'S CLINICS. THE EXECUTIVE BUDGET RECOMMENDED, AND THE SUBCOMMITTEE APPROVED, ADDITIONAL GENERAL FUND SUPPORT IN THE AMOUNT OF

\$2.8 MILLION IN FY 2005-06 AND \$3.3 MILLION IN FY 2006-07 TO ADDRESS CASELOAD ISSUES AT THE CLINICS. THE HEALTH DIVISION ESTIMATES THAT THE INCREASED FUNDING WILL ENABLE THE CLINICS TO SERVE AN ADDITIONAL 360 CHILDREN AND REDUCE THE WAITING TIME FOR INITIAL APPOINTMENTS TO NEAR THE FEDERALLY REQUIRED 45-DAY LIMIT.

THE SUBCOMMITTEE ALSO APPROVED THE GOVERNOR'S RECOMMENDATION TO PROVIDE ADDITIONAL GENERAL FUND SUPPORT IN THE AMOUNT OF \$2 MILLION IN FY 2005-06 AND \$2.2 MILLION IN FY 2006-07 TO PROVIDE SERVICES TO YOUNGSTERS REFERRED THROUGH THE CHILD ABUSE AND PREVENTION TREATMENT ACT. THE FUNDING IS INTENDED TO PROVIDE SERVICES TO THE ESTIMATED 628 ADDITIONAL YOUNGSTERS EACH YEAR WHO WILL BE REFERRED TO THE CLINICS THROUGH THAT ACT. THE SUBCOMMITTEE REQUESTED THAT THE HEALTH DIVISION PROVIDE INFORMATION IN ITS QUARTERLY REPORTS TO IFC REGARDING THE REFERRALS UNDER THIS ACT.

THE GOVERNOR'S RECOMMENDATIONS ALSO INCLUDED GENERAL FUND SUPPORT IN THIS ACCOUNT TO ADDRESS DEFERRED MAINTENANCE ISSUES AT THE CLINICS AND TO PROVIDE THE MEDICAID "MATCH" FOR YOUNGSTERS WHO QUALIFY FOR MEDICAID. IN ORDER TO AVOID MAINTENANCE OF EFFORT COMPLICATIONS WITH THE ADDITIONAL GENERAL FUND SUPPORT, THE SUBCOMMITTEE APPROVED THE FUNDING, BUT DIRECTED THAT IT BE REMOVED FROM THIS ACCOUNT AND ADDED TO APPROPRIATE ACCOUNTS ELSEWHERE IN THE BUDGET.

FINALLY, THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO MERGE THE STATE AND COMMUNITY COLLABORATIONS BUDGET ACCOUNT INTO THIS ACCOUNT.

ALCOHOL AND DRUG REHABILITATION (101-3170)

THE SUBCOMMITTEE CLOSED THIS ACCOUNT AS RECOMMENDED BY THE GOVERNOR. IN ADDITION, THE SUBCOMMITTEE RECOMMENDED THAT THIS ACCOUNT BE PLACED ON THE PRIORITY LISTING FOR \$1.5 MILLION EACH YEAR TO ADDRESS CASELOAD ISSUES, IN THE EVENT ADDITIONAL FUNDING BECOMES AVAILABLE.

OTHER ACCOUNTS WITH NO MAJOR CLOSING ISSUES

THE SUBCOMMITTEE ALSO REVIEWED THE BUDGETS FOR CANCER CONTROL REGISTRY, ENVIRONMENTAL PUBLIC HEALTH TRACKING SYSTEM, HEALTH AID TO COUNTIES, RADIOLOGICAL HEALTH, RADIOACTIVE AND HAZARDOUS WASTE, HEALTH FACILITIES HOSPITAL LICENSING, COMMUNITY HEALTH SERVICES, COMMUNICABLE DISEASE CONTROL, MATERNAL CHILD HEALTH SERVICES, STATE AND COMMUNITY COLLABORATIONS, WIC FOOD SUPPLEMENT, EMERGENCY MEDICAL SERVICES, HEALTH ALCOHOL TAX PROGRAM, PUBLIC HEALTH TOBACCO FUND, AND PUBLIC HEALTH PREPAREDNESS PROGRAM. THE SUBCOMMITTEE RECOMMENDED THAT THESE ACCOUNTS BE CLOSED AS RECOMMENDED BY THE GOVERNOR, WITH MINOR TECHNICAL MODIFICATIONS.

