

**MINUTES OF THE
JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND
TRANSPORTATION
OF THE SENATE COMMITTEE ON FINANCE
AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-third Session
April 19, 2005**

The Joint Subcommittee on Public Safety, Natural Resources and Transportation of the Senate Committee on Finance and the Assembly Committee on Ways and Means, was called to order at 8:09 a.m. on Tuesday, April 19, 2005. Chair Dean A. Rhoads presided 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.

SENATE COMMITTEE MEMBERS PRESENT:

Senator Dean A. Rhoads, Chair
Senator Bob Beers
Senator Dina Titus

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Ms. Kathy A. McClain, Chair
Mr. Mo Denis
Mrs. Heidi S. Gansert
Mr. Joseph M. Hogan
Ms. Ellen M. Koivisto
Ms. Valerie E. Weber

STAFF MEMBERS PRESENT:

Steven J. Abba, Principal Deputy Fiscal Analyst
Mindy Braun, Education Program Specialist
Michael J. Chapman, Program Analyst
Jeffrey A. Ferguson, Program Analyst
Bob Guernsey, Principal Deputy Fiscal Analyst
Sandra Small, Committee Secretary

OTHERS PRESENT:

Leo Drozdoff, Administrator, Division of Environmental Protection, Department of Conservation and Natural Resources
Allen Biaggi, Director, Department of Conservation and Natural Resources
Terry R. Crawford, Director, Department of Wildlife
Joel Blakeslee, Director, Coalition for Nevada's Wildlife, Inc.
Bob Brenner, Coalition for Nevada's Wildlife, Inc
Tom Smith, Vice President, Coalition for Nevada's Wildlife, Inc.

MILITARY

Adjutant General Construction Fund – Budget Page MILITARY-10 (Volume III)
Budget Account 101-3652

Joint Subcommittee on Public Safety/Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
April 19, 2005
Page 2

MINDY BRAUN (Education Program Specialist, Fiscal Analysis Division, Legislative Counsel Bureau):

My remarks regarding budget account (B/A) 3652 are contained on page 49 of Closing List #2 ([Exhibit C](#), original is on file at the Research Library). Staff recommends this budget be closed as the Governor recommended.

SENATOR BEERS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3652 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR TITUS AND ASSEMBLYMAN DENIS WERE ABSENT FOR THE VOTE.)

National Guard Benefits – Budget Page MILITARY-12 (Volume III)
Budget Account 101-3653

MS. BRAUN:

My remarks are contained in [Exhibit C](#) on pages 50 and 51. Staff requests authority to reduce state General Funds for the account by \$84,572 in each fiscal year of the 2005-2007 biennium if Senate Bill (S.B.) 78 is approved by the 2005 Legislature. This would provide the agency with \$20,000 in each fiscal year to reimburse National Guardsmen for costs related to summer school.

SENATE BILL 78: Makes permanent authority of Board of Regents of University of Nevada to grant waivers for registration and laboratory fees for active members of Nevada National Guard. (BDR S-89)

CHAIR RHOADS:

Is S.B. 78 in the Governor's budget?

MS. BRAUN:

It is in the University and Community College System of Nevada budget.

ASSEMBLYWOMAN MCCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3653 AS RECOMMENDED BY STAFF.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CONSERVATION AND NATURAL RESOURCES

Nevada Natural Heritage – Budget Page DCNR-8 (Volume III)
Budget Account 101-4101

Joint Subcommittee on Public Safety/Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
April 19, 2005
Page 3

MICHAEL J. CHAPMAN (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

My remarks are contained on pages 2 through 6 in [Exhibit C](#).

E-350 Environmental Policies and Programs – Page DCNR-12

The Governor recommends continuation of a biologist II position.

E-356 Environmental Policies and Programs – Page DCNR-12

The Governor recommends funding for the environmental scientist III position be split equally between General Fund appropriations and federal Land and Water Conservation Funds (L&WCF) transferred from State Parks. If the environmental scientist III position is to continue, staff recommends utilizing Question 1 bond interest/proceeds transferred from the Division of Wildlife in lieu of General Fund appropriations as recommended by the Governor in FY 2006 as approved by the Interim Finance Committee (IFC).

There are two items with respect to this agency's reserves. The agency's sensitive species database is primarily supported with transfers from the Department of Transportation (NDOT). Staff recommends technical adjustments reducing the transfers from NDOT with corresponding reductions in database fee reserves. During a Subcommittee budget hearing, the program manager testified the agency utilizes the fee revenue as a last-option source to support positions and program costs when other revenue sources expire or become unavailable.

Since a work program would be needed to utilize the Bureau of Land Management (BLM) funds in reserve, staff recommends technical adjustments eliminating the BLM grant revenues, BLM Survey program costs and reserves in FY 2006 and FY 2007. If the agency continues to receive BLM funds in the next biennium, work programs should be processed to accept the revenue with a corresponding decrease in transfers from NDOT.

E-251 Working Environment and Wage – Page DCNR-11

Fiscal staff recommends a technical adjustment eliminating this decision unit.

