

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-third Session  
April 26, 2005**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:02 a.m. on Tuesday, April 26, 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

**STAFF MEMBERS PRESENT:**

Mindy Braun, Education Program Analyst  
Laura Freed, Program Analyst  
Gary L. Ghiggeri, Senate Fiscal Analyst  
Bob Guernsey, Principal Deputy Fiscal Analyst  
Leslie Johnstone, Program Analyst  
Cindy Clampitt, Committee Secretary

**OTHERS PRESENT:**

Nancy A. Becker, Chief Justice, Nevada Supreme Court  
Kathy A. Hardcastle, Chief Judge, Department 4, Eighth Judicial District Court  
Donald G. Burnette, Chief Administrative Officer, Administrative Services, Clark County  
Charles Short, Court Administrator, Eighth Judicial District Court  
Clay Thomas, Deputy Director, Department of Motor Vehicles  
Dennis Colling, Chief, Administrative Services Division, Department of Motor Vehicles  
John P. Comeaux, Director, Department of Administration  
Daniel J. Klaich, Vice Chancellor of Legal Affairs, University and Community College System of Nevada  
James T. Richardson, Nevada Faculty Alliance  
Kent Cooper, Assistant Director, Planning Division, Nevada Department of Transportation  
Steve Robinson, Advisor on Wildlife, Conservation and Rural Nevada Issues, Office of the Governor  
Nancy J. Howard, Nevada League of Cities  
Josh Wilson, Trailblazers Motorcycle Club and the Motorcycle Racing Association of Northern Nevada  
Dave McTeer, Chief, Division of Information Technology, Department of Administration  
Charles "Chuck" W. Fulkerson, Executive Director, Office of Veterans' Services  
Melanie Ann Trinkle, United States Air Force Disabled Veteran

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Allen Biaggi, Director, Department of Conservation and Natural Resources  
Rex Reed, Administrative Services Officer, Department of Conservation and Natural Resources

Richard Burdette, Energy Advisor, Office of the Governor

Stacy M. Jennings, Executive Director, Commission on Ethics

Joe Bertolone, Chief Administrative Officer, Nevada Gaming Commission and State Gaming Control Board

Robert E. Shriver, Executive Director, Division of Economic Development, Commission on Economic Development

Bruce Bommarito, Executive Director, Nevada Commission on Tourism

Stephen Woodbury, Administrative Services Officer, Commission on Tourism

CHAIR RAGGIO:

I hereby call the meeting to order. You will note on the agenda that testimony for Senate Bill (S.B.) 26 (1st Reprint), S.B. 32 (1st Reprint) and S.B. 400 is limited to fiscal impacts. We will begin with S.B. 195.

**SENATE BILL 195**: Increases number of district judges in Eighth Judicial District.  
(BDR 1-524)

NANCY A. BECKER (Chief Justice, Nevada Supreme Court):

I am present in my capacity as Chair of the Judicial Council of the State of Nevada, an administrative arm of the judiciary.

You have heard my testimony in separate hearings about the need for additional judges in Clark County and how it relates to this bill and to the senior judge funding.

The Judicial Council supports S.B. 195. Specifics of the bill will be presented by others.

KATHY A. HARDCASTLE (Chief Judge, Department 4, Eighth Judicial District Court):

Senate Bill 195 requests an increase in the judicial positions within Clark County. We have provided the Committee a copy of the executive summary titled, "The Need for Additional Judges, Eighth Judicial District Court, Clark County, Nevada" ([Exhibit C](#)). We have also provided a list of our proposed solutions in ([Exhibit D](#)).

The cover of [Exhibit C](#) is a photograph of Judge Sally L. Loehrer's courtroom indicating the crowded situation that exists.

I have also provided copies of two case calendars heard by Judge Stewart L. Bell recently ([Exhibit E](#)). The calendar reflects a typical court day. [Exhibit E](#) indicates approximately 100 cases were scheduled. He heard those matters in two hours. He commented that although each matter was heard for approximately one minute, he felt he had provided fair hearings, although the attorneys or litigants would not agree.

The cases were heard rapidly to reduce the standby time for jurors selected for jury trials. Clark County's Eighth District Court faces the prospect of being unable to meet its mission of providing timely and efficient access to justice. Population growth, coupled with increases in crime and litigation, has resulted in

substantial increases in the filings for civil, criminal and family caseloads. Despite our efforts to manage the enormous growth in filings, it has become clear that we cannot keep current. Timely resolution of court cases in Clark County is slipping.

Figure 1, page 2 of [Exhibit C](#), reflects that, according to the American Bar Association, 100 percent of criminal cases should be completed or disposed within 12 months. In the Eighth District Court, only 63 percent of criminal cases are disposed within 12 months. That is 37 percent below the national standard. Figure 2 reflects that 100 percent of civil cases should be completed within 24 months. In the Eighth District Court, only 76 percent of the civil cases are completed within that time period; 24 percent below the national standard.

Figure 3, page 2 of [Exhibit C](#), tells a more compelling story. It takes 12 months to get a court date for criminal cases, more than 36 months to set a trial date for civil cases and 10 months for a trial date in domestic relation cases.

Figure 4, page 3 of [Exhibit C](#), indicates that Eighth District Court judges' caseloads are 36-percent greater than those of the second-busiest Nevada court.

When compared to other western courts of comparable size and jurisdictions, the Eighth District Court judges have the highest number of filings, at 2,633 cases for each judge, and the lowest ratio of judges per 100,000 population. There are 1.9 judges per 100,000 population. That is the lowest anywhere in the western United States.

Figure 6 of [Exhibit C](#), page 3, projects the impact of additional judges on the ratio of filings per judge.

The consequence of not funding judicial positions when there are increases in population, arrest and litigation is a bottleneck in the continuum of justice. Picture an hourglass with the police and prosecution agencies on the top, the bottleneck in the middle is the judicial system and the results are fed out to other agencies below us in the hourglass.

Additional consequences include additional wait times for verdicts, public safety is compromised as offenders are returned to the community, business litigation increases costs and reduces our ability to further the growth of commerce and children suffer under the stress of divorce.

The Eighth District Court and Clark County have reached a compromise on S.B. 195. The request will be changed from seven additional judges to four judges. I commend Mr. Thom Reilly, Clark County Manager, and Mr. Chuck Short, Court Administrator, for their ongoing commitment in reaching a resolution. I also thank the Clark County Commissioners for giving a priority to justice in their community.

I now refer the Committee to [Exhibit D](#) which contains our proposed solutions to caseload issues. We have set a time-to-disposition goal of 90 percent within 12 months in the Criminal Division. We have proposed four changes: to transfer one civil judge to the criminal division; add a new criminal arraignment master for law and motion calendars to be funded by the county beginning January 2006; request a senior judge to process probations and revocations of

parole to reduce the judicial calendars; and add one new criminal division judge from the four requested in S.B. 195.

We are setting a time-to-disposition goal of 90 percent within 24 months in the Civil Division. To accomplish this we have proposed four changes: to expand the alternative dispute resolution threshold to \$50,000; hire additional staff for the short-trial program; add two new civil division judges as of January 2007; and use senior judges for the settlement conference program to assist with early dispute resolution.

The goal in the Family Division is 99 percent for time-to-disposition within 12 months. We propose four changes: add one new judge to the Juvenile Division; partner with the private sector to create a high-conflict divorce-mediation alternative; add one abuse/neglect hearing officer to be funded by the county beginning July 2005; and utilize senior judge support for calendar continuity and domestic relation cases.

The total cost to the state for these proposals is \$695,320. The total annual operating cost to Clark County is estimated at \$4,448,563. We anticipate approximately \$9,994,300 in facility improvement costs including a build-out for the tenth floor of the new Clark County Regional Justice Center and a remodel of a courtroom for the Family Division.

CHAIR RAGGIO:

I appreciate your testimony and the proposed solution efforts. We indicated in previous hearings that the long-standing policy of the Legislature has been whenever requests are made for new judges, the Legislature would support the requests only if the local governing body is supportive and willing to assume the costs associated with the positions. The state funds salaries, but other costs are the responsibility of local government. Please comment on this policy.

DONALD G. BURNETTE (Chief Administrative Officer, Administrative Services, Clark County):

Clark County reached a compromise with the Eighth Judicial District Court, as noted by Chief Judge Hardcastle and the county supports the addition of four new judges. The county appreciates the hard work of the court to improve its operations and its commitment to making the best use of the resources available.

CHAIR RAGGIO:

For the record, this bill had an appropriation of \$608,000 for seven new judges, one of which was to be a family court judge. If I understand the solution correctly, the request is revised to reflect four new judges. One judge would be placed in the Criminal Division, two in the Civil Division and one in the Family Division. The amount requested exceeds the amount appropriated. How did that occur?

CHARLES SHORT (Court Administrator, Eighth Judicial District Court):

The \$608,000 figure represents the annualized cost.

CHAIR RAGGIO:

Is this also your solution, dependent upon the process of S.B. 369? That bill authorizes the funding for the senior judge program.