Mr. Seale questioned the number of positions being added. Ms. Leslie indicated that approximately 50 positions were being added.

As there was no further discussion, Vice Chairwoman Giunchigliani indicated she would accept a motion.

ASSEMBLYMAN SEALE MOVED TO APPROVE THE CLOSING REPORT FOR THE HEALTH DIVISION.

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

MOTION CARRIED. (Mr. Perkins and Ms. McClain were not present for the vote.)

BUDGET CLOSED.

Ms. Leslie expressed her appreciation to staff and to the Subcommittee members for their hard work.

Assemblywoman Kathy McClain, District 15, Chairwoman of the Joint Subcommittee on Public Safety, Natural Resources, and Transportation, read the following closing report for the Committee's consideration:

THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION HAS COMPLETED ITS REVIEW OF THE COLORADO RIVER COMMISSION AND RECOMMENDS THE FOLLOWING CLOSING ACTIONS:

COLORADO RIVER COMMISSION (296-4490) CRC-1

THE SUBCOMMITTEE VOTED TO CLOSE THE COLORADO RIVER COMMISSION BUDGET AS RECOMMENDED BY THE GOVERNOR, WITH ONE EXCEPTION. OF THE 10 NEW POSITIONS RECOMMENDED BY THE GOVERNOR OVER THE 2005-07 BIENNIUM, 3 POSITIONS WERE DEFERRED TO THE SECOND YEAR OF THE BIENNIUM TO MEET WORKLOAD INCREASES RELATED TO PLANNED CUSTOMER GROWTH. THE SUBCOMMITTEE RECOMMENDED FUNDING FOR POTENTIAL CONTRACTS FOR RESEARCH AND DEVELOPMENT-RELATED STUDIES, AND ALSO APPROVED FUNDING TO SUPPORT THE COMMISSION'S ANTICIPATED WATER, HYDROPOWER AND ENVIRONMENTAL AFFAIRS ACTIVITIES ALONG THE COLORADO RIVER. THE SUBCOMMITTEE ALSO APPROVED THE GOVERNOR'S RECOMMENDATION TO PURCHASE REPLACEMENT COMPUTER HARDWARE AND SOFTWARE.

FORT MOHAVE DEVELOPMENT FUND (296-4496) CRC-8

THE AGENCY PROVIDED INFORMATION TO THE SUBCOMMITTEE THAT IT HAS ENTERED INTO A CONTRACT FOR THE SALE OF 110 ACRES IN THE FORT MOHAVE AREA THAT WILL NET \$13.0 MILLION TO THE FUND. THE AGENCY ANTICIPATES COLLECTING A PORTION OF THE PROCEEDS IN FY 2005 AND A PORTION IN FY 2006. IN CLOSING THIS BUDGET, THE SUBCOMMITTEE RECOMMENDS A \$2.0 MILLION INCREASE IN LAND SALES REVENUE AUTHORITY IN FY 2006 FOR TOTAL REVENUE AUTHORITY OF \$7.0 MILLION.

CRC RESEARCH AND DEVELOPMENT (296-4497) CRC-10

THE SUBCOMMITTEE CLOSED THE RESEARCH AND DEVELOPMENT ACCOUNT AS RECOMMENDED BY THE

GOVERNOR WITH ADDITIONAL FUNDING OF \$1.5 MILLION IN EACH YEAR OF THE 2005-07 BIENNIUM TO SUPPORT NEVADA'S SHARE OF THE COSTS OF THE LOWER COLORADO RIVER MULTI-SPECIES CONSERVATION PROGRAM, A REGIONAL ENVIRONMENTAL PROJECT TO PRESERVE WILDLIFE ALONG THE RIVER.

POWER DELIVERY SYSTEM (502-4501) CRC-12

THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO PROVIDE ADDITIONAL FUNDING FOR SOUTHERN NEVADA WATER AUTHORITY'S (SNWA) AND CRC'S OTHER CUSTOMERS' PROJECTED INCREASE IN DEMAND FOR POWER. ADDITIONALLY, THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO FUND THE DEVELOPMENT OF RENEWABLE POWER PROGRAMS OR THE PURCHASE OF RENEWABLE POWER FROM EXISTING SOURCES IN COLLABORATION WITH SNWA. FUNDING FOR THE PROJECT WILL BE PROVIDED UNDER A CONTRACT WITH SNWA.

