

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-third Session
April 13, 2005**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 7:35 a.m. on Wednesday, April 13, 2005, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator William J. Raggio, Chair
Senator Bob Beers, Vice Chair
Senator Dean A. Rhoads
Senator Barbara K. Cegavske
Senator Bob Coffin
Senator Dina Titus
Senator Bernice Mathews

GUEST LEGISLATORS PRESENT:

Senator Dennis Nolan, Clark County Senatorial District No. 9
Senator Bob Coffin, Clark County Senatorial District No. 10
Senator Bob Beers, Clark County Senatorial District No. 6

STAFF MEMBERS PRESENT:

Gary L. Ghiggeri, Senate Fiscal Analyst
Bob Guernsey, Principal Deputy Fiscal Analyst
Michael Archer, Committee Secretary

OTHERS PRESENT:

Laura Billman, Nye County
Roberta (Midge) Carver, County Commissioner, Board of Commissioners, Nye County
Debora H. Westcoatt, President, Board of Trustees Nye County School District, Nye County
Brent Jones, Director, Nye County Emergency Services, Nye County
Andrew List, Director, Nevada Association of Counties
Chuck Ricker, Executive Director, Northern Nevada Transit Coalition
Warren Russell, Board of Commissioners, Elko County
John P. Comeaux, Director, Department of Administration
John Wagner, Nevada Republican Assembly
Daryl E. Capurro, Managing Director, Nevada Motor Transport Association
David K. Schuman, Independent American Party and Nevada Committee for Full Statehood
John P. Sande, Western States Petroleum Association
Susan Martinovich, Deputy Director, Department of Transportation
Michael D. Geeser, American Automobile Association, Nevada
Jeanette K. Belz, Associated General Contractors, Northern Chapter
Giles E. Vanderhoof, Major General, The Adjutant General of Nevada, Office of the Military
Janine Hansen, Mothers Against the Draft and the Nevada Eagle Forum

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Ron Knecht, Former Assemblyman
Carole Vilardo, Nevada Taxpayers Association
Randal Munn, Special Assistant Attorney General, Office of the Attorney General
Michael R. Alastuey, Clark County

CHAIR RAGGIO:
We will open this meeting with a bill draft request (BDR).

SENATOR BEERS:
This request would appropriate \$1 million to the Desert Research Institute in order to measure untapped and unacknowledged water resources that we may be losing through evaporation from the floors of drainage basins. Currently we measure the amount of water in a basin by measuring its inflows and rainfall, then applying a formula.

SENATOR BEERS MOVED TO REQUEST INTRODUCTION OF A BILL DRAFT FOR THE APPROPRIATION OF \$1 MILLION TO THE DESERT RESEARCH INSTITUTE FOR THE PURCHASE OF EQUIPMENT TO LOCATE UNTAPPED AND UNACKNOWLEDGED WATER RESOURCES.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR TITUS WAS ABSENT FOR THE VOTE.)

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CHAIR RAGGIO:
We will open discussion on Senate Bill (S.B.) 377.

SENATE BILL 377: Revises distribution of federal money received by State of Nevada from lease of federal lands. (BDR 26-318)

LAURA BILLMAN (Nye County):
I will read my prepared statement in support of S.B. 377 ([Exhibit C](#)). I have also provided a packet ([Exhibit D](#)) containing additional information in support of S.B. 377.

CHAIR RAGGIO:
This bill would strike an existing provision in the *Nevada Revised Statutes* which provides that the first \$7 million received from the federal government be deposited in the Distributive School Account.

SENATOR BEERS:
Is this the only revenue derived from an oil well? Does the company extracting these resources have a net revenue tax applied to them?

MS. BILLMAN:
The only revenue that comes from those oil fields is in the form of royalties.

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ROBERTA (MIDGE) CARVER (County Commissioner, Board of Commissioners, Nye County):

Please refer to my handout titled Talking Points ([Exhibit E](#)). The Nye County Board of Commissioners supports S.B. 377.