[SENATE BILL 369](#): Makes various changes regarding judiciary. (BDR 1-525)

CHIEF JUDGE HARDCASTLE:

I have provided a copy of my written testimony in support of [S.B. 195 \(Exhibit F\)](#). [Senate Bill 195](#) is independent of [S.B. 369](#). If the senior judge bill is approved, we will use the senior judges to address certain proposed solutions.

CHAIR RAGGIO:

Your proposed solution includes the funding for the senior judge program found in [S.B. 369](#).

CHIEF JUDGE HARDCASTLE:

That is correct.

CHAIR RAGGIO:

The case has been made, and this Committee understands, that even more judges are needed. Is what you have proposed the agreed-upon solution at the present time?

CHIEF JUDGE HARDCASTLE:

That is correct.

SENATOR COFFIN:

Before I would support the compromise, I have some concerns. I am struck by the statistic of the number of judges per 100,000 population. The ratio is 1:9 per 100,000 population in Clark County and 2:6 per 100,000 population in the rest of the state. Clark County has the largest county population in the state. It means that some of the counties must have five judges or more per 100,000 population. Is that correct?

CHIEF JUDGE HARDCASTLE:

We have not calculated that figure.

SENATOR COFFIN:

I would not support the compromise because I have seen the mess at the courthouse many times. You may have agreed upon four new judges, but I am inclined to think that no matter what Clark County may say, from a budget point of view, the proposal undershoots the needs.

CHIEF JUDGE HARDCASTLE:

The hearing masters obtained in July 2005 and January 2006 will provide immediate caseload relief. We are also in the implementation stage of a new case-management system. The bid is out, and we expect the new system will help automate the process. In two years, with these changes, we will have a better feel for what additional judicial positions are needed. The proposed changes will place us in a much better position and provide immediate relief. The new judges will not be in place until January 2007.

SENATOR COFFIN:

I support the court doing whatever it can on an immediate basis by using hearing masters. I think this is sharpening the pencil a little too much. I am skeptical of the fiscal note.

SENATOR BEERS:

From the county perspective, the courtrooms are fixed assets. Have Friday or night courts been considered?

CHIEF JUDGE HARDCASTLE:

The family courts are holding some night courts. The high-volume justice court has not yet started a night traffic court. Their counters are open on Saturdays. With current resources, it would not be an efficient use of our time.

MR. SHORT:

The courts operate from 8 a.m. to 5 p.m., Monday through Friday. In addition, we have calendars for drug and divorce courts at night. We are considering placing the short-trial program in the afternoons and into early evenings to maximize the utilization of all facilities. When we move to the new Clark County Regional Justice Center, we plan to operate the facility on Saturdays. The county has agreed to provide additional security for that purpose.

CHAIR RAGGIO:

What is the expected opening date for the new facility?

MR. SHORT:

We are told the move should be made in the fall of 2005. An announcement of a definite moving date should be made soon.

MR. BURNETTE:

I concur with Mr. Short's comments. We are expecting a moving date in approximately October 2005. We are comfortable with the time frame.

CHAIR RAGGIO:

Will staff request an amendment reflecting the compromise solution? This bill will not be processed at this time because the appropriation is not included in the budget.

I hereby close the hearing on S.B. 195 and open the hearing on S.B. 26.

**SENATE BILL 26 (1st Reprint)**: Revises provisions governing distribution of money in Pollution Control Account to local governmental agencies. (BDR 40-397)

## MOTOR VEHICLES

DMV, Motor Vehicle Pollution Control – Budget Page DMV-73 (Volume III)  
Budget Account 101-4722

CLAY THOMAS (Deputy Director, Department of Motor Vehicles):

This bill identifies issues within the *Nevada Revised Statutes* (NRS) pertaining to activities involved in the Motor Vehicle Pollution Control Account. Today's testimony will concentrate on the fiscal impacts.

Senate Bill 26 requests an increase in the Motor Vehicle Pollution Control Account reserve by \$500,000 to ensure that state agencies responsible for air quality programs have adequate funding at the beginning of the fiscal year to continue their operations. Mr. Colling will discuss the fiscal aspects of the bill.

DENNIS COLLING (Chief, Administrative Services Division, Department of Motor Vehicles):

This bill addresses a number of issues. I am only speaking to the change in the carryforward that must remain in the Motor Vehicle Pollution Control Account at the end of the year before local governments may receive grants of excess funds.

The Department of Motor Vehicles (DMV) requests an additional \$500,000 be required in the reserves, bringing the amount required in the account to \$1 million. This account is used to fund a number of ongoing operations at the local government and state levels.

Both Washoe and Clark Counties receive \$1 for every pollution control certificate sold. The DMV, State Department of Conservation and Natural Resources, Division of Environmental Protection, Department of Agriculture and Tahoe Regional Planning Agency all receive varying levels of allocations for their respective operations from these funds.

The rule of thumb for a fee-funded budget is to have approximately three months of operating funds in the carryforward to pay for ongoing expenses. The monthly expenses for this account are projected to be approximately \$627,000. Understanding the fiscal situation, we are only asking to increase the reserve enough to support the first two months of operations. At that time, revenue collections will have begun to flow into the account and ongoing operations will be supported.

CHAIR RAGGIO:

How many counties now require emission control?

MR. COLLING:

Only two counties, Washoe and Clark, require emission control at this time.

CHAIR RAGGIO:

Does the Department of Administration have a position on S.B. 26?

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

We support the proposal.

CHAIR RAGGIO:

I will now close the hearing on S.B. 26 and open the hearing on S.B. 32. This bill was proposed by the Senate Committee on Human Resources and Education. The bill changes the qualifications for free tuition for certain individuals enrolled in the University and Community College System of Nevada (UCCSN). It apparently resolves past confusion concerning the length of residency required. Is that correct?

**SENATE BILL 32 (1st Reprint)**: Makes various changes relating to qualifications for free tuition and loans for certain students at institutions of University and Community College System of Nevada. (BDR 34-158)

DANIEL J. KLAICH (Vice Chancellor of Legal Affairs, University and Community College System of Nevada):

The primary purpose of S.B. 32 is to change the term for residency qualification exempting an individual from payment of out-of-state tuition from the existing



6 months to 12 months. This would bring the UCCSN into conformance with sister institutions in the West. We acknowledge the proposed change will shift the mix of students to a greater number of out-of-state students and fewer in-state students resulting in an increase in tuition revenue and a corresponding offset in the General Fund.

CHAIR RAGGIO:

Is there a projection as to the amount of additional tuition revenue that will result from this change? Previously, a 12-month residency was required and subsequently determined to be unjustified. Is that correct?

MR. KLAICH:

That is correct. We changed our policies to roll back to a six-month residency. Then a policy was made for initial and reclassifications that were out-of-sync with each other. The Board of Regents adopted a universal policy as directed in the NRS with respect to initial classification. We decided to come to this Committee for a final determination concerning the residency period in an attempt to have one standard for all students.

CHAIR RAGGIO:

What will the bill now require to attain resident status?

MR. KLAICH:

The requirement will now be a 12-month residency. We have worked with Committee staff to identify the impact on additional tuition income offsetting General Fund appropriations respectively. There will be additional tuition fee income. There will be reductions in General Fund requests.

CHAIR RAGGIO:

Will there be a change for existing students who entered college under the six-month residency?

MR. KLAICH:

The effective date of S.B. 32 is July 1, 2005. The residency requirement would be effective for students matriculating after July 1, 2005.

CHAIR RAGGIO:

Do we have projected revenue figures?

MR. KLAICH:

There was a lapse in time when the UCCSN policy was inconsistent with the NRS. As a result of that error, the UCCSN was required to refund certain revenue. We are aware of those refund amounts. We understand the amounts that will be reduced over the next biennium based on the budget. From the Governor's recommendation, over the next biennium, we expect to refund approximately \$480,000 each year. The University of Nevada, Las Vegas, which will bear the brunt of the refund, has already adjusted its tuition. The total tuition adjustment may be approximately one-half of that amount. We will provide your staff with the information to make the budgetary reductions necessary.

CHAIR RAGGIO:

Has the refund program been completed at this time?



MR. KLAICH:

The refunds will be completed July 1, 2005, with this change in the NRS. The amount refunded to date is approximately \$749,000 for all institutions.

JAMES T. RICHARDSON (Nevada Faculty Alliance):

Senate Bill 32 resolves a controversy that had developed. We support this bill.

CHAIR RAGGIO:

Hearing no further testimony on this bill, I will close the hearing on S.B. 32. I will open the hearing for fiscal impact testimony on S.B. 400. This bill concerns the regulation of off-road vehicles.

SENATE BILL 400: Provides for regulation of off-road vehicles. (BDR 43-426)

MR. THOMAS:

It is important for the Committee to know that the lack of specificity within the bill created problems in development of the fiscal note for this measure.

CHAIR RAGGIO:

We have a fiscal note prepared on April 11, 2005, by the Field Services Division of the DMV.