THE FOLLOWING BUDGET WAS CLOSED BY THE SUBCOMMITTEE AS RECOMMENDED BY THE GOVERNOR:

- **POWER MARKETING FUND (505-4502) CRC-16**

Mr. Seale asked how the increase of 10 positions had been justified.

Joyce Garrett, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, responded to Mr. Seale's question. Ms. Garrett explained that the additional positions would be hired and funded as needed through the Southern Nevada Water Authority. The positions would be hired as the agency's workload increased in relation to its customers' demand for power. As the demand for power and the customers' needs increased, the need for staff of the Colorado River Commission (CRC) increased. She added that the CRC was anticipating growth in the power usage, which would lead to an increase in power procurement and an increase in their facilities and accounting functions.

ASSEMBLYMAN MARVEL MOVED TO APPROVE THE CLOSING REPORT FOR THE COLORADO RIVER COMMISSION.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

MOTION CARRIED. (Mr. Perkins was not present for the vote.)

BUDGET CLOSED.

Assemblywoman Kathy McClain, District 15, Chairwoman of the Joint Subcommittee on General Government, read the following closing report for the Committee's consideration:

THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT HAS REVIEWED THE BUDGETS FOR THE DEPARTMENT OF BUSINESS AND INDUSTRY AND IS RECOMMENDING THE FOLLOWING CLOSING ACTIONS.

THE SUBCOMMITTEE'S RECOMMENDATIONS RESULT IN GENERAL FUND INCREASES OF \$14,452 IN FY 2006 AND DECREASES OF \$13,063 IN FY 2007, COMPARED TO THE GOVERNOR'S RECOMMENDATION. A SUMMARY OF THE

GENERAL FUND ADJUSTMENTS IS ATTACHED TO THE CLOSING PACKET.

INSURANCE REGULATION (101-3813) – PG 1

THE SUBCOMMITTEE SUPPORTS THE GOVERNOR'S RECOMMENDATION TO FUND 3.0 NEW FTE POSITIONS CONSISTING OF A COMPLIANCE/AUDIT INVESTIGATOR I TO IMPLEMENT A NEW INVESTIGATIVE PROGRAM TO DETECT FRAUDULENT INTERNET, FAX AND TELEPHONE ACTIVITY; A COMPUTER NETWORK TECHNICIAN II TO MANAGE THE DIVISION'S COMPUTER SYSTEMS IN CARSON CITY AND LAS VEGAS; AND AN ADMINISTRATIVE ASSISTANT I TO PROVIDE RECORDS MANAGEMENT FOR THE ENTIRE DIVISION. THE AGENCY INDICATED THAT A RECORDS IMAGING SYSTEM WOULD BE THE IDEAL SOLUTION, BUT THAT IT IS NOT FINANCIALLY FEASIBLE. THE SUBCOMMITTEE CONCURS WITH THE GOVERNOR'S RECOMMENDATION TO RECLASSIFY THREE POSITIONS TO ALIGN TITLE AND SALARY WITH JOB DUTIES AND RESPONSIBILITIES AS FOLLOWS: TWO ADMINISTRATIVE ASSISTANT III POSITIONS (GRADE 27) TO ADMINISTRATIVE ASSISTANT IV (GRADE 29) AND ONE PROGRAM OFFICER III POSITION (GRADE 35) TO INSURANCE EXAMINER II (GRADE 39).

INSURANCE EDUCATION AND RESEARCH (101-3824) – PG 141

IN CLOSING THIS BUDGET, THE SUBCOMMITTEE ADDRESSED THE \$626,420 PROJECTED RESERVE AT THE END OF FY 2007, WHICH IS OVER 100 PERCENT OF THE ACCOUNT'S OPERATING COSTS IN THAT YEAR. THIS BUDGET IS FUNDED THROUGH A \$15 RECOVERY FEE (SET IN STATUTE) CHARGED TO LICENSEES. THE SUBCOMMITTEE RECOMMENDS PROPOSING AN AMENDMENT TO A.B. 338 TO ALLOW THE DIVISION TO SET A FEE OF UP TO \$15 TO FINANCE THIS ACCOUNT. CURRENTLY THE FEE IS SET AT \$15. IF THE LEGISLATION IS PASSED WITH THIS AMENDMENT, THE INSURANCE COMMISSIONER WILL HAVE THE AUTHORITY TO REDUCE THE FEE AS NEEDED TO ADDRESS THE RESERVE LEVEL.