DEBORA H. WESTCOATT (President, Board of Trustees Nye County School District, Nye County):

The Nye County School District Board of Trustees supports S.B. 377.

SENATOR RHOADS:

Does Nye County currently receive oil royalties?

MS. BILLMAN:

We have never received any of that money.

BRENT JONES (Director, Nye County Emergency Services, Nye County):

Please see my handout titled Nye County Emergency Services ([Exhibit F](#)) in support of S.B. 377.

SENATOR COFFIN:

Are the refineries pumping at full capacity?

MS. BILLMAN:

I do not know if they are currently pumping at full capacity. It appears they have been shutting wells down over the years.

ANDREW LIST (Director, Nevada Association of Counties):

Our organization, representing all 17 counties in Nevada, is unanimous in support of S.B. 377. We feel that the oil industry, like the mining, geothermal, timber and grazing industries, pay a percentage of their revenues back to the county of origin. When these companies come into a county to do business, they bring employees who require county services. This is particularly important now, in light of the property tax cap legislation and the trend toward the elimination of franchise fees.

CHAIR RAGGIO:

We will now open the hearing on S.B. 440 and Senate Joint Resolution (S.J.R.) 14.

SENATE BILL 440: Makes contingent appropriation to Department of Transportation for Rural Transit Operations. (BDR S-1046)

SENATE JOINT RESOLUTION 14: Proposes to amend Nevada Constitution to allow use of revenue generated from fees and other charges related to operation of motor vehicles upon public highways of State and revenue from gasoline taxes for other transportation needs. (BDR C-1048)

SENATOR TITUS:

Please refer to booklet titled "Presentation to the Supporters of the Nevada Transit Program, Advisory Committee on Transit" report ([Exhibit G](#), original is on file at the Research Library). This report was prepared during the last Legislative Session.

CHUCK RICKER (Executive Director, Northern Nevada Transit Coalition):

The Northern Nevada Transit Coalition supports S.B. 440. Please refer to my handout ([Exhibit H](#)). The appropriation in this bill will allow operating funds for buses used by the senior centers in rural Nevada. Most counties cannot raise the 25-percent matching funds currently required for federal assistance. The amendment described in S.B. 440 will eliminate the statutory requirement for matching funds from the cities and counties. This will allow state money to be used in the federal match for obtaining \$1.5 million each year from the Federal Transit Administration.

CHAIR RAGGIO:

Do you wish to keep the allocation shown in the current bill? Are you suggesting that the entire match for federal funding come from the General Fund?

MR. RICKER:

We want to keep the same appropriation amounts and amend the bill so the match is not contingent upon what the cities and counties can contribute. We have some local money coming from the cities and counties but not enough to cover the match. The total cost to the General Fund will be \$761,391 in each year of the biennium.

CHAIR RAGGIO:

You must submit the amendment to this Committee in writing.

MR. RICKER:

I would like to request that a letter from Ms. Lynne Hoffman, ([Exhibit I](#)), be made a part of the record in support of these two measures.

CHAIR RAGGIO:

We will include it in the record.

SENATOR TITUS:

The bill is currently written to say "... matching money is provided by the cities and counties of the State from sources other than the appropriation" which would include federal dollars. This would probably make your amendment unnecessary.

MR. RHODES:

What will happen if we do not pass S.B. 440?

MR. RICKER:

Existing transit services in rural Nevada will be reduced leaving thousands of transportation disadvantaged citizens stranded. If S.J.R. 14 is approved by the voters, there would be little or no change. This amendment merely provides us with a future option to apply money we may receive from the Department of Motor Vehicles, and other sources, to our transit operations.

CHAIR RAGGIO:

The current law requires Highway Fund money to be used exclusively for the construction, maintenance and repair of public highways. This bill would allow those funds to be used for other needs relating to transportation.