MR. THOMAS:

That is correct. Our concern relates to the number of off-road vehicles that would be affected by the bill. The numbers range from 15,000 to as high as 425,000. Working with the Nevada Department of Transportation (NDOT), we established approximately 144 vehicle types that would be in the program addressed in S.B. 400.

The second concern in establishment of a fiscal note was whether or not a grandfather clause was included in the bill but not clearly stated.

The third concern, not addressed in the bill, was the depth of the enforcement program necessary to ensure compliance with the bill.

MR. COLLING:

This fiscal note is based upon ifs, maybes, assumptions and sophisticated estimates of where we might be. This kind of accounting makes me uncomfortable. We have received varying estimates as to the number of off-road vehicles. In the interest of caution, we used a figure of 135,000. This figure was received from NDOT, based upon similar information from Utah.

An assumption was made that the DMV would be responsible for regulatory and enforcement responsibilities. Additional assumptions were made concerning training, workshops, hearings, provisional certificates of ownership and decals or certificates of operation.

The bill requires the issuance of a decal or certificate of operation for off-road vehicles by dealers. The need for additional revenue personnel to track and collect tax monies received by the dealers was assumed and included in the fiscal note. The DMV has submitted a fiscal note based upon these assumptions. The fiscal note shows a net to the state in the first year of a positive balance. From that point forward it has a negative fiscal impact to the state.

CHAIR RAGGIO:

Are 29 additional staff required to implement S.B. 400?

MR. COLLING:

That is correct. Committee staff requested us to include enforcement positions statewide based upon the assumption the DMV would be required to provide regulatory and enforcement functions.

CHAIR RAGGIO:

Is the revenue in the first year from the issuance of the certificate of registration in the amount of more than \$6 million?

MR. COLLING:

That is correct.

CHAIR RAGGIO:

The fiscal note indicates expenses of nearly \$3 million. The revenue would be a positive in fiscal year (FY) 2006 of \$3.2 million. The next year the revenue drops. Is the reduction due to the fact the certificates are issued for a two-year period?

MR. COLLING:

That is correct.

CHAIR RAGGIO:

There would be a loss of revenue in FY 2007. If the provisions were continued beyond FY 2007, would there be a recurring loss in each year of expenses over revenue?

MR. COLLING:

As we go through the process, and the number of renewals levels out, we will see a consistency of the assumed loss. The first year of the second biennium would reflect certificates from the first year of the first biennium with a positive net in the first year. Collectively, over the biennium, there would be a negative balance and we assume that would continue.

CHAIR RAGGIO:

What is the cost for a certificate of operation or a decal? Is that found on page 4 of S.B. 400?

MR. THOMAS:

That is correct. There are two different costs. The cost for a Class 1 or Class 2 is \$12.50 in addition to the \$20 fee for a certificate of title. If a Class 3 or Class 4 certificate is requested, the fee is \$2.50 per certificate. The Class 3 and Class 4 certificates are onetime costs.

CHAIR RAGGIO:

Senate Bill 400 was not requested by the DMV. What is the stated purpose of this legislation?

SENATOR RHOADS:

The bill was requested by the Legislative Committee on Public Lands. A similar bill was introduced in the 71st Legislative Session and, at that time, off-road enthusiasts were opposed to any type of regulation. Then, at every meeting of

the Legislative Committee on Public Lands, the off-road enthusiasts came forward requesting regulation of the off-road industry and were willing to be licensed.

CHAIR RAGGIO:

Senate Bill 400 has not been amended. Was it the intent of the interim committee that revenues would offset expenditures?

SENATOR RHOADS:

That was definitely the case. We thought there would be a positive revenue effect to the General Fund or at least an equal offset.

SENATOR COFFIN:

There is another bill on General File for today that contains a prohibition on vehicles moving on paved highways. There is another bill that reverses that provision. Do those measures have an impact on funding within this bill?

MR. THOMAS:

From the DMV point of view, there is no impact from off-road travel to a highway, or, as indicated in S.B. 400, the travel for up to five miles on the highway. In conversations with staff of the Department of Public Safety, they have expressed safety concerns with that provision.

CHAIR RAGGIO:

Senate Bill 400, section 4, contains the definition of an off-road vehicle. Are these vehicles that are not required to otherwise carry a license plate?

MR. THOMAS:

That is correct.

SENATOR BEERS:

I researched the legislative history of S.B. 400. The bill was not approved by the policy committee. It appears it was re-referred. Section 12, page 6, subsection (f), may have been the point of the bill. The intent of that subsection would create a funding source to obtain, enhance and maintain trails and other opportunities to use off-road vehicles; and for law enforcement restoration, safety, training and education related to off-road vehicles. Are any of those functions included in the fiscal note?

MR. THOMAS:

No, sir. The dealer collects \$12.50 for a Class 1 or Class 2 certificate and the funds become a part of the off-road vehicle fund. The fund is regulated by a seven-member committee. Four members are voting members and three members are not. They decide how the grant funds will be distributed.

SENATOR BEERS:

Is that reflected in the reduction of the revenue figures in the fiscal note?

MR. THOMAS:

No, that is not. The funds are taken out at the front of the revenue stream to be used by the standing committee. They are not reflected in the fiscal note because they have no impact to the DMV.

SENATOR BEERS:

Have you reduced that from the revenue generated by the bill in your revenue estimates?

MR. THOMAS:

That revenue calculation is excluded from the fiscal note.

SENATOR BEERS:

A component of what the vehicle owners will pay to register is directed to the fund and outlined on page 6 of S.B. 400.

CHAIR RAGGIO:

Would grants then be provided from that fund?

MR. THOMAS:

There are different funding sources involved in the bill. One source is the \$12.50 for a Class 1 or Class 2 certificate that goes to the grant fund. In addition, for a Class 3 or Class 4 certificate, \$2.50 is collected that goes to the grant fund. There is an additional \$12.50 for a Class 1 or Class 2 and \$2.50 for a Class 3 or Class 4 that goes to the General Fund. A \$20 title fee is charged if the individual applies for a title. The \$12.50 directed to the General Fund is included, the \$20 title fee and the charge for the decals are in the fiscal note. On the expense side, the cost of additional staff and enforcement requirements are included in the fiscal note.

SENATOR BEERS:

The revenue directed to the grant fund described on page 6 of S.B. 400 is not included in the revenue projections of the fiscal note.

MR. THOMAS:

That is correct.

SENATOR BEERS:

Did you attribute a portion of your estimated number of off-road vehicles to Class 3 and 4 certificates and increase the revenue accordingly?

MR. THOMAS:

The separation of the Class 3 and 4 certificates was taken into consideration in the fiscal note.

SENATOR BEERS:

What is the Committee's procedure for a bill that has not been approved by the policy committee and re-referred to the Senate Committee on Finance?

CHAIR RAGGIO:

It is my suggestion that Senator Rhoads meet with the proponents of the bill. We must be assured that passage of S.B. 400 would not be an expense to the state. Some revision of the bill is necessary. Would the DMV also work with this group?

KENT COOPER (Assistant Director, Planning Division, Nevada Department of Transportation):

Senate Bill 400 could potentially cause a loss of revenue to the State Highway Fund. It is difficult to assess the impact without an idea of which roads the

cities and counties are considering to authorize for off-road use. Consequently, it is difficult to determine the number of vehicle miles of travel diversion that might be expected from registered vehicle travel to off-road vehicle travel on the state highway system.

Two categories of lost revenue are vehicle registration fees and gas tax fees. Off-road vehicles are allowed to operate with dyed fuel and thus avoid payment of federal and state gas taxes. In addition, the NDOT has a concern for liability to the state, similar to S.B. 378. If S.B. 400 had a provision designating the specific city or county roads to be traveled for off-road use, the state would not have a liability concern of additional fiscal impact.

**SENATE BILL 378**: Authorizes designation of certain highways as permissible for operation of off-road vehicles. (BDR 43-507)

CHAIR RAGGIO:

Was this concern discussed in the hearing before the policy committee?

MR. COOPER:

Yes, it was.

CHAIR RAGGIO:

In addition to the potential liability, is there also a fiscal loss anticipated?

MR. COOPER:

Yes, but a specific dollar figure is difficult to ascertain because of the potential roadways that may be designated and the uncertain number of off-road vehicles that would be affected. As part of this bill, off-road vehicles include all-terrain vehicles (ATV), motorcycles, dune buggies, snowmobiles and others.

CHAIR RAGGIO:

What is the current situation for off-road vehicles without this legislation?

MR. COOPER:

Off-road vehicles are not allowed to operate on the state highway system.

CHAIR RAGGIO:

Where would S.B. 400 allow off-road vehicles to operate on the state highway system?

MR. COOPER:

They could operate anywhere designated by a local jurisdiction, up to five miles, with the exception of the interstate highway system.

SENATOR BEERS:

Please explain the five-mile provision in the bill.

MR. COOPER:

There is a provision in S.B. 400 that permits off-road vehicles to travel up to five miles at a time on a paved highway.