BUSINESS AND INDUSTRY ADMINISTRATION (101-4681) - PG 27

THE SUBCOMMITTEE DID NOT SUPPORT THE GOVERNOR'S RECOMMENDATION OF \$676,348 OVER THE 2005-07 BIENNIUM (\$129,859 IN GENERAL FUND AND \$546,489 ALLOCATED TO B&I AGENCIES) TO CENTRALIZE THE DEPARTMENT'S PERSONNEL FUNCTION. THE GOVERNOR'S RECOMMENDATION FUNDED THE TRANSFER OF 6.0 FTE FROM NON-GENERAL FUND AGENCIES WITHIN THE DEPARTMENT TO THE DIRECTOR'S OFFICE, RESULTING IN ADDITIONAL GENERAL FUND SUPPORT OF \$129,859 OVER THE BIENNIUM. THE SUBCOMMITTEE RECOMMENDS APPROVAL OF \$8,219 IN FY 2006 FOR THE PURCHASE OF VIDEOCONFERENCING EQUIPMENT FOR THE CARSON CITY AND LAS VEGAS OFFICES.

MANUFACTURED HOUSING DIVISION (271-3814) – PG 40

THE GOVERNOR IS RECOMMENDING A RESERVE LEVEL OF \$889,312 IN FY 2007. A RESERVE LEVEL EQUAL TO 60 DAYS OF OPERATING EXPENSE WOULD BE APPROXIMATELY \$191,471 IN FY 2006-07. THE NEVADA MANUFACTURED HOUSING ASSOCIATION COMMUNICATED ITS SUPPORT OF THE BROAD FEE INCREASES IMPLEMENTED IN JULY 2003, BUT THAT IT WAS THE INDUSTRY'S DESIRE TO REDUCE FEES IN THE FUTURE WHEN THE DIVISION WAS ABLE TO RE-ESTABLISH A SUFFICIENT CASH RESERVE. IN CLOSING THIS BUDGET, THE

SUBCOMMITTEE RECOMMENDS ISSUING A LETTER OF INTENT TO THE AGENCY TO REPORT TO THE INTERIM FINANCE COMMITTEE (IFC) ON A SEMI-ANNUAL BASIS, REVENUE AND EXPENDITURE DATA WITH THE IMPACT TO THE RESERVE, CURRENT FEEDBACK FROM THE INDUSTRY ON ITS COMFORT LEVEL WITH THE EXISTING FEE STRUCTURE, AND AN INDICATION AS TO WHEN A REDUCTION TO FEES WILL TAKE PLACE.

MOBILE HOME PARKS (271-3843) – PG 51

THE AGENCY'S RESERVE LEVEL IS PROJECTED TO BE \$190,004 BY THE END OF FY 2007, WHICH IS GREATER THAN THE TOTAL OPERATING BUDGET OF \$152,730 IN FY 2007. IN CLOSING THIS BUDGET, THE SUBCOMMITTEE RECOMMENDS ISSUING A LETTER OF INTENT TO THE AGENCY TO REPORT TO THE IFC BY SEPTEMBER 20, 2006 ANY RECOMMENDATIONS TO UTILIZE EXCESS FUNDING IN THIS BUDGET TO INCREASE THE FUNDING AVAILABLE FOR LOT RENT SUBSIDY PAYMENTS IN THE MOBILE HOME LOT RENT SUBSIDY ACCOUNT (BA 3842).