E-354 Environmental Policies and Programs – Page DCNR-14

Fiscal staff requests authority to make technical adjustments to this decision unit based upon the closing actions taken in modules E-350 and E-356.

E-710 Replacement Equipment – Page DCNR-15

Fiscal staff recommends technical adjustments for revised computer hardware and software pricing.

Fiscal staff requests authority to make technical adjustments for final changes in costs and assessments.

Joint Subcommittee on Public Safety/Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
April 19, 2005
Page 4

CHAIR RHOADS:

Are the federal L&WCF a new source of revenue?

MR. CHAPMAN:

No, this funding has been around for a number of years. The state receives approximately \$1.7 million split equally between local and state governments.

ASSEMBLYWOMAN MCCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-4101; APPROVE E-356 WITH STAFF'S RECOMMENDATION TO USE QUESTION 1 FUNDS IN FY 2006; ACCEPT STAFF RECOMMENDATIONS WITH REGARD TO THE RESERVES RELATED TO NDOT AND BLM AND GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS AS RECOMMENDED TO E-251, E-354, E-710 AND FOR CHANGES IN COSTS AND ASSESSMENTS.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

SENATOR TITUS:

[Exhibit C](#) indicates you are losing a U.S. Fish and Wildlife Service Biodiversity grant, L&WCF grant and BLM funds. All of these are federal cuts. I asked staff to give me a list of federal budget cuts. There are so many, it is impossible to provide. Not all the tax breaks given at the federal level are tax breaks. They are tax shifts because the state has to pick up the burden for these needed programs.

CHAIR RHOADS:

I too would like to see a list of budget cuts.

Division of Conservation Districts – Budget Page DCNR-18 (Volume III)
Budget Account 101-4151

ASSEMBLY BILL 94 (1st Reprint): Makes supplemental appropriation to State Department of Conservation and Natural Resources. (BDR S-1194)

MR. CHAPMAN:

My remarks on B/A 4151 are in [Exhibit C](#) pages 6 and 7. Assembly Bill 94 addresses insurance premiums which are included in this Base Budget. Staff recommends closing this budget.

ASSEMBLYMAN HOGAN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-4151 AS RECOMMENDED BY STAFF WITH AUTHORITY FOR STAFF TO MAKE TECHNICAL ADJUSTMENTS FOR PRICE CHANGES, ELIMINATING M-100 ADJUSTMENT FOR ADDITIONAL CERTIFICATE OF PARTICIPATION (COP) PAYMENTS ASSOCIATED WITH THE NEW DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES BUILDING AND ALIGNING BOND RECEIPTS WITH PROGRAM COSTS.

Joint Subcommittee on Public Safety/Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
April 19, 2005
Page 5

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

State Lands – Budget Page DCNR-28 (Volume III)
Budget Account 101-4173

MR. CHAPMAN:

My remarks on B/A 4173 are in [Exhibit C](#) pages 8 through 10. Staff recommends closing this budget with the technical adjustments recommended in [Exhibit C](#).

ASSEMBLYWOMAN MCCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-4173 AS RECOMMENDED BY STAFF WITH AUTHORITY FOR STAFF TO MAKE TECHNICAL ADJUSTMENTS TO ELIMINATE EXCESS COP PAYMENTS ASSOCIATED WITH THE NEW BUILDING, FOR REVISED BUILDING RENTAL AND HARDWARE/SOFTWARE PRICING, TO ELIMINATE DUPLICATE FUNDING IN E-525, MOVE M-425 FUNDING FROM FY 2007 TO FY 2006 AND OTHER TECHNICAL ADJUSTMENTS FOR CHANGES IN COSTS AND ASSESSMENTS.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Nevada Tahoe Regional Planning Agency – Budget Page DCNR-38 (Volume III)
Budget Account 101-4166

MR. CHAPMAN:

My remarks on B/A 4166 are in [Exhibit C](#) page 11. Fiscal staff recommends closing this budget with the technical adjustment recommended in [Exhibit C](#).

ASSEMBLYWOMAN MCCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-4166 AS RECOMMENDED BY STAFF WITH AUTHORITY FOR STAFF TO INCREASE THE GENERAL FUND APPROPRIATIONS BY \$699 EACH YEAR OF THE BIENNIUM TO COVER THE COSTS OF AGENCY STAFF SUPPORT FOR TWO BOARD MEETINGS EACH YEAR.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

State Parks – Budget Page DCNR-40 (Volume III)
Budget Account 101-4162

MR. CHAPMAN:

My remarks on B/A 4162 are in [Exhibit C](#) pages 12 through 18.

M-425 Deferred Facilities Maintenance – Page DCNR-44

The Budget Division submitted budget amendment 70 that recommends moving second-year funding for deferred maintenance to the first year. Fiscal staff is still reviewing the amendment and requests authority to make the technical adjustments necessary to move M-425 funding from the second year to the first year should that decision be approved. Four projects were included in the budget and should be eliminated because of completion during FY 2005 or they will be undertaken as part of a Question 1 project.

