

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

**Seventy-Third Session
June 3, 2005**

The Committee on Ways and Means was called to order at 8:14 a.m., on Friday, June 3, 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. Bob Seale
Mrs. Debbie Smith
Ms. Valerie Weber

COMMITTEE MEMBERS ABSENT:

Mr. Richard Perkins (excused)

STAFF MEMBERS PRESENT:

Mark Stevens, Assembly Fiscal Analyst
Linda Smith, Committee Secretary
Lila Clark, Committee Secretary

Chairman Arberry opened the hearing on S.B. 390.

Senate Bill 390 (2nd Reprint): Makes various changes regarding applicability and administration of certain taxes on transfers of real property. (BDR-32760)

Kathryn L. Burke, Washoe County Recorder, said she was present to support S.B. 390. She noted that the major fiscal impact was amended out in the Senate Taxation Committee. Ms. Burke indicated that Section 1 of the bill would help the county recorders in answering questions regarding the real property transfer tax with the assistance of the county district attorney and Attorney General. Ms. Burke explained that the Attorney General's opinion was needed to allow the county recorders to administer the real property transfer tax consistently. Section 2 included two additions:

- A distribution of the separate property of a decedent pursuant to Chapter 134 of *Nevada Revised Statutes*, which related to the laws of succession.
- A conveyance of an interest in gas, oil, or minerals.

Ms. Burke said both additions had previously been exempt but were not included in statutes. Section 3 of S.B. 390 changed the language to provide consistency among the counties on the percentage withheld on the taxes collected. Ms. Burke referred to an amendment ([Exhibit B](#)) she was proposing for Section 8 of S.B. 390 which would change the effective date included in Section 4, subsection 2, to January 1, 2006. The amendment would allow the county recorders time to implement the changes in software programs and to work with vendors. Ms. Burke continued reviewing the bill and pointed out that a new section was added that included language for lineal consanguinity or affinity. The addition would allow a property owner to deed to his or her child without being charged a fee by the county recorder. Ms. Burke said the county recorders interpreted the language lineal consanguinity to also apply to spouses.

Assemblyman Hettrick said Ms. Burke had just defined lineal consanguinity, which the Committee had removed from a bill the prior day. Mr. Hettrick wondered if removing lineal consanguinity had been a mistake and needed to be checked in order to prevent a conflict.

Alan Glover, Carson City Clerk-Recorder, explained that lineal consanguinity was a definition of a type of consanguinity. Mr. Glover said his handout ([Exhibit C](#)) included a lineal consanguinity chart that was used by the Ethics Commission. Traditionally lineal consanguinity had been used by all the county recorders within the State and was used under common law, canon law, and in most statutes. Mr. Glover said there had been an argument by an attorney that collateral consanguinity should have been used by the recorders rather than lineal.

Mr. Hettrick said he appreciated Mr. Glover's testimony and reiterated his concerns that the Committee had removed the word lineal from another bill. He said he did not want to create a conflict that would end up with the word lineal being removed from S.B. 390.

Maddy Shipman, representing the Nevada District Attorneys' Association (NDAA), said she was present to answer any questions the Committee members might have related to Section 1 of S.B. 390.

Ms. Burke interjected that she wanted to be sure the amendment she submitted to change the date to January 1, 2006, in subsection 2 of Section 4 of S.B. 390 was being considered by the Committee.

Chairman Arberry closed the hearing on S.B. 390 and opened the hearing on A.B. 554.

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

There was brief discussion among members related to adding the word lineal before the word consanguinity in A.B. 554.

Assemblyman Hogan indicated there had been confusion related to the use of consanguinity and recalled that Mr. Jim Nadeau's prior presentation before the Committee had been very clear. Mr. Hogan pointed out that the world of real

estate and passage of title and interest in real estate was very different from, or could be very different from, taxation.

Mr. Hettrick pointed out that the language included in Section 8, subsection 9 of A.B. 554 appeared to be the same language referenced by Ms. Burke in S.B. 390. Mr. Hettrick suggested locating Mr. Nadeau to find out why he wanted to eliminate the term "lineal" and stressed the importance of resolving any conflict with the wording in the various bills.

Mr. Stevens pointed out that the amendments for A.B. 554 had not yet been amended by the Assembly.

Mr. Hettrick noted that Mr. Nadeau had asked that lineal be removed from S.B. 64 and the counties were requesting that lineal be added to A.B. 554. Removing lineal from one bill and adding it to another would result in a conflict. Mr. Hettrick said, "What we need to do is find out what is right and then we will do the amendment correctly on the Floor."