REAL ESTATE DIVISION (101-3823) - PG 68

IN CLOSING THIS BUDGET, THE SUBCOMMITTEE RECOMMENDS ADDING \$165,639 IN GENERAL FUND OVER THE 2005-07 BIENNIUM TO FUND THE ADDITION OF 2.0 NEW FTE ADMINISTRATIVE ASSISTANT II POSITIONS AND ASSOCIATED COSTS TO SUPPORT THE LICENSING FUNCTION IN THE LAS VEGAS OFFICE AND TO RECONFIGURE THE LICENSING CUSTOMER SERVICE COUNTER TO ACCOMMODATE THE NEW POSITIONS AND TO COMPLY WITH ADA REQUIREMENTS. FUNDING FOR THESE COSTS WAS NOT INCLUDED IN THE EXECUTIVE BUDGET; HOWEVER, IN RESPONSE TO TESTIMONY REGARDING LONG WAITING TIMES FREQUENTLY EXPERIENCED BY LICENSEES, THE SUBCOMMITTEE REQUESTED THAT THE AGENCY IDENTIFY THE COSTS OF PROVIDING ADEQUATE STAFFING TO IMPROVE CUSTOMER SERVICE. THE SUBCOMMITTEE CONCURS WITH THE GOVERNOR'S RECOMMENDATION TO FUND A NEW ADMINISTRATIVE ASSISTANT I POSITION TO SUPPORT THE LAS VEGAS LICENSING SECTION, AN ADMINISTRATIVE ASSISTANT II TO SUPPORT THE DIVISION'S THREE COMMISSIONS (REAL ESTATE COMMISSION, THE COMMISSION ON APPRAISERS, AND THE COMMISSION ON COMMON-INTEREST COMMUNITIES), AND INCREASING A PART-TIME ADMINISTRATIVE ASSISTANT I TO FULL-TIME TO SUPPORT AN INCREASED WORKLOAD IN THE DIVISION'S PROJECTS SECTION.

COMMON INTEREST COMMUNITIES (101-3820) – PG 87

THE SUBCOMMITTEE RECOMMENDS THE ADDITION OF A TRAINING OFFICER II POSITION AND ASSOCIATED COSTS OVER THE 2005-07 BIENNIUM TO CONDUCT EDUCATIONAL TRAINING FOR UNIT OWNERS AND ASSOCIATION BOARD MEMBERS AND OFFICERS. THE SUBCOMMITTEE FURTHER RECOMMENDS \$48,156 FROM THE RESERVE CATEGORY OVER THE UPCOMING BIENNIUM TO RESTORE FUNDING FOR COMMISSION EXPENSES TO THE LEGISLATIVELY-APPROVED AMOUNTS IN FY 2004. THE COMMISSION WAS NOT OPERATIONAL IN FY 2004 AND AUTHORIZED FUNDING WAS NOT UTILIZED.

FINANCIAL INSTITUTIONS (101-3835) – PG 97

THE SUBCOMMITTEE RECOMMENDS REVISING REVENUE PROJECTIONS, RESULTING IN A NET INCREASE TO REVENUE OF \$285,986 IN FY 2006 AND \$347,499 IN FY 2007. THE SUBCOMMITTEE FURTHER RECOMMENDS DECREASING THE AGENCY'S GENERAL FUND APPROPRIATION FROM \$1,000 TO \$100 IN EACH YEAR OF THE 2005-07 BIENNIUM, STILL PROVIDING THE DIVISION WITH ACCESS TO THE IFC IF A FUNDING DEFICIT WERE TO OCCUR. THE SUBCOMMITTEE CONCURS WITH THE GOVERNOR'S RECOMMENDATION TO FUND 5.0 FTE NEW EXAMINER II POSITIONS TO FACILITATE THE AGENCY'S ABILITY TO MEET ITS STATUTORY REQUIREMENT TO CONDUCT ANNUAL LICENSEE EXAMINATIONS AND TO ADDRESS AN EXISTING BACKLOG. FURTHER, THE SUBCOMMITTEE CONCURS WITH THE GOVERNOR'S RECOMMENDATION TO TRANSFER THE DEPUTY COMMISSIONER POSITION AND AN EXAMINER II POSITION FROM THE FINANCIAL INSTITUTIONS DIVISION TO THE MORTGAGE LENDING DIVISION (BA 101-3910). THE POSITIONS WERE ASSIGNED BY THE DEPARTMENT DIRECTOR TO THE MORTGAGE LENDING DIVISION IN SEPTEMBER 2003 WHEN THE DIVISION WAS ESTABLISHED.