SENATOR BEERS:

Is your concern that individuals would use their off-road vehicles for routine trips without having paid fuel tax? Would these be cases where they used to drive a vehicle in which taxed fuel was used?

MR. COOPER:

That is a possible diversion, although the impact could be slight.

CHAIR RAGGIO:

What section of S.B. 400 contains the five-mile limitation?

MR. COOPER:

That provision is found on page 7, line 41 of S.B. 400.

CHAIR RAGGIO:

The provision states, "An off-road vehicle may not be operated pursuant to this section: on an interstate highway; on a paved highway ... for more than five miles; or unless the highway is specifically designated for use by off-road vehicles in a city whose population is 100,000 or more." Was the five-mile provision the intent of the Legislative Committee on Public Lands?

SENATOR RHOADS:

The Committee on Public Lands primarily discussed the registration of off-road vehicles. Nevada is the only western state not requiring registration of off-road vehicles. The organizations met and drafted the proposed language.

CHAIR RAGGIO:

A further requirement in section 17 states:

The operator of an off-road vehicle that is being driven on a highway in this State in accordance with section 15 of this act shall comply with all traffic laws of this state; have on the off-road vehicle or in his possession the certificate of registration for the off-road vehicle, his driver's license and proof of the insurance required pursuant to NRS 485.185 and wear a helmet.

SENATOR TITUS:

I support the registration of off-road vehicles, but I object to the bill we heard yesterday that would allow 14-year-olds to drive these vehicles on major highways. There are concerns for liability. We require graduated licenses for driving of other motor vehicles by young people. By their very nature, these vehicles are intended for fun and are driven somewhat recklessly. To let 14-year-olds on the highways is not appropriate.

When considering amendments to S.B. 400, also consider registration and that we should not include a provision for 14-year-olds to drive on the highways.

CHAIR RAGGIO:

Mr. Cooper, will you work with the others in consideration of amendments to this measure?

MR. COOPER:

Yes, sir.

STEVE ROBINSON (Advisor on Wildlife, Conservation and Rural Nevada Issues, Office of the Governor):

We would also be happy to work with the group drafting proposed amendments to S.B. 400.

The dealers feel they are losing sales tax revenue with buyers who purchase these vehicles out of state. We do not have a projected amount of revenue loss. The dealers have expressed this loss could be considerable.

Senate Bill 400 does not specify the state department responsible for the requirements of the bill. It has been assumed the agency would be the DMV, but it has also been thought that the Department of Wildlife or the Division of State Parks may also be involved. I would request all the named agencies to be involved in further discussions.

SENATOR RHOADS:

Will the Governor support this request for a new tax?

MR. ROBINSON:

The Governor will not support this fee or any new fees in this legislative session.

NANCY J. HOWARD (Nevada League of Cities):

Senate Bill 378 is the bill we have sponsored. It concerns the ATVs. It was amended in the Senate Committee on Transportation and Homeland Security to address the age limitation. The 14-year-old driver provision is not of particular interest to us. The bill started out as a simple measure to allow certain rural communities to develop trails and paths to transition their ATVs to nearby desert areas. We would be willing to work with the proponents of S.B. 400 to address both issues.

JOSH WILSON (Trailblazers Motorcycle Club and the Motorcycle Racing Association of Northern Nevada):

We oppose S.B. 400 because we feel there is approximately \$250,000 in federal gas tax funds available to off-road vehicle programs in the state. Only \$25,000 was applied for in the current year. There are available funds from that source for the special projects without implementing a new tax on off-road vehicle owners.

CHAIR RAGGIO:

Did you testify on this measure before the Senate Committee on Transportation and Homeland Security?

MR. WILSON:

I was unable to attend the full hearing. I testified before the subcommittee meeting last week.

CHAIR RAGGIO:

I will close the hearing on S.B. 400 and open the hearing on S.B. 502.

**SENATE BILL 502**: Makes appropriation for implementation of Offender Tracking Information System for Department of Corrections. (BDR S-1415)



CHAIR RAGGIO:

This is an appropriation for implementation of the offender-tracking-information system for the Department of Corrections (DOC).

SENATOR BEERS:

The intent of this measure was to give the Executive Branch the authority to solicit additional bids for the offender-tracking-information-system. Mr. Dave McTeer, Chief, Division of Information Technology, Department of Administration, expressed certain concerns to me. Perhaps he could share those with this Committee.

DAVE MCTEER (Chief, Division of Information Technology, Department of Administration):

Currently, in the *Executive Budget*, the funding for the Department of Corrections offender tracking information system is in budget account (B/A) 101-1325. Specifically, it is in the account for technology improvement for which I have oversight.

#### ADMINISTRATION

Information Technology Projects – Budget Page ADMINISTRATION-35  
(Volume I)

Budget Account 101-1325

E-277 Maximize Internet and Technology – Page ADMINISTRATION-36

The Department of Administration feels placement in that budget account, as we have with other technology projects, is sufficient oversight. We object to placement of this project in the Interim Finance Committee's (IFCs) contingency fund. Other projects are not done in that manner.

CHAIR RAGGIO:

Senate Bill 502 would provide the early funding. What is the issue? It is my understanding the proposal would be a cost-effective approach.

SENATOR BEERS:

It may allow better quality bids for the project. It was not the intent to remove the funding from B/A 101-1325. The bill may need amendment to specify the intent. The intent was simply to provide early authorization to attract additional, and higher quality, bidders to respond.

CHAIR RAGGIO:

I agree with Senator Beers. The intent of the IFC provision was to allow early implementation of the project. Does staff have any concerns?

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

This measure was drafted similar to the legislation provided to the IFC in the last legislative session for the Unified Tax System at the Department of Taxation.

It is my understanding that Mr. McTeer would like his office to have oversight for the project, with which staff concurs. Staff lacks any firm information on

certain cost issues and recommended the funds be appropriated to the IFC until firm costs could be resolved.

CHAIR RAGGIO:

The funding is provided in the *Executive Budget*. It is a question of when the funds will be available and determination of the most cost-effective method of implementation.

I will direct staff to work with Senator Beers, Mr. McTeer and the DOC. I think, with answers to the expressed concerns, this measure can be moved from the Committee. Is that agreeable?

SENATOR BEERS:

Yes, Mr. Chair.

MR. McTEER:

Yes, sir.

CHAIR RAGGIO:

I will close the hearing on S.B. 502 and open the hearing on S.B. 505.

**SENATE BILL 505**: Makes appropriation to Office of Veterans' Services for establishment of outreach program for Nevada's women veterans.  
(BDR S-1421)

CHAIR RAGGIO:

This bill requests an appropriation to fund an outreach program for Nevada's Women Veterans.

SENATOR DINA TITUS (Clark County Senatorial District No. 7):

Senate Bill 505 would appropriate approximately \$115,000 over the biennium to fund a women veterans' coordinator within the Nevada Office of Veterans' Services. Currently 34 of the 50 states have some form of women veterans' coordinator or an outreach program. Nevada is home to approximately 30,000 women veterans. Even the state of Idaho has a center for women veterans, although it has only 6,000 women veterans. I have provided the Committee a list of the 50 states indicating those with women veterans' programs and coordinators ([Exhibit G](#)).

Women are a vital part of the armed forces and the community of veterans. They represent an irreplaceable, valuable part of the armed forces of the United States dating back to the days of the Continental Army and our nation's struggle for independence. Yet, they remain underrepresented in use of available benefits and are generally more reluctant than their male counterparts to embrace their status as veterans. Their history is glorious, and sadly, one not always acknowledged and appreciated. As a result, they are often referred to as America's silent veterans.

As their numbers increase, with full integration into all branches of the armed services including combat units, and with their greater racial and ethnic diversity, women are changing the face of the military and of the veteran population as well. Each year women in the overall veteran population increase, add to its diversity and require veterans services, particularly with regard to health care and education, geared to their specific needs.

The debt owed to all our veterans, and to our women soldiers in particular, demands nothing less than our full attention. That is what is proposed in this bill. Women veterans in Nevada need to be identified, contacted, informed and assisted in their application for benefits to which they are entitled.

I have provided the Committee with a list of the 25 most frequently asked questions by women veterans ([Exhibit H](#)). They include the following. What services are available to women veterans? How do I access the system for health and benefit services? How can I receive gender-specific services in the area of health care? What are the designated clinical programs of excellence for women's health? Where can I get military sexual trauma treatment? Where are the special post-traumatic-stress-disorder treatment centers? How do I get evaluated for nursing home care? How do I get my disability compensation claim re-evaluated? The list goes on.

A women veterans' coordinator could answer those questions for Nevada women veterans and much more. The goals for this office would also provide advocacy for women; encourage and support recognition of women veteran contributions; provide outreach for women veterans' programs and issues; promote and provide education opportunities; develop collaborative relationships with other federal, state and local agencies on issues affecting women veterans; foster communication between the Department and the women veterans' community; promote research activities and assure the Department of Veterans Administration policies, practices and programs are responsive to women veterans.