WARREN RUSSELL (Board of Commissioners, Elko County):

The Elko County Board of Commissioners supports S.B. 440 and S.J.R. 14. These changes to the law will allow our seniors to keep their dignity by letting them travel for shopping and appointments. Without this kind of transportation in Elko County, seniors would have to rely on taxicabs which are expensive. We in Elko County can afford the 25-percent matching fund formula, but other rural counties cannot.

SENATOR RHOADS:

Does Elko County contribute at least 25 percent each year?

MR. RICKER:

We have not contributed a full 25 percent, but with the price of gold rising, we may be able to do so in the future.

SENATOR RHOADS:

Has the state supported revenues for this program in the past?

GARY L. GHIGGERI (Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

There is some money in the Aging Services budget for transportation, but I will need to get that information for the Committee.

CHAIR RAGGIO:

Mr. Comeaux, do you know whether there is any state funding for this program.

JOHN P. COMEAUX (Director, Department of Administration):

I do not.

MR. RICKER:

Nevada is one of six states that does not support the cost of transportation of its seniors and disabled. Several years ago, the Nevada Legislature passed a onetime appropriation of \$300,000 for rural transit purposes.

JOHN WAGNER (Nevada Republican Assembly):

The Nevada Republican Assembly is opposed to S.J.R. 14. The language in this resolution is too broad and could apply to other forms of transportation like airports. If we begin to apply Highway Funds to other forms of transportation, we will soon have poorer quality roadways.

DARYL E. CAPURRO (Managing Director, Nevada Motor Transport Association):

We are neutral on S.B. 440, but are opposed to S.J.R. 14. The Highway Fund uses no General Funds and relies on bonding to raise money for large projects. By fiscal year (FY) 2007, our bond payments will be more than \$100 million a year. There is currently no plan to cover these bond payments; therefore, we should not expand the uses of the Highway Fund at this time.

DAVID K. SCHUMAN (Independent American Party and Nevada Committee for Full Statehood):

The Independent American Party and Nevada Committee for Full Statehood oppose S.J.R. 14. When you divert a steady stream of money, like gasoline tax, to fund mass transit, you will be inviting the same problems as California and some east coast cities now face. It is inappropriate to take money from one form of transit and apply it to another form of transit.

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JOHN P. SANDE (Western States Petroleum Association):
The Western States Petroleum Association opposes S.J.R. 14 and believes these funds should remain available for maintaining public highways.

CHAIR RAGGIO:
I wish to disclose that Mr. Sande and I are shareholders in the law firm of Jones Vargas.

SENATOR RHOADS:
Are you also opposed to S.B. 440?

MR. SANDE:
We take no position on that bill.

SUSAN MARTINOVICH (Deputy Director, Department of Transportation):
The Department of Transportation respectfully opposes S.J.R. 14 and chooses to remain neutral in S.B. 440 as long as funding comes from the General Fund and not the Highway Fund. We appreciate the problems faced by rural transit and are working with our Congressional delegation to provide relief in the area of federal matching funds.

MICHAEL D. GEESER (American Automobile Association, Nevada):
The American Automobile Association opposes S.J.R. 14 because the language in the resolution is too broad. We are neutral on S.B. 440.

JEANETTE K. BELZ (Associated General Contractors, Northern Chapter):
The Associated General Contractors oppose S.J.R. 14 because it would take limited funds from the Highway Fund. Please refer to my chart titled Bond Payments from the Highway Fund ([Exhibit J](#)).

SENATOR BEERS:
For what length of time is a typical transportation bond issued?

MR. GHIGGERI:
I do not know.

CHAIR RAGGIO:
We will close the hearing on S.B. 440 and S.J.R. 14 and open the hearing on S.B. 311. The fiscal note for this bill is \$129,600 for FY 2006 and \$140,000 for FY 2007 and continuing.