HOUSING DIVISION (503-3841) – PG 114

IN CLOSING THIS BUDGET, THE SUBCOMMITTEE RECOMMENDS ISSUING A LETTER OF INTENT TO THE AGENCY TO REPORT TO THE IFC ON A QUARTERLY BASIS TO KEEP THE COMMITTEE ABREAST OF DEVELOPMENTS AND PROPOSED FUNDING SOURCES FOR THE GOVERNOR'S NEW AFFORDABLE HOUSING PROPOSAL, AS DISCUSSED IN HIS STATE-OF-THE-STATE ADDRESS IN JANUARY.

HOUSING DIVISION - LOW INCOME HOUSING TRUST FUND (101-3838) – PG 131

THE SUBCOMMITTEE RECOMMENDS INCREASING REAL PROPERTY TRANSFER TAX REVENUE FROM \$14,123,044 TO \$21,675,692 OVER THE 2005-07 BIENNIUM AS A RESULT OF THE ECONOMIC FORUM'S REVISED REVENUE PROJECTIONS, WITH A CORRESPONDING INCREASE TO THE RESERVE CATEGORY. THE AGENCY CAN SUBMIT A REQUEST TO THE IFC FOR EXPENDITURE AUTHORITY FOR ANY NEW PROJECTS IDENTIFIED IN THE FUTURE THAT WOULD BE PROPOSED TO UTILIZE THE FUNDS.

MORTGAGE LENDING – (101-3910) B&I PG 121

IN CLOSING THIS BUDGET, THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO FUND 4.0 FTE NEW POSITIONS AND ASSOCIATED COSTS CONSISTING OF AN EXAMINER II, A CERTIFIED PUBLIC ACCOUNTANT (UNCLASSIFIED), AN ADMINISTRATIVE ASSISTANT II AND AN ADMINISTRATIVE AID TO ADDRESS WORKLOAD RELATED TO INDUSTRY GROWTH OVER THE 2005 07 BIENNIUM. THE SUBCOMMITTEE CONCURRED WITH THE GOVERNOR'S RECOMMENDATION TO FUND THE IMPLEMENTATION OF A DATABASE SYSTEM, PURCHASING USER RIGHTS TO THE REAL ESTATE DIVISION'S INTEGRATED LICENSING SYSTEM. THE EXECUTIVE BUDGET RECOMMENDS A RESERVE BALANCE OF \$3.8 MILLION IN FY 2007. A 60-DAY OPERATING RESERVE WOULD EQUAL APPROXIMATELY \$336,256 IN FY 2007. THE SUBCOMMITTEE RECOMMENDS ISSUING A LETTER OF INTENT TO THE AGENCY TO SUBMIT QUARTERLY REPORTS TO THE IFC

ON REVENUE AND EXPENDITURE DATA, WITH THE IMPACT TO THE RESERVE, ALONG WITH ANY OTHER PROPOSALS TO REDUCE THE RESERVE LEVEL THROUGH REDUCTIONS TO REVENUE.

DIVISION OF INDUSTRIAL RELATIONS - (210-4680) B&I - PG 163

THE SUBCOMMITTEE DOES NOT SUPPORT THE GOVERNOR'S RECOMMENDATION TO TRANSFER TWO CURRENTLY FILLED POSITIONS TO THE B&I DIRECTOR'S OFFICE TO SUPPORT THE DEPARTMENT'S PROPOSAL TO CENTRALIZE ITS PERSONNEL FUNCTION, THEREFORE, THE TWO POSITIONS AND ASSOCIATED COSTS HAVE BEEN RESTORED TO THE DIVISION OF INDUSTRIAL RELATIONS' BUDGET.

OCCUPATIONAL SAFETY AND HEALTH ENFORCEMENT - (210-4682)- PG 169

IN CLOSING THIS BUDGET, THE SUBCOMMITTEE RECOMMENDS APPROVAL OF THE GOVERNOR'S RECOMMENDATION TO PROVIDE \$226,585 FROM THE WORKERS' COMPENSATION ASSESSMENT FUND OVER THE 2005-07 BIENNIUM TO ENHANCE THE AGENCY'S EXISTING DATA SYSTEM. THE EXISTING SYSTEM IS USED TO TRACK ELEVATOR AND BOILER INSPECTIONS AND VIOLATIONS, AND TO ISSUE OPERATING PERMITS. THE SYSTEM ENHANCEMENTS WILL PROVIDE AN INTERFACE BETWEEN THE DATA SYSTEM AND THE AGENCY'S EXISTING ACCOUNTING SOFTWARE AND ELIMINATE DUPLICATIVE DATA ENTRY BETWEEN THE TWO SYSTEMS.