I urge your support of S.B. 505. It requests a small appropriation for a much-needed program.

CHARLES (CHUCK) W. FULKERSON (Executive Director, Office of Veterans' Services):

There is a statistic I would like to emphasize. Ms. Sharon Wagner, a 25-year employee of the Office of Veterans' Services, feels she has prepared over 7,000 veteran benefit cases in her tenure. Her estimate is that less than 1 percent of those cases were for women veterans. They truly are a silent veteran. I have provided my written testimony ([Exhibit I](#)) in support of S.B. 505.

Five circulars and memoranda from the U.S. Department of Veterans Administration and other veterans' services individuals have been provided to the Committee ([Exhibit J](#), original is on file at the Research Library) indicating they have recognized the need for a women veterans' coordinator as far back as 1995 and set a process in place for this position.

Included are seven letters from women veterans describing their difficulties in service and obtaining benefits ([Exhibit K](#), original is on file at the Research Library). I have Ms. Melanie Ann Trinkle, a veteran, with me who will also provide testimony in support of the bill.

SENATOR RAGGIO:

Is your office unable to provide the services suggested in S.B. 505?

MR. FULKERSON:

Yes, sir.

CHAIR RAGGIO:

What services are you not able to provide to women veterans?

MR. FULKERSON:

We cannot provide a consistent outreach program, a program to seek out veterans. The information in [Exhibit J](#) from California indicates older women veterans do not seek these benefits because they were not in combat zones and thus, do not consider themselves as veterans. They are qualified. Another memorandum speaks to a 1987 survey of rural counties in Nevada which found 78 percent of elderly women veterans were unaware they had any benefit privileges.

CHAIR RAGGIO:

How would your office utilize the requested appropriation in S.B. 505? The requested appropriation is \$52,188 in FY 2006 and \$62,500 in FY 2007.

SENATOR TITUS:

A proposed budget for utilization of the proposed allocations ([Exhibit L](#)) has been provided.

MR. FULKERSON:

Mr. Ace Tan, Administrative Services Officer, Office of Veterans' Services, developed the budget as shown in [Exhibit L](#). The budget was drafted from review of similar programs in other states. The out-of-state travel is necessary.

CHAIR RAGGIO:

Does the budget represent the cost for one position only?

MR. FULKERSON:

That is correct.

MELANIE ANN TRINKLE (United States Air Force, Disabled Veteran):

I would like to attest to the fact that I suffered approximately three and one-half years as an indigent with my service-connected injuries. It took almost three years to receive any benefits because of the lack of information provided. There was no advocacy for women veterans. The women veterans' coordinator would provide regional services for the entire state and I support its passage.

CHAIR RAGGIO:

Where do you reside?

MS. TRINKLE:

I reside in the outskirts of Washoe County. We need help. We need an advocate who will speak on our behalf. We need a person who will be proactive in ensuring there are outreach programs to achieve and maintain quality of life. There are many indigent women veterans who have been forgotten. They are eligible and entitled to benefits.

CHAIR RAGGIO:

I will close the hearing on S.B. 505 and open the hearing on Assembly Bill (A.B.) 106.

**ASSEMBLY BILL 106**: Makes appropriation to State Department of Conservation and Natural Resources. (BDR S-1224)

CHAIR RAGGIO:

This measure requests an appropriation to the Department of Conservation and Natural Resources.

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

I have provided the Committee with my written testimony and supporting information ([Exhibit M](#)).

The bill provides for an appropriation to the Department for occupation of its new offices located in Carson City. It also provides for replenishment of the account for channel clearance and litigation costs for the Division of Water Resources.

The new building will consolidate services from seven different locations throughout the city. This building is the first state building constructed under the lease/purchase concept.

The building was designed to house staff, not files. To maximize staff space, a high-density filing system had been planned through the lease/purchase arrangement. Due to the overall cost of the structure, cost of steel and cost of the filing system, the units have not been included in the building costs. The total cost for the file storage system is \$462,077. I have included a breakdown of the costs in [Exhibit M](#).

The second allocation is \$250,000 to replenish the channel clearance fund. The fund is authorized by NRS 532.230 to aid local governments in the clearance and restoration of navigable rivers. These funds are important to avoid flood damage. The current balance in the account is \$39,007.64.

Finally, \$150,000 is requested to supplement the Department's litigation fund. The State of Nevada and several other parties are involved in litigation related to water use in the Walker River and Walker Lake. By mutual agreement, all litigants are participating in mediation in an attempt to resolve the disputes. Recently, the parties agreed to continue mediation for a maximum of 12 additional months. If those negotiations fail, we will be in court incurring significant litigation expenses.

REX REED (Administrative Services Officer, Department of Conservation and Natural Resources):

I concur with Mr. Biaggi's testimony.

CHAIR RAGGIO:

Section 2 of A.B. 106 contains the typical language providing for reversion to the General Fund of any unused portion of the allocation. Does that language pertain to the litigation costs and channel clearance funds as well as costs of the filing system?

MR. GHIGGERI:

Those two items should not revert. Those are appropriated to ongoing funds. A small amendment is needed to correct the language of section 2 of A.B. 106.

Senate Committee on Finance  
April 26, 2005  
Page 21

CHAIR RAGGIO:

Do both the Department of Conservation and Natural Resources and the Department of Administration agree?

MR. BIAGGI:

We concur.

Mr. Comeaux:

We concur.

CHAIR RAGGIO:

Are there any changes necessary in the requested appropriation amounts?

MR. BIAGGI:

These are firm figures at this time.

CHAIR RAGGIO:

I will entertain a motion for amendment of section 2 and passage of A.B. 106.

SENATOR RHOADS MOVED TO AMEND SECTION 2 AND DO PASS A.B. 106.

SENATOR BEERS SECONDED THE MOTION.

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

\* \* \* \* \*

CHAIR RAGGIO:

The authorized waiver for Senate Joint Resolution (S.J.R.) 5 will expire on April 29, 2005. The bill must pass or fail from the Senate by that date. The bill was heard in this Committee on April 12 and April 15.

**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 CEGAVSKE MOVED TO DO PASS S.J.R. 5.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION FAILED. (SENATORS RAGGIO, RHOADS, TITUS, MATHEWS AND COFFIN VOTED NO.)

\* \* \* \* \*

CHAIR RAGGIO:

We will now consider budget closings from the "Senate Committee on Finance Closing List #4" ([Exhibit N](#), original is on file at the Research Library).

Senate Committee on Finance  
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BOB GUERNSEY (Principal Deputy Fiscal Analyst, Fiscal Analysis Division,  
Legislative Counsel Bureau):  
The first budget we will consider is the Washington Office.

#### ELECTED OFFICIALS

Washington Office – Budget Page ELECTED-9 (Volume I)  
Budget Account 101-1011

MR. GUERNSEY:

Staff has no additional recommendations on this budget. Staff recommends the budget be closed in accordance with the Governor's recommendations.

There are two items for consideration. The first concerns performance indicators. After the budget hearing, I worked with the staff of the Washington Office. Page 4 of [Exhibit N](#) contains a first attempt in development of performance indicators.

There was confusion because of limited budget information. The agency has worked with staff in an attempt to provide most of the information requested. Page 7 of [Exhibit N](#) contains the agency's attempts to clarify the information. There was inconsistency in reporting their budget to the Committee from the 2003 Legislative Session to the 2005 Legislative Session. Some line items were merged. [Exhibit N](#) attempts to explain those differences.

The Governor is recommending continuation of the contract with Mr. Michael Piper's office for the coming biennium at an annual cost of \$267,079 each year.

CHAIR RAGGIO:

The motion to close this budget would be to adopt the budget as recommend in the Governor's *Executive Budget*.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 101-1011  
AS RECOMMENDED BY THE GOVERNOR.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

CHAIR RAGGIO:

We will consider closing the Energy Conservation budget.

Energy Conservation – Budget Page ELECTED-22 (Volume I)  
Budget Account 101-4868

MR. GUERNSEY:

The information for this budget is found on page 8 of [Exhibit N](#). This budget recommends funding for five current and two new positions. The position of the energy advisor to the Governor is not contained within this budget. That



position is supported 100 percent from the General Fund in the budget for the Governor's Office that has already been closed. A significant portion of the salary of the energy advisor is used to provide matching funds for federal funds. Two major issues face the Committee. The first is funding for a new deputy director position. This budget has not received General Fund support in the past. There is limited federal petroleum rebate funding available. Staff worked with the agency and was able to reduce the General Fund impact by \$11,768 in FY 2006 and \$11,828 in FY 2007. The director indicates his duties and responsibilities are significantly greater than he is able to perform.

The second issue is the requested new position for a grants project analyst. This would be funded using current federal petroleum rebate funds. Staff's calculation of fund availability indicates the funds would be fully utilized by sometime in FY 2008.

The Committee needs to determine if they wish to fund the new deputy director position with a General Fund impact and approve the grants project analyst supported from federal funds.