SENATE BILL 311: Revises provisions relating to reimbursement for legislators for travel and other expenses during legislative session. (BDR 17-742)

SENATOR DENNIS NOLAN (Clark County Senatorial District No. 9):
This bill allows the Legislative Commission to approve reimbursement of travel expenses to legislators. I will now go through the items on my handout titled Legislator's Travel Expenses ([Exhibit K](#)). We should not have to pay this much, out of our own pockets, in order to serve in the Legislature.

SENATOR RHOADS:
I support this bill. My airfare and other travel expenses are costly. I often have to drive over 900 miles just to attend one meeting.

CHAIR RAGGIO:

This bill would cover only expenses incurred while the Legislature is in session. We will now close the hearing on S.B. 311 and open the hearing on S.B. 355.

SENATE BILL 355: Provides for bonus to be paid to certain members of Nevada National Guard and Reserves called to active duty to combat terrorism. (BDR 36-704)

SENATOR BOB COFFIN (Clark County Senatorial District No. 10):

I will read the words of Assembly Concurrent Resolution No. 8, dated March 20, 2003 ([Exhibit L](#)), which we transmitted to members of our armed forces all over the world. At that time we did not know the struggle in the Middle East would include the use of our reserve forces to such an extent. Nevada has been impacted more than other states. We have not provided financial support to the men and women who serve. Senate Bill 355 will provide \$500 per month to those who serve in a theater of war and \$250 for those who serve elsewhere. The fiscal note for FY 2005 estimates the cost at \$21.6 million. It is difficult to predict the cost of future years because we do not know where or how many of our Nevada Guard and armed forces reserve members will be deployed. I am submitting a handout ([Exhibit M](#)) which contains information about the current deployment. I am also providing a pamphlet titled *Family Readiness Groups, Caring for Military Families* ([Exhibit N](#), original is on file at the Research Library).

CHAIR RAGGIO:

Do other states provide such bonuses?

SENATOR COFFIN:

I do not believe they do. I suggest we amend the language in this bill on page 1, lines 9 and 10, to allow the National Guard to determine how an individual would prove their service in a theater of war. On page 2, I recommend a change specifying if a person served for less than one month, they would be paid for the entire month. I would also suggest saving administrative costs by paying this bonus at six-month or one-year intervals instead of on a monthly basis.

CHAIR RAGGIO:

Please submit these amendments in written form to our Committee.

GILES E. VANDERHOOF (Major General, The Adjutant General of Nevada, Office of the Military):

I support S.B. 355. However, I would recommend an amendment that it is not a requirement to be a resident of Nevada to collect this bonus. There are many Nevada Guard members who live in other states.

CHAIR RAGGIO:

Does the term "global war on terrorism" in this bill also include certain domestic mobilizations?

GENERAL VANDERHOOF:

Yes, it does. We mobilize on New Year's Eve in southern Nevada and during other potential problem situations. These mobilizations are all considered a response to the global war on terrorism.

CHAIR RAGGIO:

What is your highest priority among the benefits granted, or proposed, for National Guard members?

GENERAL VANDERHOOF:

My highest priority is maintaining the full-tuition assistance at the University and Community College System of Nevada. The National Guard appreciates all the Legislature has done. Our fiscal estimate is probably higher than necessary, but we do not know how many members will be called to duty in the future.

CHAIR RAGGIO:

Does every National Guard member who is activated lose money while on active duty?

GENERAL VANDERHOOF:

Not always; military pay is probably better than many younger workers earn at their civilian jobs.

CHAIR RAGGIO:

Please provide our Committee with pay scale information showing what National Guard members receive when mobilized, as opposed to their nonmobilized level of pay. Also, provide information on whether or not other states provide this type of bonus.

GENERAL VANDERHOOF:

I will provide you with that information ([Exhibit O](#), received subsequent to the meeting).

SENATOR COFFIN:

When reviewing the pay scale of these men and women, keep in mind there is no price that can be put on separation from loved ones and no greater price than losing your life for your country.

MR. WAGNER:

We support S.B. 355. These men and women will need this money to make the transition from military to civilian life.