E-175 Increase Non-Gaming Business – Page DCNR-45

E-181 Increase Non-Gaming Business – Page DCNR-45

The Governor's staffing recommendation for Big Bend of the River State Recreation Area campground appears to be reasonable. Fiscal staff recommends technical adjustments to reflect the revised February 2007 projected opening date as testified to by the agency and for revised computer hardware/software pricing.

E-525 Office Relocation – Page DCNR-46

Fiscal staff recommends a technical adjustment eliminating onetime telephone relocation costs of \$589 budgeted in the second year.

E-809 Sworn Salary Adjustments – Page DCNR-48

Fiscal staff recommends a technical adjustment eliminating a position inadvertently included in E-809.

E-811 Position Upgrades – Page DCNR-48

The chief of operations and maintenance is a commissioned law enforcement position. If the unclassified compensation subcommittee does not approve the Governor's recommendation to transition this position to unclassified service, staff recommends the position be included for a two-grade increase to retain salary parity in the Division's law enforcement series.

Staff recommends Base Budget technical adjustments to eliminate expired federal grant revenue, transfers for wood sales improperly included in the Base Budget, increase vacancy savings and increase bond interest proceeds.

State Parks has submitted a request, page 17 of [Exhibit C](#), for a bill to extend the reversion date of S.B. No. 502 of the 72nd Session and for authority to balance forward lodging tax receipts. The Subcommittee may wish to recommend introducing legislation to extend the reversion date to June 30, 2007. The Subcommittee should have the Budget Division acknowledge its concurrence regarding the extension of the reversion and carryforward extensions for these two items.

Joint Subcommittee on Public Safety/Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
April 19, 2005
Page 7

CHAIR MCCLAIN:

If the Floyd Lamb State Park is transferred to the City of Las Vegas, will we need to budget the maintenance costs in M-425?

MR. CHAPMAN:

Negotiations are ongoing. There is a draft agreement before the City Council. There will be a two-year transition period to move the park from the state to the city. The City of Las Vegas is asking to have a number of items needing maintenance completed prior to transfer.

ASSEMBLYWOMAN MCCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-4162 AS RECOMMENDED BY STAFF WITH AUTHORITY FOR STAFF TO MAKE THE TECHNICAL ADJUSTMENTS REQUESTED FOR E-425, E-175, E-181, E-525, E-809, E-811, BASE BUDGET AND TO REQUEST A BILL TO EXTEND THE REVERSION DATE OF S.B. NO. 502 OF THE 72nd SESSION AND FOR AUTHORITY TO BALANCE FORWARD LODGING TAX RECEIPTS.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR RHOADS:

Where is the Big Bend Park?

MR. CHAPMAN:

It is south of Laughlin along the Colorado River.

Environmental Protection Administration – Budget Page DCNR-63 (Volume III)
Budget Account 101-3173

JEFFREY A. FERGUSON (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

My remarks on B/A 3173 are in [Exhibit C](#) pages 19 through 26. The first major cost issues are the indirect cost (IDC) rate and the increasing reserve balance. The IDC allocation was 25 percent. The agency negotiated a new IDC rate of 32.17 percent in May 2004. Reserves at the end of FY 2004 were \$285,323 and projected to be \$65,669 at the end of FY 2005.

CHAIR RHOADS:

Is the 32.17 percent for the IDC rate exceptionally high?

MR. FERGUSON:

It seems high, but it was negotiated between the federal government and the Division.

The *Executive Budget* is based on a 25-percent IDC rate with each budget paying its own rent. Rent, historically, has been paid by each budget and not included in the IDC. The current biennium is the only time rent costs have been

paid out of the administration budget using the IDC. As a result, the reserve is expected to increase.

A number of adjustments have been made to this budget. During the Subcommittee hearing there was discussion regarding errors and omissions in the budget. Staff has worked with the agency and the Budget Division to make these adjustments. Staff did not change the IDC plan, but aligned the transfers from the bureaus with the transfers into the administration budget. The net result is a significant increase in this budget's reserves projected at \$1.97 million in FY 2006 and \$3.06 million at the end of FY 2007.

Staff has worked with the Budget Division and the department administrator to correct errors and omissions which are shown on the closing sheets. Other agreed upon changes to the department's Base Budget were made and are included in the closing sheets. Closing sheets also reflect staff's corrections to decision modules E-350, E-805 and lower computer hardware costs in E-710.

CHAIR RHOADS:

How can we avoid making all these adjustments and computations in the future?

MR. FERGUSON:

Some of the differences took place due to the change in how rents are paid. The agency has indicated they will leave things the way they have been historically. There should not be similar problems in the future. The agency states that the reserve represents authority and not cash on hand and would like to have an experience level to base any changes on before making additional adjustments.