Chairman Arberry called for a short break in order to locate Mr. Nadeau.

Mr. Jim Nadeau, representing the Nevada Association of Realtors, said he believed an agreement had been reached with the county recorders and turned the meeting over to Alan Glover.

Mr. Glover said an agreement had been reached to include the term lineal. Using the term collateral would include brothers and sisters, which would result in a huge revenue loss to both the State and the counties. It appeared that consanguinity could be interpreted as lineal or collateral which could result in litigation in the future. Including lineal consanguinity restricted deed transfers to the parents and children. Adding the word affinity included the children's spouses, which was one of the main goals of the rewording.

Mr. Nadeau said it was his understanding that the recorders had been interpreting the existing law and the change would codify the current practice. He said if that was the case, the Association did not want to cause any financial impact to the State, counties, or anyone.

Mr. Hettrick thanked all the parties for working with legal staff in resolving the consanguinity issue. He said legal staff had retrieved the amendment and would fix the problem with A.B. 554 and also with S.B. 64, which had already been signed by the Governor.

ASSEMBLYMAN HETTRICK MOVED TO RESCIND THE ACTION OF
THE COMMITTEE IN REGARD TO THE AMENDMENT ON A.B. 554
IN ORDER TO CORRECT THE AMENDMENT.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

Ms. McClain asked if it was correct that a person and spouse included on a title who wanted to add the spouse's parents would not have to pay the real property transfer tax. Ms. Burke explained that under existing law if an individual and his or her spouse deeded to the parents that would be taxable. The county recorders wanted to add the affinity relationship by marriage which would be exempt.

Mr. Nadeau said for the record, "We were trying to make sure that language that was passed like in S.B. 64 was consistent through all the bills that were

passed.” Our biggest effort was to try to get affinity added, which had been a large issue throughout the state.

Chairman Arberry said there had been a motion and a second and asked all in favor to say aye.

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

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ASSEMBLYMAN HETTRICK MOVED TO AMEND A.B. 554 WITH THE CORRECTIONS PREVIOUSLY MADE IN ADDITION TO ADDING THE WORD LINEAL BACK IN AND TO CORRECT S.B. 64.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

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

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Mr. Stevens said the budget for the Legislative Counsel Bureau had not been closed and suggested the Committee might want to address the budget prior to addressing the remaining bills.

Lorne Malkiewich, Director, Legislative Counsel Bureau, said he was present to propose a closing to the budgets of both the Legislative Counsel Bureau and the Interim Nevada Legislature.

LEGISLATIVE COUNSEL BUREAU (327-2631)
BUDGET PAGE LCB-1

Mr. Malkiewich briefly reviewed his handout titled “Adjustments to the Budget of the Legislative Counsel Bureau” ([Exhibit D](#)):

- Reduced the \$100,000 budgeted in FY2006 and FY2007 to \$50,000 in each year to cover the impact of retirement on division budgets. Retirements that occurred near the end of a fiscal year placed a large financial impact on some of the small divisions within the Bureau. Mr. Malkiewich noted that the requested funding would only be expended if the divisions did not have sufficient funds.
- Added 2 FTE positions. Mr. Malkiewich noted that the funding would probably be used to fund 4 part-time secretaries for the Research Division to assist with interim studies and statutory committees.
- Added 3 employees in the Fiscal Analysis Division; two analysts and a team leader. Mr. Malkiewich said he did not have to explain to the Committee how overworked the fiscal staff was.
- Requested upgrades in the Fiscal Analysis Division to correspond with comparable positions in other divisions.
- Added money for education technology that was deleted from another budget for inclusion in the LCB Fiscal Analysis Division budget.

- Increased salaries for the Legislative Police to correspond to increases approved for the Capitol Police. Offset by eliminating one of the two new positions originally requested.
- Increased the salaries for the division chiefs and director to correspond to increases approved for the Executive Branch in the unclassified pay bill.
- Upgraded attorneys in the Legal Division to correspond to increases approved for the Executive Branch.
- Added contract money to the Research Division for developing legislative archives, including personal papers of former legislators.
- Added a Document/Records Manager in the Legal Division.
- Reduced all LCB budgets to reflect the reduction in insurance contributions.

Mr. Malkiewich said the net impact of the amendments was \$441,310 in FY2006 and \$383,619 in FY2007. The total budget was \$30 million and the amendments included slightly more than a 1 percent increase. Another amendment added \$5,000 in each year of the 2005-07 biennium to the existing Highway Fund appropriations for the Multistate Highway Transportation Association. Mr. Malkiewich said the funding provided by the 2003 Legislature for the Association was \$7,500 and very little of the funding was used so the amount was reduced to \$2,500. Mr. Malkiewich said the Bureau believed the full \$7,500 would be needed during the 2005-07 biennium.