JANINE HANSEN (Mothers Against the Draft):

We support S.B. 355. Although we are opposed to a mandatory military draft, we should provide our troops with everything they need to defend our nation.

CHAIR RAGGIO:

We will close the hearing on S.B. 355 and open discussion on S.B. 371.

SENATE BILL 371: Makes appropriation to Office of the Military for additional personnel to assist in preserving and enhancing military installations in Nevada. (BDR S-1235)

GENERAL VANDERHOOF:

The federal government is anticipating installations will close around the country under action by the Base Realignment and Closure Commission (BRAC). National Guard units in other states have full-time personnel dedicated to work with their state legislatures and congressional delegations in order to prevent this occurrence. The appropriation in this bill will help us keep our military bases in

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Nevada. The entire list of bases scheduled for closure must first be approved by the U.S. Congress and the President.

CHAIR RAGGIO:
Who comprises the BRAC?

GENERAL VANDERHOOF:
The President and Congress appoint the members. The BRAC was requested by the Department of Defense which needs to cut back on the overall infrastructure in order to maintain resources necessary for readiness and fighting the nation's wars.

CHAIR RAGGIO:
What are the major military installations in Nevada?

GENERAL VANDERHOOF:
Nellis Air Force Base, Fallon Naval Air Station, the Nevada Air National Guard and the facility at Hawthorne are all at risk for closing.

CHAIR RAGGIO:
Is there a budget plan for how the appropriation in this bill will be used?

GENERAL VANDERHOOF:
I will provide that information.

CHAIR RAGGIO:
We have a letter from the Nevada Military Advocacy Commission ([Exhibit P](#)) which will be made part of the record. In that letter, they are suggesting the executive officer's salary to be between \$75,000 and \$80,000 a year and an assistant's salary at approximately \$35,000. They suggest the travel budget at \$55,000 and the balance of the appropriation for benefits, office equipment and other expenses. Where would this office be located?

GENERAL VANDERHOOF:
The office would be supplied by the Office of Military. I will be able to find space for them.

SENATOR TITUS:
Is the State of Nevada Washington, D.C., Office doing anything to help with the problem of potential base closings?

GENERAL VANDERHOOF:
Yes, they have been in contact with me. My concern is that other states have been working on this longer. We know that some southwestern states would like to have our ranges relocated to their states.

SENATOR MATHEWS:
The Nevada Military Advocacy Commission recommends this appropriation. I am submitting a letter from Congressman Jim Gibbons ([Exhibit Q](#)) which supports the work of this Commission.

SENATOR BEERS:

When Tonopah lost the stealth bomber fleet to New Mexico, it left them in dire financial straits. The Indian Springs facility may lose the Predator aircraft fleet to Alabama. This is a real threat to the economy of Nevada.

SENATOR MATHEWS:

Why has there been so little concern expressed for the possible closure of the Indian Springs facility?

GENERAL VANDERHOOF:

Indian Springs is technically a part of Nellis Air Force Base. There are several other states trying to obtain the Predator program. With so few new planes being built, there is a scramble for the existing stock.

CHAIR RAGGIO:

Is it inappropriate to lobby the BRAC?

GENERAL VANDERHOOF:

Yes, but some states are more aggressively approaching this issue than Nevada.

CHAIR RAGGIO:

We will close the hearing on S.B. 371 and open the discussion on S.J.R. 5.

SENATE JOINT RESOLUTION 5: Proposes to amend Nevada Constitution to impose certain limitations on amount that Legislature or governing body of governmental entity may appropriate and authorize for expenditure. (BDR C-943)

SENATOR BEERS:

I will begin my presentation on the Taxpayer's Bill of Rights (TABOR) for Nevada contained in S.J.R. 5 ([Exhibit R](#), original is on file at Research Library).

CHAIR RAGGIO:

The proposed language amending the Nevada Constitution seems unusually lengthy. Is this necessary?

SENATOR BEERS:

Yes, all of the language changes are necessary.