Staff has two options for the Subcommittee to consider. Option A is preferred by the Division and is staff's recommendation. We recommend the Committee direct the Division to meet with staff from the Fiscal Division and the Budget Division six months into FY 2006 to review the reserve level and cash projections for the administration budget and determine whether corrective action should be taken. Corrective action could be done by transferring some of the funds back to the originating budgets and/or reducing the IDC rate. If this option is approved, staff would recommend the Division report to the IFC on the status of the actions taken. The status report would be provided at the first IFC meeting after January 1, 2006.

Option B would be to reduce the IDC transfers from the Division's non-administration budgets to the administration budget to the levels discussed during the budget hearing (\$1.1 million at the end of FY 2006 and \$1.2 million at the end of FY 2007). This option would result in a reduced reserve level in the administration budget and increase the reserve levels in the non-administration budgets.

CHAIR MCCLAIN:

How did they get so much money from the federal government?

Joint Subcommittee on Public Safety/Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
April 19, 2005
Page 9

MR. FERGUSON:

This IDC is approved by the federal government. What you see budgeted is not necessarily what it will be. This is authority only. They have not received the grants. The change in rent payment impacts the reserve.

CHAIR MCCLAIN:

If we reduce the IDC, where would the rest of the money go?

MR. FERGUSON:

It would go to the non-administration budgets' reserves.

CHAIR MCCLAIN:

Can the funds be used on programs?

MR. FERGUSON:

The funds can be used for programs when we know what the reserves are.

ASSEMBLYWOMAN MCCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3173 AS RECOMMENDED BY STAFF INCLUDING OPTION A WITH THE STATUS REPORT TO IFC; USING RESERVES FOR E-275 AND WITH AUTHORITY FOR STAFF TO MAKE TECHNICAL ADJUSTMENTS AS REFLECTED ON CLOSING SHEETS AND CHANGES IN ASSESSMENTS AND COST ALLOCATIONS.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

DEP Air Quality – Budget Page DCNR-73 (Volume III)
Budget Account 101-3185

MR. FERGUSON:

My remarks on B/A 3185 are in [Exhibit C](#) pages 27 and 28.

SENATOR BEERS:

The Pahrump Valley PM10 air quality noncompliance is caused by dust storms which caused Clark County's noncompliance. Somehow, back in Washington, D.C., our dust storms were picked up when passing regulations to mitigate factory smoke stack pollution 13 years ago. In Clark County, the noncompliance is handled by Clark County. Why is it handled at the state level for the Pahrump Valley? The inhabited part of the valley is in Nevada, but part of the valley is in California. What is California doing about noncompliance?

LEO DROZDOFF (Administrator, Division of Environmental Protection, Department of Conservation and Natural Resources):

Clark and Washoe Counties are delegated clean air responsibilities directly from the federal government. The balance of the state falls to the Division. We are working with Nye County on a cooperative agreement. We have agreed to fund a position to support what Nye County is doing through local ordinances.

Joint Subcommittee on Public Safety/Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
April 19, 2005
Page 10

California manages its air resources differently through air resource boards. I will have to get back to you on whether the California portion of Pahrump Valley is in noncompliance.

SENATOR BEERS:

Do you anticipate, when the improvement plan is finished, you will continue to need the environmental scientist III position?

MR. DROZDOFF:

I do not know if this will be a hands-on position.

SENATOR TITUS:

Is it true the air quality problem has arisen in Pahrump because of all the construction and growth?

MR. DROZDOFF:

There is a great deal of construction activity. There are a great number of dirt roads.

SENATOR TITUS:

What about the other aspect of air quality that comes from emissions? How do you calculate that?

MR. DROZDOFF:

The only air issue in Pahrump is the dust. The issues other counties look at and monitor are not at a non-attainment status in Pahrump.

SENATOR TITUS:

The cars in Pahrump are not required to have emission controls but are used to commute to Las Vegas to work. Is the air in Pahrump getting worse due to the auto emissions?

MR. DROZDOFF:

I am not aware that it is getting worse. It is monitored.

SENATOR TITUS:

Recently there was a credit program in Clark County. Do you have any ability to monitor that?

MR. DROZDOFF:

The Division's role in Clark County is limited. We permit some power plants.

ALLEN BIAGGI (Director, Department of Conservation and Natural Resources):

I believe Senator Titus is referring to a paving program where dollars were taken from the development community and put in trust for paving of dirt roads which generate PM10. That was a county program. The state did not have any activities within that program.

SENATOR TITUS:

Are we prohibited from having any oversight because Washoe and Clark Counties get their authority directly from the federal government?

MR. BIAGGI:

There is a provision within the regulations of the State Environmental Commission that allows that body to evaluate those local air quality programs in Clark and Washoe Counties. However, their options are limited. If the Commission finds a program to be nonfunctioning, they have the option of taking the program over using state resources and back charging the county. That has never been done.

SENATOR TITUS:

Are they restricted because we are self-limiting or because the federal government has said that is all we can do? Has the state taken the position that we will let the counties deal with the federal government so the state does not need to get involved, or are we prohibited by federal regulations from getting involved?

MR. BIAGGI:

The legislature has determined that Washoe and Clark Counties will run their own air quality programs with the exception of fossil fuel power plants.