NEVADA ATTORNEY FOR INJURED WORKERS - (101-1013) B&I PG 189

THE SUBCOMMITTEE SUPPORTS THE GOVERNOR'S RECOMMENDATION TO FUND THE PURCHASE AND IMPLEMENTATION OF A CASE MANAGEMENT SYSTEM. THE SUBCOMMITTEE RECOMMENDS PLACING PROJECT FUNDING IN THE DEPARTMENT OF ADMINISTRATION'S INFORMATION TECHNOLOGY BUDGET (BA 1325) FOR PROJECT OVERSIGHT AND ALSO RECOMMENDS THE USE OF THE TOTAL FUNDING OF \$324,994 OVER BOTH YEARS OF THE BIENNIUM. THE SUBCOMMITTEE SUPPORTS THE GOVERNOR'S RECOMMENDATION TO FUND TWO NEW POSITIONS, A 1.0 FTE LEGAL RESEARCH ASSISTANT I AND A 1.0 FTE LEGAL SECRETARY II. ADDITIONALLY, THE SUBCOMMITTEE RECOMMENDS FUNDING TO SUPPORT ONE-HALF OF THE COST OF A SECURITY GUARD FOR THE AGENCY'S LAS VEGAS OFFICE. THE HEARINGS DIVISION AND VICTIMS OF CRIME ARE LOCATED IN THE OFFICE BUILDING AND RECEIVED THE SUBCOMMITTEE'S APPROVAL TO FUND THE OTHER HALF OF THE COSTS.

DAIRY COMMISSION - (233-4470) B&I PG 199

THE SUBCOMMITTEE RECOMMENDS THE B&I DIRECTOR'S REQUEST TO ELIMINATE 3.0 FTE POSITIONS CONSISTING OF AN ADMINISTRATIVE ASSISTANT I, AUDITOR III, AND COMPLIANCE/AUDIT INVESTIGATOR II SINCE THE POSITIONS ARE NO LONGER NEEDED BY THE AGENCY TO MEET PROGRAM REQUIREMENTS. THESE POSITIONS WERE RECOMMENDED BY THE GOVERNOR TO BE TRANSFERRED TO THE B&I DIRECTOR'S OFFICE TO SUPPORT THE DEPARTMENT'S PROPOSED PERSONNEL FUNCTION, BUT SINCE THE CORRESPONDING DECISION UNITS IN THE DIRECTOR'S OFFICE WERE NOT

RECOMMENDED BY THE SUBCOMMITTEE, THIS RECOMMENDATION IS NO LONGER APPLICABLE.

ATHLETIC COMMISSION – (101-3952) B&I – PG 206

THE SUBCOMMITTEE SUPPORTS THE GOVERNOR'S RECOMMENDATION TO APPROVE \$90,393 OVER THE 2005-07 BIENNIUM IN GENERAL FUND SUPPORT FOR THE ADDITION OF A 1.0 FTE ADMINISTRATIVE ASSISTANT II POSITION TO ASSIST IN THE REVIEW AND PROCESSING OF CONTESTANTS' MEDICAL RECORDS AS PART OF STATE LICENSING REQUIREMENTS. THE AGENCY INDICATES THAT INCREASED MEDICAL TEST REQUIREMENTS HAVE RESULTED IN ADDITIONAL WORKLOAD.