CHAIR RAGGIO:

Is the federal funding considered a stable source over the next biennium?

RICHARD BURDETTE (Energy Advisor, Office of the Governor):

There are concerns about the budget deficit in Washington, D.C. However, the Nevada State Office of Energy has been supported, and we expect it to be reasonably stable over the biennium.

E-250 Working Environment and Wage – Page ELECTED-25

CHAIR RAGGIO:

The budget has been reduced, but there is still approximately \$50,000 to \$60,000 requested to fund the deputy director position. Is there federal funding available for the deputy director position?

MR. BURDETTE:

There is some federal funding available. We obtain federal funding in the formula grant of slightly less than \$400,000. Individual grants are also applied for, varying from as little as \$20,000 to as much as \$80,000 or \$90,000. Each of those grants requires matching funds. We often have private sector matching funds and others are matched through state funds. The match requirements, coupled with the slowly decreasing petroleum funds, are the basis for the General Fund support request.

CHAIR RAGGIO:

Can you and Mr. Guernsey assure the Committee that you have worked out the funding and this is the best funding formula for this position?

MR. GUERNSEY:

I can indicate I have spent considerable time working with staff of the agency and the Budget Division. This is the best solution we could find. We have tapped into all of the allowable administrative charges and petroleum rebate funds to reduce the General Fund impact.

E-251 Working Environment and Wage – Page ELECTED-25

CHAIR RAGGIO:

Is the grants analyst position necessary? We have grant writers in other agencies. Are they unable to pursue these kinds of grants?

MR. GUERNSEY:

The title of the position is misleading. The intent is more involved in monitoring of grant recipients, providing training and ongoing support for people in the field.

CHAIR RAGGIO:

Staff notes a onetime appropriation requested in S.B. 96.

**SENATE BILL 96**: Makes appropriation to Office of Governor for contractor to update State's Energy Assurance Plan. (BDR S-1206)

MR. GUERNSEY:

That bill is under consideration with this Committee. The director has indicated there would possibly be federal funds available to support an update of the state's energy plan. It would still require a General Fund match of \$31,250. I have a separate summary when the Committee is ready to take action on S.B. 96.

SENATOR TITUS:

I support the request for the grants analyst. I support updating the energy assistance plan. I do not see a need for a new deputy director based on what this agency does. If the grants analyst position is added, the summary indicates it would free up the director to focus on gubernatorial priorities. I have not heard many gubernatorial priorities in the area of energy.

MR. BURDETTE:

The office has obligations in a large number of areas. The important point is that during this year there has been a change in the cost and impact of energy on the people of Nevada. We have seen changes of up to 40 percent in the cost of basic energy. It is important to support conservation programs and delivery of options and opportunities to our businesses and individuals.

Secondly, for reasons of the match, we cannot afford the grants analyst position without additional state funds. The Governor is supporting a major new transmission line for electricity; we are in negotiations with other states on that matter. There is a long list of conservation initiatives this year. Many of these projects require support from my office.

SENATOR TITUS:

Nevada has one of the highest gas prices in the country and I do not hear much of a plan coming from the Governor's Office. I do not see the need for a deputy director position. [Exhibit N](#) indicates the grants analyst position would be funded from federal grant funds.

SENATOR BEERS:

I concur with Senator Titus.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-4868  
ACCORDING TO GOVERNOR RECOMMENDATIONS WITH THE DELETION  
OF THE DEPUTY DIRECTOR POSITION.

SENATOR TITUS SECONDED THE MOTION.

SENATOR BEERS:

This appears to be the first budget that contains the updated versions for the Attorney General and cost allocation figures.

MR. GHIGGERI:

We have the information and it is being input as budgets are being closed. I would clarify the motion to include the adjustments for computer prices as reflected.

CHAIR RAGGIO:

The motion would be to close the budget with the Governor's recommendation and staff technical adjustments for computer prices. The requested position of deputy director will be deleted.

THE MOTION CARRIED. (SENATOR RAGGIO VOTED NO.)

BUDGET CLOSED.

\* \* \* \* \*

CHAIR RAGGIO:

We will consider the Ethics Commission, budget account 101-1343.

Ethics Commission – Budget Page ELECTED-162 (Volume I)  
Budget Account 101-1343

MR. GHIGGERI:

This budget begins on page 14 of [Exhibit N](#). There are three closing issues. First is the salary of the newly-recommended investigator position, the amount recommended for investigative expenses and the office rent in the Carson City and Las Vegas offices.

E-326 Services at Level Closest to People – Page ELECTED-165

Staff reviewed the salary level for the new investigator position and discovered it was recommended at a higher salary level than what is felt to be necessary. It is at a senior investigator level. The position would investigate noncriminal offenses and would not require Police Officer Standards and Training certification. Therefore, staff recommends a lower salary level than reflected in the *Executive Budget*.

CHAIR RAGGIO:

To what investigative position level in other offices would you compare the new position described?

MR. GHIGGERI:

I would compare the position to that of a compliance investigator in other agencies or a lower-level investigator in the office of the Attorney General. This position will not supervise any staff.

The second issue is the amount recommended for investigative expenses. As was discussed when this budget was reviewed by the full Committee, there

was no reduction in investigative expenses with the addition of this position. Staff would recommend, based upon correspondence with the agency, that the investigative expenses be reduced by \$6,568 in each year of the biennium.

The third issue is the rent for the Carson City and Las Vegas offices. Staff recommends an increase in rent allocation in FY 2006 by \$390 and a reduction of \$794 in FY 2007, based upon recently negotiated and signed leases.

CHAIR RAGGIO:  
Are these five-year leases?

MR. GHIGGERI:  
That is correct.

CHAIR RAGGIO:  
For clarification, the Carson City office is \$1.27 per square foot and the Las Vegas, on Convention Center Drive, at a rate of \$1.67 per square foot. Are those equitable rates?

MR. GHIGGERI:  
I believe they are. Ms. Stacy M. Jennings, Executive Director of the Commission on Ethics, is present to provide further details.

STACY M. JENNINGS (Executive Director, Commission on Ethics):  
I personally reviewed five locations in the Las Vegas area. The rate of \$1.67 per square foot is equitable. Parking availability was also considered. The space on Convention Center Drive has more reasonable parking than other locations.

CHAIR RAGGIO:  
Is the recommendation for a reduction in the salary level for the new investigator position acceptable?

MS. JENNINGS:  
I accept the recommendation.

MR. GHIGGERI:  
Other items for the consideration of the Committee are listed on page 15 of [Exhibit N](#). These include increased travel funds, replacement equipment funding for the new Las Vegas office and reclassification recommendations related to the unclassified salaries. Staff understands the unclassified salaries will be considered by subcommittees and the full Committee at a later date making no decision on that item necessary at this juncture.

There are numerous technical adjustments recommended on page 15 of [Exhibit N](#). They include adjustments to the funding mix between local and state funding, adjustments where transfers between categories have been made related to computers, adjustments to the statewide cost allocation and adjustments for computer hardware and software.

CHAIR RAGGIO:  
This provides an opportunity to express appreciation to our staff. Considerable effort is expended to make technical adjustment recommendations.

MR. GHIGGERI:

I would note these account recommendations were made by Mr. Mark Stevens, Assembly Fiscal Analyst.

SENATOR COFFIN:

What affect will the bills, currently on Second Reading and General File in both Houses of the Legislature, have on these budgets?

MS. JENNINGS:

I have reviewed the proposed pieces of legislation. The only bill that will have a fiscal impact is A.B. 530 before the Assembly Committee on Elections, Procedures, Ethics and Constitutional Amendments adding a requirement that all public officers who are required to file a financial disclosure statement would receive training from the Commission on Ethics within six months of assuming office. I am in the process of a fiscal note preparation on that bill.

**ASSEMBLY BILL 530:** Makes various changes regarding ethics in government.  
(BDR 23-325)

SENATOR BEERS:

What amount of fiscal impact do you anticipate?

MS. JENNINGS:

I have considered two processes. One option would be a Web-based training program for personal completion; and the other would be a proactive ethics training program provided by the Commission on Ethics. The Department of Information Technology (DoIT) has a Web-based program in place to which we could make adjustments. One other option would include some amount of travel allocation. I am considering a total fiscal impact of approximately \$15,000.

CHAIR RAGGIO:

I suggest a motion that would include the new investigator position at an appropriately reduced salary.

MR. GHIGGERI:

Staff asks for a decision of whether the position is recommended in the classified or the unclassified service?

CHAIR RAGGIO:

If the recommendation were to place the position in the unclassified service, what grade level would that be?

MR. GHIGGERI:

It would be comparable to some of the lower-level investigator positions in the Office of the Attorney General with a salary range of approximately \$58,000 annually.