NEVADA LEGISLATURE INTERIM (327-2626)
BUDGET PAGE LCB-6

Mr. Malkiewich reviewed the adjustments to the budget of the Interim Nevada Legislature:

- Increased the salaries of the Secretary of the Senate and the Chief Clerk of the Assembly to achieve parity with comparable positions.
- Reclassified two Technical Assistants to Technical Specialists—a one-grade increase.
- Reduced the budget to reflect reduction in insurance contributions.

The net impact of the adjustments was \$24,103 in FY2006 and \$48,682 in FY2007.

Mr. Malkiewich concluded his presentation and offered to answer any questions the Committee might have.

ASSEMBLYMAN MARVEL MOVED TO CLOSE THE LEGISLATIVE
COUNSEL BUREAU BUDGET AND THE NEVADA LEGISLATURE
INTERIM BUDGET INCLUDING THE ADJUSTMENTS.

Mr. Denis asked for clarification on what was being approved. Mr. Stevens said the LCB and Interim Nevada Legislature budgets had been reviewed in March and the current requests were amendments to The Executive Budget.

MR. HOGAN SECONDED THE MOTION.

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

BUDGET CLOSED.

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Assembly Bill 335 (1st Reprint): Makes various changes regarding education and makes appropriations. (BDR 34-482)

Assembly Bill 336: Revises provisions regarding education to increase parental involvement. (BDR 34-475)

Assemblywoman Debbie Smith requested A.B. 335 and A.B. 336, which were both Education Committee bills, be reviewed together. She said the recommendation was that the funding be removed from A.B. 335 and moved into A.B. 336 and that A.B. 336 be held. Mrs. Smith referenced the recommended changes:

- Delete Sections 3, 4, and 5 of A.B. 335, which included appropriations moved elsewhere.
- Move Section 6 of A.B. 335 to A.B. 336.
- Delete Sections 9, 10, and 11, which included requests for various studies, which would require too much work for the Interim Education Committee.
- Retain Sections 7 and 8 of A.B. 335 with minor adjustments. The sections included reviews of the High School Proficiency Examination (HSPE), which, based on prior testimony, needed to be studied in depth.

Ms. Giunchigliani recommended an additional amendment to Sections 7 and 8 of A.B. 335 by having the Standards Council appoint the task force rather than the Legislative Committee on Education. She stated that the Council was a more appropriate group.

ASSEMBLYWOMAN SMITH MOVED TO AMEND AND DO PASS
A.B. 335.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

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

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Assembly Bill 347: Revises provisions governing exemptions from sales and use taxes on farm machinery and equipment. (BDR 32-981)

Mr. Stevens said A.B. 347 would provide an exemption from sales and use taxes on farm machinery and equipment and would require a vote of the people.

ASSEMBLYMAN MARVEL MOVED DO PASS A.B. 347.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

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

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Mrs. Smith interjected that she had inadvertently omitted an item related to A.B. 335. She wanted to amend the language included in A.B. 336 that addressed parental involvement and created strategies for parent involvement into A.B. 335. Mrs. Smith stated that all the language included in A.B. 336, except Section 5, would be moved into A.B. 335 so that all of the policy would be included in A.B. 335.

ASSEMBLYWOMAN SMITH MOVED TO RESCIND THE ACTION ON
A.B. 335.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

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

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Mr. Stevens pointed out there had been some discussion on moving Section 6 of A.B. 335 to A.B. 336 and asked for clarification. Mrs. Smith said she was not suggesting that the Committee move A.B. 336 but was suggesting that all the language included in A.B. 336, except Section 5, be moved into A.B. 335.

ASSEMBLYWOMAN SMITH MOVED TO AMEND AND DO PASS
A.B. 335 TO INCLUDE PREVIOUS SECTIONS APPROVED BY THE
COMMITTEE AND MOVE ALL OF THE LANGUAGE, EXCEPT
SECTION 5, FROM A.B. 336 INTO A.B. 335.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

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

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**Senate Bill 149 (1st Reprint): Revises provisions governing compensation for
Board of Regents of University of Nevada. (BDR 34-774)**

Ms. Giunchigliani referred to a proposed amendment to S.B. 149 ([Exhibit E](#)) and noted that most Board members who received compensation for attending the Board meetings were paid per day and did not receive per diem. The Board of Regents received per diem plus a host account, and S. B. 149 would provide a salary. Ms. Giunchigliani indicated it was unusual to have a host account and per diem but said she did not feel comfortable in making additional changes without the approval of the Committee.