TAXICAB AUTHORITY – (245-4130) B&I – PG 221

IN CLOSING THIS BUDGET, THE SUBCOMMITTEE DECREASED THE GOVERNOR'S RECOMMENDED FUNDING OF \$728,719 FOR A COMMERCIAL OFF-THE-SHELF DATABASE SYSTEM BY \$683,719 TO \$45,000 IN FY 2006 TO FUND PRELIMINARY PROJECT COSTS, INCLUDING DEVELOPING A REQUEST FOR PROPOSAL AND SELECTING A VENDOR. FURTHER, THE GOVERNOR'S RECOMMENDED FUNDING OF \$60,132 IN FY 2007 FOR THIS PROJECT WAS ELIMINATED. ONCE THE AGENCY HAS SELECTED A VENDOR AND HAS A FIRM COST ESTIMATE, ADDITIONAL EXPENDITURE AUTHORITY FOR PROJECT IMPLEMENTATION CAN BE REQUESTED FROM IFC (FUNDED FROM THE RESERVE CATEGORY), OR REQUESTED IN THE 2007-09 BIENNIAL BUDGETING PROCESS. FURTHER, THE SUBCOMMITTEE CONCURS WITH THE GOVERNOR'S RECOMMENDATION TO FUND SEVEN NEW LAPTOP COMPUTERS TO BE USED BY AGENCY EMPLOYEES IN THE FIELD TO AUDIT TAXICAB COMPANIES AND TO DOCUMENT VEHICLE INSPECTIONS, THE PURCHASE OF TESTING EQUIPMENT AND TOOLS USED FOR TAXICAB SAFETY INSPECTIONS, AND A TWO-GRADE PAY INCREASE FOR PUBLIC SAFETY DISPATCHER III PERSONNEL OVER THE 2005-07 BIENNIUM.

THE FOLLOWING BUDGETS WERE CLOSED BY THE SUBCOMMITTEE AS RECOMMENDED BY THE GOVERNOR, WITH TECHNICAL ADJUSTMENTS:

- INSURANCE EXAMINERS (223-3817) – PG 10
- CAPTIVE INSURERS (101-3818) – PG 14
- TRANSPORTATION SERVICES AUTHORITY (226-3922) – PG 20
- INDUSTRIAL DEVELOPMENT BOND PROGRAM (101-4683) – PG 37
- MOBILE HOME LOT RENT SUBSIDY (630-3842) – PG 46
- MANUFACTURED HOUSING EDUCATION AND RECOVERY (271-3847) – PG 56
- CONSUMER AFFAIRS (101-3811) – PG 61
- CONSUMER AFFAIRS RECOVERY FUND (101-3807) – PG 66
- REAL ESTATE EDUCATION AND RESEARCH (216-3826) – PG 78
- REAL ESTATE RECOVERY ACCOUNT (101-3827) – PG 85
- FINANCIAL INSTITUTIONS INVESTIGATIONS (101-3805) – PG 106
- FINANCIAL INSTITUTIONS AUDIT (101-3882) – PG 109
- WEATHERIZATION (101-4865) – PG 135
- INSURANCE RECOVERY (101-3821) – PG 139

- NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS (101-3828) PG 148
- INSURANCE COST STABILIZATION (101-3833) – PG 151
- SELF INSURED WORKERS' COMP (210-4684) – PG 157
- SAFETY CONSULTATION AND TRAINING (210—4685) – PG 176
- MINE SAFETY & TRAINING (210-4686) – PG 183
- TRANSPORTATION SERVICES AUTHORITY ADMIN. FINES (226-3923) PG 196
- LABOR COMMISSIONER (101-3900) – PG 211
- EMPLOYEE MANAGEMENT RELATIONS BOARD (101-1374) PG 216

Chairman Arberry thanked Ms. McClain and Ms. Leslie for their hard work on the subcommittees.

Mr. Seale expressed appreciation to Ms. McClain who had been the chairwoman of the subcommittees he had served on.

ASSEMBLYMAN MARVEL MOVED TO APPROVE THE CLOSING REPORT FOR THE DEPARTMENT OF BUSINESS AND INDUSTRY.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

MOTION CARRIED. (Mr. Perkins and Ms. Giunchigliani were not present for the vote.)

BUDGET CLOSED.

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As there was no further Committee business, Chairman Arberry adjourned the meeting at 11:30 a.m.

RESPECTFULLY SUBMITTED:

Susan Cherpeski
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 20, 2005</u>		Time of Meeting: <u>7:30 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
SB 4	B	Scott Sisco/Cultural Affairs	Ten-Year Overview (booklet)
SB 321	C	Dino DiCianno/Dept. of Taxation	Executive Agency Fiscal Note (1 page)
AB 554	D	Alfredo Alonso/Lionel Sawyer and Collins	Amendment (5 pages)
	E	Michael Hillerby/Governor’s Office	PEBP Budget Closing Options Handout (3 pages)