CHAIR RAGGIO:

I also recommend the motion include a reduction in investigative expenses of \$6,568 each year, the approval of the rental for the space leases in Carson City and Las Vegas together with the other decision units in the *Executive Budget* and the technical adjustments.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-1343 WITH A REDUCTION IN SALARY TO APPROXIMATELY \$58,000 FOR THE NEW INVESTIGATOR TO BE PLACED IN THE UNCLASSIFIED SERVICE, A REDUCTION IN THE INVESTIGATIVE EXPENSES OF \$6,568 EACH YEAR, APPROVAL OF RENTAL COSTS FOR CARSON CITY AND LAS VEGAS AND TECHNICAL ADJUSTMENTS RECOMMENDED BY STAFF ON PAGE 15 OF [EXHIBIT N](#).

SENATOR COFFIN SECONDED THE MOTION.

SENATOR BEERS:  
What about decision unit E-811?

E-811 Unclassified Changes – Pages ELECTED-166 and -167

CHAIR RAGGIO:  
That decision unit applies to all the budgets affected by unclassified positions.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

CHAIR RAGGIO:  
This Committee is in recess at 10 a.m. and will reconvene immediately after the Senate Floor Session.

It is now 1:43 p.m. and the Committee will come back to order. The Committee will consider [S.B. 26](#) which concerns funding in the Pollution Control Account. Are any amendments necessary to this measure?

MR. GHIGGERI:  
There are no amendments. It has been indicated to me that the change in the reserve can be accommodated during the closing of the budget by the Joint Subcommittee on Public Safety, Natural Resources and Transportation.

CHAIR RAGGIO:  
Does the Department of Administration have any concern about the passage of this bill?

MR. COMEAUX:  
No, sir.

SENATOR RHOADS MOVED TO DO PASS [S.B. 26](#).

SENATOR MATHEWS SECONDED THE MOTION.

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

\* \* \* \* \*

CHAIR RAGGIO:

The Committee will return to consideration of Closing List #4, [Exhibit N](#). We will consider the budgets of the Gaming Control Board at this time.

#### GAMING CONTROL BOARD

Gaming Control Board – Budget Page GCB-1 (Volume I)  
Budget Account 101-4061

LESLIE JOHNSTONE (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

E-250 Working Environment and Wage – Page GCB-4 and -5

Under the Major Closing Issues on page 17 of [Exhibit N](#), new positions are requested in decision unit E-250. A total of nine positions are shown in the Governor's recommended budget. However, two of the positions assigned to the Audit Division were previously approved by the IFC on January 12, 2005. Those positions will be funded in the Base Budget.

There is one technical adjustment removing the equipment and start-up furniture funded during the current fiscal year.

In the Enforcement Division there is one agent and two administrative assistant positions recommended associated with the Employee Registration program. These positions are offset with investigative fees.

Four new investigative agents are recommended in the Investigations Division. These are also offset by fees. A new fee will be charged to a new category of investigations and a fee increase is planned as discussed on page 17 of [Exhibit N](#). Staff acknowledges that while the investigation activity is difficult to predict, the request for four new agents appears reasonable, given that the Board eliminated eleven positions in the 2003 Legislative Session. Staff recommends approval of this decision unit including the deletion of one administrative aid position funded by the General Fund.

CHAIR RAGGIO:

Is the elimination of the administrative aid position within the Administration Division?

Ms. JOHNSTONE:

That is correct.

E-710 Replacement Equipment – Page GBC-5

The next item relates to replacement equipment. Decision unit E-710 included \$469,000 in the Governor's budget for FY 2006, of which \$410,000 is from General Funds. There was discussion during the budget hearing as to how the funding would meet the need of the Gaming Control Board to update their equipment.

Based upon information provided by the Board and current price listings received from the DoIT, we estimate there is approximately \$25,000 across the biennium in savings that could be realized by using the list the Board provided. The



question before the Committee is whether or not to reduce the budget to realize those savings or to keep the funding level as indicated in the *Executive Budget* and allow the Board to fund additional items on their equipment list. With the funding provided, it appears most of the network equipment replacement could be accomplished and that the personal computers would be lower on the priority list. The additional funding would allow acquisition of most of the personal computers.

CHAIR RAGGIO:

Senator Beers, as the Committee's computer expert, what is your suggestion?

SENATOR BEERS:

I approve of the proposal.

CHAIR RAGGIO:

Is the recommendation to reduce the decision unit by those amounts or allow the savings to go forward in the budget?

SENATOR BEERS:

Or the funding could remain in the budget to fund additional items on the priority equipment list.

JOE BERTOLONE (Chief Administrative Officer, Nevada Gaming Commission and State Gaming Control Board):

I concur with Senator Beers' recommendation to use the fund savings to continue acquisition of personal computers.

CHAIR RAGGIO:

Was there an amendment to the budget for this decision unit?

MS. JOHNSTONE:

That adjustment is listed within the technical adjustments of [Exhibit N](#) for this budget in terms of the budget account being charged for statewide and Attorney General allocations.

There are two further closing items. Item No. 3 on page 18 of [Exhibit N](#) indicates the *Executive Budget* includes credential pay appropriation directly into this account. Staff recommends the funds be allocated to the Board of Examiners as has been the past practice. If needed, the Gaming Control Board could request the funding through the Board of Examiners process.

CHAIR RAGGIO:

Does the Gaming Control Board concur with that recommendation?

MR. BERTOLONE:

We concur with the recommendation.

MS. JOHNSTONE:

Item No. 6 on page 19 of [Exhibit N](#) is a background information item regarding a request for reclassification of several positions within the Gaming Control Board budget. Thirteen positions would be reclassified. Nine positions would have a cost impact. [Exhibit N](#) specifies the accounts to fund each position. These reclassifications were not included in the *Executive Budget*. The Gaming Control Board wishes to pursue the reclassifications.

CHAIR RAGGIO:

Pertinent information on that request will be needed when the Unclassified Pay Bill is considered.

SENATOR BEERS:

Given the scope of the equipment replacement requests, is the \$400,000 an accurate funding request although it was not recommended in the budget?

Ms. JOHNSTONE:

Yes, the agency requested \$398,631 in addition to the allocations specified in the budget. That would be at the discretion of the Committee.

SENATOR BEERS:

Perhaps some of the savings realized in decision unit E-250 should be placed in decision unit E-710.

Ms. JOHNSTONE:

The savings from the elimination of the administrative assistant in decision unit E-250 has been included in the *Executive Budget*.

SENATOR BEERS:

I understood you to say additional adjustments were made to the cost savings in that decision unit.

Ms. JOHNSTONE:

There is approximately \$8,000 or \$9,000 saved in the technical adjustments for the positions that have already been approved.

CHAIR RAGGIO:

For clarification, is there any savings from the elimination of the administrative aid position included in the *Executive Budget*?

Ms. JOHNSTONE:

The other savings, which totaled approximately \$90,000, concerning the statewide cost allocations came over in Budget Amendment No. 23.

SENATOR BEERS:

Is there also an adjustment of approximately \$10,000 in decision unit E-250?

Ms. JOHNSTONE:

That is correct.

SENATOR BEERS:

That savings could remain in the budget to fund replacement equipment.

CHAIR RAGGIO:

Are there any additional savings?

Ms. JOHNSTONE:

No, there are not.

MR. BERTOLONE:

The savings associated with decision unit E-250 were used to fund a portion of the new positions.

SENATOR BEERS:

The Committee has trimmed an additional \$10,000 from decision unit E-250.

Ms. JOHNSTONE:

The savings resulted from the funding reflected for new equipment that was funded in FY 2005.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-4061 AUTHORIZING THE TWO SENIOR AUDIT AGENTS IN THE AUDIT DIVISION, ONE AGENT AND TWO ADMINISTRATIVE ASSISTANTS IN THE ENFORCEMENT DIVISION, FOUR INVESTIGATIVE AGENTS IN THE INVESTIGATIONS DIVISION AND ELIMINATE ONE ADMINISTRATIVE AID POSITION.

Ms. JOHNSTONE:

The additional savings in decision unit E-250 were derived from investigative fees rather than the General Fund. Unless the Board agrees to purchase replacement equipment with investigative fees, the transfer is questionable.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-4061 WITH SEVEN NEW POSITIONS; TO DELETE ONE POSITION AS RECOMMENDED IN DECISION UNIT E-250; TO INCLUDE ONGOING FUNDING FOR THE TWO POSITIONS PREVIOUSLY APPROVED BY THE IFC; TO APPROVE THE E-710 DECISION UNIT FOR REPLACEMENT EQUIPMENT ALLOWING THE BOARD TO SPEND \$25,191 ON NEW COMPUTER EQUIPMENT AND TO CONCUR WITH STAFF RECOMMENDATIONS ON THE REMAINING CLOSING ITEMS FOUND IN [EXHIBIT N](#).

MR. GHIGGERI:

Budget Amendment No. 23 could be reversed allowing that savings of \$180,000 to be used in other areas of the budget.

SENATOR BEERS:

I will withdraw my motion.

CHAIR RAGGIO:

I will entertain another motion.