SENATOR BEERS:

The Environmental Protection Agency's PM10 manual was written in 1992. Prior to that, there was no PM10 pollution. It was targeted at the products of combustion. It was a surprise when they picked up our desert windstorms. There is no evidence there is harm in the windstorms unless you intake the dust off the Owens Lake bed. Now we go through the steps of mitigating, by pouring chemical stabilizers on the desert, trading a nonexistent air-pollution problem for a water-pollution problem.

CHAIR MCCLAIN:

Before PM10, there was PM2.5 which is dust.

ASSEMBLYWOMAN MCCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3185 AS RECOMMENDED BY STAFF INCLUDING AUTHORITY FOR STAFF TO MAKE TECHNICAL ADJUSTMENTS FOR CHANGES IN COMPUTER HARDWARE COSTS AND ANY ADJUSTMENTS TO ASSESSMENTS AND COST ALLOCATIONS.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

DEP Water Pollution Control – Budget Page DCNR-80 (Volume III)
Budget Account 101-3186

E-900 Transfers Base to B/A 3186 – Page DCNR-86
E-902 Transfers M-150 to B/A 3186 – Page DCNR-87

Joint Subcommittee on Public Safety/Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
April 19, 2005
Page 12

MR. FERGUSON:

My comments on B/A 3186 are in [Exhibit C](#) pages 29 through 31. Staff has identified errors in decision modules E-900 and E-902 related to contract costs and transfers from the Health Division. The closing sheets reflect staff's corrections. Decision module E-811 for unclassified positions is not included in this budget. The decision to reclassify the environmental program manager to unclassified will be made in conjunction with the overall plan to fund unclassified positions. Staff requests authority to make adjustments for changes to computer hardware/software costs and adjustments to assessments and cost allocations.

ASSEMBLYWOMAN MCCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3186 AS RECOMMENDED BY STAFF WITH AUTHORITY FOR STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

DEP Water Quality Planning – Budget Page DCNR-91 (Volume III)
Budget Account 101-3193

MR. FERGUSON:

My comments on B/A 3193 are in [Exhibit C](#) pages 32 and 33. Staff has no major issues with this budget.

CHAIR RHOADS:

Does this B/A use General Funds?

MR. FERGUSON:

Yes, state funds are required to match federal funds.

ASSEMBLYWOMAN MCCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3193 AS RECOMMENDED BY STAFF WITH AUTHORITY FOR STAFF TO MAKE TECHNICAL ADJUSTMENTS FOR CHANGES IN COSTS AND ANY ADJUSTMENTS TO ASSESSMENTS AND COST ALLOCATIONS.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Safe Drinking Water Regulatory Program – Budget page DCNR-97 (Volume III)
Budget Account 101-3197

My comments on B/A 3197 are in [Exhibit C](#) pages 34 and 35. The *Executive Budget* does not contain the 2-percent cost of living adjustment (COLA) in each

Joint Subcommittee on Public Safety/Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
April 19, 2005
Page 13

year of the biennium for the 17.51 full-time equivalent positions recommended to transfer from the Health Division into this budget. Funding will be from license and fee revenues.

ASSEMBLYWOMAN MCCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3197 AS RECOMMENDED BY STAFF WITH AUTHORITY FOR STAFF TO MAKE TECHNICAL ADJUSTMENTS FOR CHANGES IN COSTS AND ANY ADJUSTMENTS TO ASSESSMENTS AND COST ALLOCATIONS.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

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

Safe Water Drinking Act – Budget page DCNR-101 (Volume III)
Budget Account 746-3211

My comments on B/A 3211 are in [Exhibit C](#) pages 36 and 37. Staff recommends corrections related to contracts and transfers from the Health Division in enhancements E-900 and E-902 as shown on closing sheets. Staff recommends adjustments for hardware/software costs and assessments and cost allocations.

ASSEMBLYWOMAN MCCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 746-3211 AS RECOMMENDED BY STAFF WITH AUTHORITY FOR STAFF TO MAKE TECHNICAL ADJUSTMENTS FOR CHANGES IN COSTS AND ANY ADJUSTMENTS TO ASSESSMENTS AND COST ALLOCATIONS.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

DEP Waste Mgmt and Federal Facilities – Budget Page DCNR-109 (Volume III)
Budget Account 101-3187

MR. FERGUSON:

My comments on B/A 3187 are in [Exhibit C](#) pages 38 through 40. This budget will need to be adjusted if the decision to reclassify the environmental program manager to unclassified is approved. Closing adjustments will need to be made for changes in computer hardware costs, assessments and cost allocations necessitated by budget closings in other accounts.

CHAIR MCCLAIN:

The Governor's budget eliminates B/A 3198 and transfers it into B/A 3187. What happens to the positions in B/A 3198?

Joint Subcommittee on Public Safety/Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
April 19, 2005
Page 14

MR. FERGUSON:

Two of the sixteen positions go to the Environmental Protection Administration B/A 3173. The remaining 14 will be transferred to this account.

SENATOR TITUS:

What is happening with the cancer investigation in Fallon?