Ms. Leslie said she liked the fact that the amendment would not allow the host account to be used for sporting events or political fund-raising. She asked for an example of an activity directly related to the duties of a Regent that would be supported by the host account. Ms. Giunchigliani explained that a large percentage of host account funds were utilized for dinners, often with other Board members.

Mrs. Koivisto noted that the Committee had recently approved a bill that would provide a salary of \$1,200 for school board members and did not understand the controversy with S.B. 149.

Ms. Giunchigliani explained that in the past the Regents had not received salaries. The amendment to S.B. 149 addressed the host account versus per diem. Ms. Giunchigliani indicated the recommended amendment was generated based on what had been discussed by the Committee members.

Mrs. Gansert asked if the \$80 salary amount was included in statute and Ms. Giunchigliani replied in the affirmative.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO AMEND AND DO
PASS S.B. 149.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED WITH ASSEMBLYWOMAN KOIVISTO
VOTING NO. (Mr. Perkins was not present for the vote.)

**Senate Bill 34 (2nd Reprint): Decreases fees for issuance and renewal of
noncommercial drivers' licenses. (BDR 43-241)**

Mr. Stevens said S.B. 34 would reduce the fees for issuance and renewal of noncommercial drivers' licenses. The bill resulted from a request by the Department of Motor Vehicles to address a problem with the operation of their kiosks.

ASSEMBLYMAN HETTRICK MOVED DO PASS S.B. 34.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

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

**Senate Bill 514: Revises provisions governing annual assessment of hospitals
for support of Bureau for Hospital Patients within Office for Consumer
Health Assistance. (BDR 18-1463)**

Mr. Stevens said S.B. 514 resulted from some of the budget actions in the Office for Consumer Health Assistance. The Office had a large reserve. Subsection 6 on page 2 of the bill allowed the Office for Consumer Health Assistance to assess not more than \$100,000 instead of having to assess exactly \$100,000, which would allow the agency to assess the hospitals less and would lower the reserve amount.

ASSEMBLYWOMAN SMITH MOVED DO PASS S.B. 514.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

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

Senate Bill 515: Revises various provisions governing sales and use taxes for clarification and consistency and to carry out Streamlined Sales and Use Tax Agreement. (BDR 32-1342)

Mr. Stevens said S.B. 515 provided clarification to carry out the Streamlined Sales and Use Tax Agreement.

ASSEMBLYMAN MARVEL MOVED DO PASS S.B. 515.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

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

Senate Bill 517: Makes various changes to provisions providing funding for state parks. (BDR S-1473)

Mr. Stevens explained that S.B. 517 extended the reversion date of certain appropriations from previous sessions in order to fund a few projects within the Division of State Parks that had not been completed.

ASSEMBLYWOMAN LESLIE MOVED DO PASS S.B. 517.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

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

Senate Bill 209 (1st Reprint): Provides that unclaimed capital credit of certain nonprofit cooperative corporations is not subject to provisions of Uniform Disposition of Unclaimed Property Act under certain circumstances. (BDR 7-839)

Jim Wadhams, representing the Nevada Rural Electric Association, said S.B. 209 was a confirmation of existing law and was not an exemption for electrical utilities. The electrical utilities had other accounts that would escheat to the Unclaimed Property Fund. Mr. Wadhams said S.B. 209 merely clarified a particular kind of account that was maintained for accounting purposes based upon the development of the infrastructure for the delivery of electricity.

Mr. Seale said initially he had concerns with the unclaimed property section of the bill, however, he indicated he was very comfortable with S.B. 209 as presented.

ASSEMBLYMAN SEALE MOVED DO PASS S.B. 209.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

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

Chairman Arberry recessed the meeting at 9:29 a.m. at the call of the Chair.

Due to time constraints this meeting was not reconvened.

RESPECTFULLY SUBMITTED:

Linda Smith
Committee Secretary

APPROVED BY:

Assemblyman Morse Arberry Jr., Chairman

DATE:_____

<u>EXHIBITS</u>			
Committee Name: <u>Committee on Ways and Means</u>			
Date: <u>June 3, 2005</u>		Time of Meeting: <u>8:00 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B	Kathryn Burke, Washoe County Recorder	Proposed amendment to S.B. 390
	C	Alan Glover, Carson City Recorder	Lineal Consanguinity Chart
	D	Lorne Malkiewich, Director, LCB	Proposed budget amendments
	E	Assemblywoman Giunchigliani	Proposed amendment to S.B. 149