SENATOR RHOADS:

Why is Colorado voting to stop TABOR? Is it not working?

SENATOR BEERS:

Liberal advocacy groups in that state do not like TABOR and put this measure on the ballot.

SENATOR RHOADS:

What has happened to Colorado's economy in the last two years?

SENATOR BEERS:

Losses in revenue, as a result of a depressed stock market, caused the state to reduce spending. The following year their revenues increased and they issued a rebate instead of bringing the spending up to an appropriate level.

SENATOR CEGAVSKE:

I am proud to be a sponsor of this resolution. What differences between Nevada and Colorado would require tailoring in order to implement TABOR in this state?

SENATOR BEERS:

The only difference is the Nevada Constitution requires any imitative-based statutory amendment, requiring an expenditure of funds, to identify the source of those funds. This legislation would extend that protection to constitutional amendments as well.

SENATOR CEGAVSKE:

Will the fact that many local governments are out of revenue for their expenditures delay the implementation of TABOR in Nevada?

SENATOR BEERS:

All the counties are different. This will not mean it takes longer to implement, but their expenditures will have to stop increasing at rates higher than the formula of population growth plus inflation.

SENATOR CEGAVSKE:

How would legislation similar to California's Proposition 13 affect TABOR?

SENATOR BEERS:

It would have no impact. If TABOR were in effect today, we would not have had to pass legislation to cap property taxes. All revenue would be capped at the rate of inflation.

CHAIR RAGGIO:

Where is the Fund to Stabilize the Operation of State Government, otherwise known as the rainy day fund, described in this proposal?

SENATOR BEERS:

It is woven throughout S.J.R. 5 and is called a "special revenue fund." The TABOR amendment would set a funding level of 3 percent of the annual operating budget. Governmental entities, without this, would have to create a special fund. Currently, Nevada has an amount exceeding this 3-percent requirement in its rainy day fund.

CHAIR RAGGIO:

The wording says, "The legislature shall provide, by law, for the creation of a special revenue fund." Where does it specify the 3-percent figure you just mentioned? Having created this fund, how would access to it be achieved and what constitutes an emergency under this proposal?

SENATOR BEERS:

It would be up to the governing body to decide how and when to access the funds.

I will now conduct a brief overview of S.J.R. 5. The first section, on pages 3, 4 and 5, sets several new provisions into Article 2 of the Nevada Constitution regarding ballot questions and information that would be given to voters about such questions. Page 5, line 8, creates standing for a taxpayer to commence an action in court to enforce the provisions of these sections.

CHAIR RAGGIO:

In situations where there is an effort to exceed the cap, would they have to go to the voters at a General Election? Depending on the timing could it be up to a year before any action is taken?

SENATOR BEERS:

These issues would have to go before the voters and it could take up to a year, since we hold elections only once per year. On page 5, line 25, amends Article 4 of the Constitution by limiting state expenditures. This is where we find the requirement to maintain the rainy day fund at a level equal to 3 percent of annual expenditures. Page 6, line 22, amends Article 4 to provide that revenue collected in excess of the spending limit must be refunded to taxpayers. While a majority vote in both Houses of the Legislature can refer a plan to spend excess revenue to the voters, it cannot be implemented until the voters ratify the plan. The Legislature could pass a new tax, by a two-thirds vote of both Houses, and implement it today. However, if it is turned down by the voters in the next General Election, the tax will no longer be in place. This change also gives taxpayers standing to sue for violations, and funds must be refunded with 10-percent interest if TABOR was found to be violated.

Page 7, line 8, of S.J.R. 5 adds the creation of a rainy day fund at the state level. Page 7, line 14, prohibits state unfunded mandates to local governments. Page 8, line 4, amends Article 4 to impose spending limitations on the Governor's proposed budget. Line 27 of the same page discusses passage of taxes with a majority or a two-thirds vote. This also includes language to ensure the changes would not impact our bond rating by requiring the Legislature to pass a tax needed to pay our public debt if we were otherwise unable to.