MR. BIAGGI:

The investigation conducted by the Center for Disease Control and the Environmental Protection Agency has ended. The federal investigation did not find a nexus between an environmental contaminant and the cancer cluster. There are other ongoing studies, using private funding, evaluating the roll tungsten or other identified contaminates might have on that cancer cluster.

SENATOR TITUS:

Is the state doing anything?

MR. BIAGGI:

No, it is not.

ASSEMBLYWOMAN MCCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3187 AS RECOMMENDED BY STAFF WITH AUTHORITY FOR STAFF TO MAKE TECHNICAL ADJUSTMENTS FOR CHANGES IN COSTS AND ANY ADJUSTMENTS TO ASSESSMENTS AND COST ALLOCATIONS.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR RHOADS:

How do you adjust the state budget for federal cuts when the state budget closes before the federal budget?

MR. FERGUSON:

The staff is monitoring the federal budget. The agency would have to make adjustments through work programs and the IFC.

Bureau – Federal Facilities – Budget Page DCNR-123 (Volume III)
Budget Account 101-3198

MR. FERGUSON:

My comments on the B/A 3198 are in [Exhibit C](#) pages 41 through 43. The Governor's budget eliminates this B/A. Staff recommends corrections to B/A 3198 to eliminate any balances at closing, including adjustments to assessments and cost allocations that may be necessitated by budget closings in other accounts.

ASSEMBLYWOMAN MCCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3198 AS

Joint Subcommittee on Public Safety/Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
April 19, 2005
Page 15

RECOMMENDED BY STAFF WITH AUTHORITY FOR STAFF TO MAKE
TECHNICAL ADJUSTMENTS FOR CHANGES IN COSTS AND ANY
ADJUSTMENTS TO ASSESSMENTS AND COST ALLOCATIONS.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

DEP Mining Regulation/Reclamation – Budget Page DCNR-132 (Volume III)
Budget Account 101-3188

MR. FERGUSON:

My comments on the B/A 3188 are in [Exhibit C](#) pages 44 and 45. Staff recommends adjustments to this budget for computer hardware costs, transfers to administration as agreed upon with the Budget Division and the agency and any adjustments to assessments and cost allocations that may be necessitated by budget closings in other accounts.

ASSEMBLYWOMAN MCCLAIN MOVED TO RECOMMEND TO THE FULL
COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3188 AS
RECOMMENDED BY STAFF WITH AUTHORITY FOR STAFF TO MAKE
TECHNICAL ADJUSTMENTS FOR CHANGES IN COSTS AND ANY
ADJUSTMENTS TO ASSESSMENTS AND COST ALLOCATIONS.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Water Planning CAP Improvement – Budget Page DCNR-138 (Volume III)
Budget Account 101-4155

MR. FERGUSON:

My comments on the B/A 4155 are in [Exhibit C](#) pages 46 and 47. Staff recommends adjustments to this budget for computer hardware costs and any adjustments to assessments and cost allocations that may be necessitated by budget closings in other accounts.

ASSEMBLYWOMAN MCCLAIN MOVED TO RECOMMEND TO THE FULL
COMMITTEE TO CLOSE BUDGET ACCOUNT 101-4155 AS
RECOMMENDED BY STAFF WITH AUTHORITY FOR STAFF TO MAKE
TECHNICAL ADJUSTMENTS FOR CHANGES IN COSTS AND ANY
ADJUSTMENTS TO ASSESSMENTS AND COST ALLOCATIONS.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Joint Subcommittee on Public Safety/Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
April 19, 2005
Page 16

State Environmental Commission – Budget Page DCNR-142 (Volume III)
Budget Account 101-4149

MR. FERGUSON:

My comments on the B/A 4149 are in [Exhibit C](#) on page 48. Staff recommends any adjustments to assessments and cost allocations that may be necessitated by budget closings in other accounts.

ASSEMBLYWOMAN MCCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-4149 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR STAFF TO MAKE TECHNICAL ADJUSTMENTS TO ASSESSMENTS AND COST ALLOCATIONS.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR RHOADS:

We will open the work session with the Department of Wildlife.

MR. CHAPMAN:

There was a reference made during the budget closings that the Division of Water Resources budget was coming up for closing. That budget was closed by the Subcommittee on April 8, 2005.

DEPARTMENT OF WILDLIFE

Wildlife – Budget Page WILDLIFE-1 (Volume III)
Budget Account 101-4452

The Governor's budget recommends a reserve level of \$52,680 at the end of FY 2007. This reserve level does not appear to be adequate to sustain ongoing operations. Five positions were eliminated, maintenance and enhancement expenditures were adjusted and other changes were made in order to get to a positive reserve. The agency previously received General Funds of approximately \$700,000 per year. The Governor's current budget recommends increasing that amount to \$2.93 million for the 2005-2007 biennium. The additional General Funds are needed for deferred maintenance, which is split equally between General Funds and Question 1 bond proceeds/interest; to reimburse the agency for the difference between full- and reduced-price licenses sold to seniors, youth, servicemen and Native Americans; and the Nevada Sage Grouse plan. There are several reductions in reserves for travel costs, building projects, replacement and new equipment and salary increases.

Wildlife – Boating Program – Budget Page WILDLIFE-14 (Volume III)
Budget Account 101-4456

Budget Account 4456 also has an inadequate reserve projected to be \$45 at the end of FY 2007. Reserves are budgeted to be used for boat docks, launch

ramps, campground host facilities, replacement and new equipment and salary increases.

Staff met with the agency and the Budget Division on April 5, 2005, to discuss reducing costs rather than increasing fees and to consider suggestions for budget modifications to bring to this Subcommittee. The agency has implemented a number of procedures to improve the balance forward. They anticipate an increase in the FY 2005 balance forward of approximately \$447,000.

CHAIR RHOADS:
Is that an adequate reserve?

MR. CHAPMAN:
It would increase the projected FY 2007 reserve in B/A 4452 to approximately \$500,000. The agency testified the optimal reserve level for this account is \$3 million.

CHAIR RHOADS:
What is an optimal reserve?

MR. CHAPMAN:
We consider the ability to maintain sufficient cash flow within the agency as either a 45-day rule or the ability to cover two or three pay periods. Staff has recently received the updated statewide cost allocation schedule and the Attorney General cost allocation. Combined, they would reduce reserves by \$282,000 over the biennium.

During the April 5 meeting, there was conversation regarding revenues including an additional \$180,000 each year in General Funds which would be considered compensation for the agency's urban interface human/wildlife conflict response efforts. Conflicts are such things as getting the duck out of the swimming pool or the bear out of the trash can type activities. These activities are not funded by the sportsmen. Prior to the 2003 Legislative Session, this agency received transfers of lodging tax receipts from the Commission on Tourism of about \$200,000 each year. The Committee has a copy of a memorandum dated April 18, 2005, from the Nevada Department of Wildlife ([Exhibit D](#)). This document suggests additional funding sources and contains some budget adjustment proposals. Staff has not yet reviewed this information.

CHAIR RHOADS:
Does the Governor's budget include any revenue from the Commission on Tourism?

MR. CHAPMAN:
That is correct. Staff is still evaluating the Commission on Tourism's budget. There have been revenue projection revisions. We will probably not know for two or three weeks if there are funds available for transfer to the Department of Wildlife or other state agencies.

CHAIR RHOADS:
How long has Wildlife received General Funds?

Joint Subcommittee on Public Safety/Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
April 19, 2005
Page 18

MR. CHAPMAN:

The General Funds received have fluctuated over the years.

CHAIR MCCLAIN:

What would be the consequences if we did not fund the Sage Grouse plan?

TERRY R. CRAWFORTH (Director, Department of Wildlife):

We led an effort to do a comprehensive review of the status of sage grouse in the United States. That review helped us avoid listing sage grouse as an endangered or threatened species.

CHAIR MCCLAIN:

How close to being endangered are they?

MR. CRAWFORTH:

There are about 350,000 adult breeding sage grouse in the 11 western states. Nevada has about one-fourth of those birds in one significant habitat.

CHAIR MCCLAIN:

Can you use Question 1 money for some of the deferred maintenance?

MR. CRAWFORTH:

We could, but my concern with that has been the past policy of this body and the Governor. We have been criticized when we spend the park and recreation funds on ourselves for housing and agency facilities.

CHAIR MCCLAIN:

How much of the deferred maintenance is on housing?

MR. CRAWFORTH:

I do not have that information with me. Most of the cost has to do with disability access and Public Works Board projects. The original recommendation was that the agency needed to pay for one-half of the cost.

CHAIR MCCLAIN:

Could you give a list of those projects to staff?

MR. CRAWFORTH:

They do have that list.

MR. CHAPMAN:

We do have the list of deferred maintenance projects. It does not say which projects are Question 1 versus General Funds. The funding was split equally. Staff is asking if more Question 1 funds can be used to offset General Funds. The definition for use of Question 1 funds is broad. They can be used for the enhancement of habitat and improvement to the agency's facilities.

MR. CRAWFORTH:

Public Works has the lead on these projects so I assume when you approve their budgets, we will know how they are being funded.

Joint Subcommittee on Public Safety/Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
April 19, 2005
Page 19

CHAIR RHOADS:

Can we put Question 1 money into the budget?

MR. CHAPMAN:

The projects may be managed by the State Public Works Board, but the funds are coming out of this budget.

[Exhibit D](#), page 3, lists three expenditure reductions to improve the reserves in B/A 4456. I have not had the opportunity to review this document.

MR. CRAWFORTH:

We have provided staff with some options. My preferred option is more money rather than cutting costs. The reserves in this agency over the years have been a blessing and a curse. When we have substantial reserves, our other funding sources are trimmed especially in years when the state's fiscal situation is not good. We do not get the funding back once it is taken away. The items listed for cuts in the Governor's budget affect the way we function and whether we can be proactive.