CHAIR RAGGIO:

It would appear that the last change you mentioned, regarding public debt, may require a special session of the Legislature to implement.

SENATOR BEERS:

It would require a special session. Yet, such a circumstance would be rare.

SENATOR TITUS:

There seems to be a move in the direction of single-subject amendments and initiatives. This proposal is so complex, how do you reconcile those two tracks?

SENATOR BEERS:

That is the reason so few states have imposed a single-subject rule on their initiative process. The single-subject rule is subjective. I consider this proposal to be a single-subject initiative even though it sounds complicated.

SENATOR TITUS:

We have a list of states that use the single-subject rule and it is extensive. How many states have opted for TABOR?

SENATOR BEERS:

Only Colorado, and that was done by initiative. No state legislature has passed TABOR.

SENATOR RHOADS:

In the General Election, would it be a simple majority to carry the initiative?

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SENATOR BEERS:

Yes, it would require a simple majority.

SENATOR RHOADS:

If you use the two-thirds method in the Legislature, will this invite the minority to control the majority?

SENATOR BEERS:

That is why legislatures do not vote for this option, the people do. Pages 10 through 14 of S.J.R. 5 describe much the same constraints on local governments as we have just discussed for the state. Page 14, line 34, amends Article 9 which places state contacts for additional public debt before a vote of the people. Coloradoans have approved many initiatives to authorize use of their tax dollars. We do not want to interfere with government entirely; we just want to restrain spending.

Article 10 is amended on page 15, line 32, which adds a property tax cap at the rate of inflation. Article 11 is amended on page 18, line 6, to apply these constraints to school districts. Page 19, line 38, states that school debt contracts also must be submitted for a vote. Article 19 is amended on page 20, line 14, to extend the fiscal responsibility clause to include new constitutional amendments.

CHAIR RAGGIO:

Please have the Legal Division staff prepare a summary and analyses of these changes. Please provide an explanation of S.J.R. 6.

SENATE JOINT RESOLUTION 6: Proposes to amend Nevada Constitution to provide for limitations on appropriations and authorizations for expenditure and generating, creating or increasing public revenue. (BDR C-944)

SENATOR BEERS:

Please refer to my handout ([Exhibit S](#)). The S.J.R. 6 proposes to amend the Nevada Constitution to provide limitations on governmental spending. A similar amendment in Michigan requires that some excess revenue go into a reserve fund rather than requiring a reserve fund to be a certain percentage of the budget. Michigan does not cover local governments, only the state.

CHAIR RAGGIO:

This measure caps spending at 3.6 percent of total personal income in the state from the immediately preceding year. What is the rationale and how do you determine the total personal income for the preceding year?

SENATOR BEERS:

I do not know the answer to either question.

CHAIR RAGGIO:

Please provide us with an explanation of S.J.R. 9

SENATE JOINT RESOLUTION 9: Proposes to amend Nevada Constitution to impose certain limitations on amount that Legislature may appropriate or authorize for expenditure. (BDR C-134)

SENATOR BEERS:

This is a similar proposal to the others. Please see the explanation in my handout titled S.J.R. 9 Nevada Spending and Tax Caps "Taxpayer Bill of Rights" ([Exhibit T](#)).

CHAIR RAGGIO:

Which of these three resolutions are you proposing?

SENATOR BEERS:

I prefer S.J.R. 5.

SENATOR RHOADS:

If everything will be done by imitative petition, why will the public need legislators any longer? People might not realize that having their taxes cut will result in loss of revenue to schools and the infrastructure.

SENATOR BEERS:

The voters will still need us. Raising taxes is only one of the many things we do. Even under TABOR, there are times when taxes need to be raised. Our revenue does not decrease, so the schools and infrastructure will not be hurt.

RON KNECHT (Former Assemblyman):

I am here to support S.J.R. 9. This proposal provides a flexible cap for state spending. Please see my recommended amendments in the handout titled Proposed Amendment to S.J.R. 9 ([Exhibit U](#)). Personal income has grown consistently in Nevada over the years and I do not foresee problems here like those experienced in Colorado. Because this a flexible cap, the Legislature could override the rule in times of emergency by a two-thirds vote in each House. The S.J.R. 9 will not impose limits on local governments and will keep the bond protection clause and rainy day fund. Page 2, items 5 and 6, of [Exhibit S](#) explains how the amounts of personal income are determined.

CAROLE VILARDO (Nevada Taxpayers Association):

The Nevada Taxpayers Association supports the concept of expenditure reform, but does not have a specific position yet on any of these three measures.

JANINE HANSEN (President, Nevada Eagle Forum):

We support S.J.R. 5, S.J.R. 6 and S.J.R. 9. Our organization has distributed articles and produced Web publications supporting TABOR. Many families struggle with the burden of taxes. This resolution limits government spending growth.

MR. WAGNER:

We support S.J.R. 5, S.J.R. 6 and S.J.R. 9.

CHAIR RAGGIO:

What is the rationale that these limitations be imposed on the state government, yet not the local governments?

MR. KNECHT:

I do not see any particular reason to limit these only to the state governments. We used the state model when we drafted the proposal as a matter of practicality.

CHAIR RAGGIO:

The Office of the Attorney General has a request regarding S.B. 454.

SENATE BILL 454: Provides that investigators employed by Attorney General are eligible to enroll in Police and Firefighters' Retirement Fund. (BDR S-106)

RANDAL MUNN (Special Assistant Attorney General, Office of the Attorney General):

We request the Committee to reopen S.B. 454. Our original BDR failed to include coverage of certain individuals who did not submit their own bill draft because they believed our measure was going to continue. Consequently, our postponement request has disadvantaged them.

CHAIR RAGGIO:

We took action on April 7, 2005, to indefinitely postpone that measure at the request of the Attorney General. It is only under exceptional circumstances that we rescind this kind of action. However, we will consider your request when we hear your budget next week. Please submit your request to the Committee in writing.

MICHAEL R. ALASTUEY (Clark County):

We support the concept of fiscal discipline. Clark County has a taxpayer bill of rights which was enacted by a Board of Commissioners', resolution. We hold tax rates to their current level or below. We do not deficit spend. We keep an ending balance of 8.3 percent to 10 percent. If the balance exceeds that percentage, we invest the excess revenue in one-shot appropriations and capital improvements. We have a fiscal restraint on our operation and maintenance budget; we restrain growth annually by using a formula of population and the Consumer Price Index. We conduct frequent performance audits. We keep a five-year capital plan.

With this said, I am convinced that a lockstep constitutional approach, which attempts to address all 200-plus local governments in this state, would probably not work well. In a situation where there is steady growth year after year, like in Clark County, it may work. However, in smaller communities, with different economies, it may not work. The use of revenue surplus proposed in S.J.R. 5 is too inflexible. This authority should be retained by the elective body. In all likelihood, there is not a constitutional process that would adequately serve all local governments throughout the state.

CHAIR RAGGIO:

Do you know what the impact has been in states where proposals like these have been instituted?

MR. ALASTUEY:

Yes, there have been significant problems in those states because of the combination of a fluctuating economy, and a lockstep constitutional process. We have the same economic cycles in Nevada, they just are farther apart right now.

CHAIR RAGGIO:

One argument for this proposal is the example of a typical family that must practice fiscal restraint in the face of fluctuating economic cycles. Would you comment on that?

MR. ALASTUEY:

When I think back to fiscal problems Nevada has faced in the past, I can only say that had the state adopted these proposals then, they would not have served them well.

CHAIR RAGGIO:

There being no further business before this Committee, the meeting is adjourned at 10:27 a.m.

RESPECTFULLY SUBMITTED:

Michael Archer,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: _____