CHAIR RHOADS:

Does the fact that Nevada must allow out-of-state hunters into the drawing system have a negative impact on revenues?

MR. CRAWFORTH:

It could work either way. If a nonresident gets the same tag a resident gets, the nonresident pays four or five times as much as the resident. We do not know if the sale of resident tags will be affected. We have looked at climatic conditions and what the trend might be for our license sales in the future. I am reluctant to say the sales will increase.

CHAIR RHOADS:

Is there a final court decision on the nonresident hunting issue?

MR. CRAWFORTH:

No, we have a long way to go. There are court cases in five different states. We have to make some decisions this year. The Board of Wildlife Commissioners has adopted regulations to establish seasons and will be establishing how we distribute the tags among various hunter groups.

CHAIR RHOADS:

Will the quota apply to nonresidents?

MR. CRAWFORTH:

Yes, some of it. They will get a higher number of tags than they have in the past.

CHAIR McCLAIN:

What is the difference in price between resident and nonresident?

MR. CRAWFORTH:

It is generally about five times as much for a nonresident license or tag than for a resident.

Joint Subcommittee on Public Safety/Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
April 19, 2005
Page 20

CHAIR MCCLAIN:

We should look at getting funds from the Commission on Tourism. I do not think using General Funds for salary increases will work. I am not convinced that the sage grouse plan is a good use of funds. Would you prioritize your budget adjustment proposals and work with staff? We need to get the reserves up to \$1.5 million.

STEVEN J. ABBA (Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Commission on Tourism budget is not a subcommittee budget. That budget has not closed yet. They have built in increases for advertising and promotion campaigns. Tourism funding has been used in the past for state parks. The Department of Museums is a recipient of Tourism funds in the proposed budget. Staff is in the process of reprojecting room tax revenues. We will have information on that Tourism money when the budget is closed.

SENATOR TITUS:

Are the room revenue projections going to be increased?

MR. ABBA:

Yes, the Commission on Tourism has projected increases in room taxes. That is why they are considering increasing promotion and advertising campaigns.

CHAIR RHOADS:

Please prioritize your reductions and get with staff.

ASSEMBLYWOMAN GANSERT:

I would like to have a history of all past year revenues.

MR. CRAWFORTH:

We will get that information.

CHAIR RHOADS:

We will close the work session and open for public comment.

JOEL BLAKESLEE (Director, Coalition for Nevada's Wildlife, Inc.):

I am here to discuss the pay increase for game wardens. We do not oppose that increase, but we are concerned because the increase does not include the biologist and conservation education people. If there is a way to expand the budget to include these positions, we would support it.

BOB BRENNER (Coalition for Nevada's Wildlife, Inc.):

We are supporting raises for the game wardens, biologists and conservation officers. The wardens' job has changed. The training these wardens get protects all citizens. Funding for that training and those officers needs to be provided. We have worked to increase fees.

CHAIR RHOADS:

Are there any game warden vacancies?

MR. CRAWFORTH:

Yes, there are 7 vacancies of the 31 game warden positions.

TOM SMITH (Vice President, Coalition for Nevada's Wildlife, Inc.):

The budget for the Department of Wildlife needs to be increased. The Department has biologists without boats and game wardens without gasoline. It is disheartening to be in that profession and unable to do your job due to lack of funds. The people working for the Department are there for the love of wildlife not for the money. Terry Cawforth's son, for example, is paid by the Sparks Police Department at a higher rate than any of the state's game wardens. We cannot recruit people into our Department if the pay is not competitive. The beginning salary for a biologist or a game warden is \$32,000 annually. Money needs to come from the General Fund and an increase in user fees. Users are willing to pay additional fees. There is a lot of volunteering on behalf of the Department because it does not have the funds to do the work. We also bring dollars into the state from matching federal funds. The sage grouse plan is necessary. If they become an endangered or protected species, it will take a lot of money to bring the grouse back from being protected. That would have a large fiscal impact on this state. License fees are not enough to support this Department.

CHAIR MCCLAIN:

The agency requested a fee increase which was not included in the Governor's budget. You increased the fees last session. Was the increase enough? Did you get what you asked for last session?

MR. CRAWFORTH:

Last session we asked for immediate fee increases and future increases based on a consumer price index (CPI) trigger. We did not get the CPI.

CHAIR MCCLAIN:

Did the fee increase generate the level of revenue expected?

MR. CRAWFORTH:

The fee increase generated close to the forecasted amount. The difference was probably due to buyer resistance and climatic conditions. We did not get the CPI increase for future years.

CHAIR RHOADS:

We compete for law enforcement personnel at every level. People will sign a petition to reduce taxes at the same time they ask for more money for education and wildlife.

Joint Subcommittee on Public Safety/Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
April 19, 2005
Page 22

There being no further business to come before the Committee at this time, we are adjourned at 10:17 a.m.

RESPECTFULLY SUBMITTED:

Sandra Small,
Committee Secretary

APPROVED BY:

Senator Dean A. Rhoads, Chair

DATE: _____

Assemblywoman Kathy A. McClain, Chair

DATE: _____