SENATOR BEERS:

In light of the fact the Gaming Control Board has approximately \$400,000 in equipment replacement needs, those issues must be addressed.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-4061 TO APPROVE SEVEN NEW POSITIONS; DELETE ONE POSITION IN DECISION UNIT E-250; TO APPROVE THE ONGOING FUNDING FOR THE TWO POSITIONS PREVIOUSLY APPROVED BY THE IFC; TO REDUCE THE E-710 DECISION UNIT FOR REPLACEMENT EQUIPMENT BY \$25,191 OVER THE BIENNIUM; TO ACCEPT OTHER TECHNICAL ADJUSTMENTS AS RECOMMENDED BY STAFF; TO AUTHORIZE THE SAVINGS REPRESENTED BY BUDGET AMENDMENT NO. 23 DUE TO REDUCTIONS IN THE ATTORNEY GENERAL AND STATEWIDE COST ALLOCATION BE RETAINED AND USED FOR COMPUTER EQUIPMENT.

SENATOR COFFIN SECONDED THE MOTION.

CHAIR RAGGIO:

Does the Department of Administration have any objection to the motion?

MR. COMEAUX:

No, sir.

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

BUDGET CLOSED.

\* \* \* \* \*

SENATOR COFFIN:

The Microsoft Corporation unveiled its new Longhorn Operating System yesterday. It will not be sold for approximately one more year. I suggest the agencies purchase that software to remain on the edge of technology, although the cost would be greater for the new product. The agency might be warned not to buy it during the first six months it is offered.

SENATOR BEERS:

I would not purchase the new operating system for approximately two years.

CHAIR RAGGIO:

We will consider the Gaming Commission budget next.

Gaming Commission – Budget Page GCB-8 (Volume I)  
Budget Account 101-4067

MS. JOHNSTONE:

There are no major closing issues associated with this account. Staff has made technical adjustments for computer-price updates.

CHAIR RAGGIO:

Are there any other requests from the Gaming Control Board in this account?

MR. BERTOLONE:

No, there are none.

CHAIR RAGGIO:

Is there currently one vacancy on the Nevada Gaming Commission? Has that position been filled?

MR. BERTOLONE:

The position remains vacant.

CHAIR RAGGIO:

Who is the chair of the Nevada Gaming Commission?

MR. BERTALONE:

Mr. Peter C. Bernhard is the chairman.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-4067 AS RECOMMENDED BY THE GOVERNOR WITH STAFF TECHNICAL ADJUSTMENTS AS OUTLINED ON PAGES 20 AND 21 OF [EXHIBIT N](#).

SENATOR COFFIN SECONDED THE MOTION.

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

BUDGET CLOSED.

\*\*\*\*\*

CHAIR RAGGIO:

The next budget is the Gaming Control Board Investigation Fund.

Gaming Control Board Investigation Fund – Budget Page GCB-12 (Volume I)  
Budget Account 244-4063

Ms. JOHNSTONE:

There are no major closing issues with this budget. Staff asks for authority to make any technical adjustments necessary to synchronize transfers from this budget to the operating budget, B/A 101-4061.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 244-4063 AS RECOMMENDED BY THE GOVERNOR; AND AUTHORIZE STAFF TO MAKE TECHNICAL ADJUSTMENTS TO SYNCHRONIZE NECESSARY TRANSFERS.

SENATOR COFFIN SECONDED THE MOTION.

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

BUDGET CLOSED.

\*\*\*\*\*

SENATOR COFFIN:

I will disclose that I have a client who holds an unrestricted gaming license.

CHAIR RAGGIO:

I will disclose I am licensed as a director of a gaming company, the Archon Corporation.

We will now consider the budgets for Economic Development and Tourism.

ECONOMIC DEVELOPMENT AND TOURISM

Commission on Economic Development Budget Page ECON DEV & TOURISM-1  
(Volume II)  
Budget Account 101-1526

LAURA FREED (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

E-151 Economic Development – Page ECON DEV & TOURISM-4

There are two closing issues in this budget. The Commission on Economic Development requested \$5 million in each year of the biennium to be allocated to the Nevada Development Authority (NDA) and the Economic Development Authority of Western Nevada (EDAWN). The charts on page 25 of [Exhibit N](#) indicate the new grant totals for all regional development authorities in the program to be \$995,000 in each year of the biennium. The \$995,000 will be moved and split between the rural development authorities. The NDA would receive \$3.25 million in each year of the biennium. The EDAWN would receive \$1.75 million in each year of the biennium.

Testimony provided at the hearing on this budget indicated funding would be provided as pass-through funding. The EDAWN and NDA would not adhere to the Commission's current grant process with the attendant requirements for financial reporting and assessment guidelines. The rural development authorities (RDAs) would be required to continue use of the application process and audits.

If the decision unit is approved, the Committee may wish to require all development authorities to apply for the grant funds using the application and program guidelines developed by the Commission on Economic Development.

In addition, the Committee may wish to require all regional development authorities to provide reports of accountability, including annual performance reports, audits and final financial reports as is currently done.

[SENATE BILL 158](#): Establishes fund to provide grants for economic development in rural areas and blighted areas of larger counties. (BDR 18-1140)

MS. FREED:

Staff would bring [S.B. 158](#) which authorizes the Commission on Economic Development to make grants to public agencies or private nonprofit agencies for the purpose of economic development in rural or blighted urban areas to the attention of the Committee.

The majority of the \$7.5 million would be designated for rural regional development authorities and \$2.5 million would be directed to blighted urban areas.

The decisions before the Committee are whether or not to approve the \$10 million over the biennium. If approved, do you wish to add the funding according to the Governor's recommendation or perhaps an alternative allocation? If the decision is made to increase the funding, what accountability methods or matching requirements does the Committee wish to require?

CHAIR RAGGIO:

At the time of the hearing on this matter there was confusion and misunderstanding on these proposals. Was the \$10 million fund, recommended by the Governor and included in the *Executive Budget*, to be in addition to the current regional economic grants? The grant distribution is shown on the charts

on page 25 of [Exhibit N](#) for a total of \$995,000. Is that in the *Executive Budget* in addition to the \$10 million?

The Governor sent a clarifying letter concerning the \$10 million allocation. I will read the Governor's letter dated March 22, 2005, to the Committee for the record.

The Governor included an additional \$10 million in his budget for purposes of economic development to be allocated as follows: \$6.5 million to the NDA and \$3.5 million to EDAWN in decision unit E-151. The Commission on Economic Development has a grant program which is budgeted to receive \$1,990,000.

The NDA and EDAWN together have been receiving approximately \$1 million of these grants. The Governor is proposing they no longer receive this money. Instead, this would remain in the grant program and would be dedicated exclusively to rural areas. The net effect would be that NDA and EDAWN together would receive an additional \$9 million per year. (I assume allocated as the Governor indicated.) The rural areas would receive, in essence, an additional \$1 million per year.

The letter represents the Chair's understanding of the Governor's recommendation for allocation. Is that what you have presented today?

MS. FREED:  
That is correct.

SENATOR BEERS:  
It appears the discussion is silent on whether this is treated as a onetime appropriation in the next Base Budget or whether it will be treated as an ongoing program. Has the Governor expressed a preference?

MR. COMEAUX:  
It was the Governor's intention that this be an ongoing appropriation and remain in the Base Budget.

SENATOR TITUS:  
I understand this \$10 million appropriation is not a pass-through grant, rather, it maintains the offices and internal operations.

MS. FREED:  
That is correct.

SENATOR TITUS:  
How much is appropriated to the NDA and EDAWN?

CHAIR RAGGIO:  
An appropriation of \$6.5 million would be made to the NDA and \$3.5 million to the EDAWN over the biennium.

SENATOR TITUS:  
Are those amounts only for program maintenance?

MS. FREED:  
That is correct.

Earlier, the Committee was provided responses to staff's follow-up questions from the budget hearing. Those responses included spending plans from the NDA and EDAWN. Those spending plans provide detail for disbursement of the grant funds.

ROBERT E. SHRIVER (Executive Director, Division of Economic Development, Commission on Economic Development):  
That is our understanding as well.

SENATOR BEERS:  
The combination of treating this as an ongoing expense and not requiring a grant application process or oversight of the recipients raises concerns. Is there precedent for this combination of events?

CHAIR RAGGIO:  
One of the issues raised by staff was that if a grant was applied for, there would be guidelines developed by the Commission on Economic Development. Additionally, we may wish to require annual performance reports, annual audits and final financial records. Those are staff recommendations and were discussed during the budget hearing. It would seem those would be basic requirements. There is also a suggestion for periodic reports to the IFC.

I concur that degree of oversight should be required.

SENATOR BEERS:  
It would alleviate my concern if the reporting requirements were included.

SENATOR TITUS:  
As I understand the new proposal, the EDAWN and NDA would not be applying for a grant, but requirements are still in place for RDAs to make grant application. Is that correct?

MS. FREED:  
The RDAs would continue to use the grant application process.

SENATOR TITUS:  
This would require more accountability from the smaller development authorities than for the larger agencies. Each of these recommended allocations is ten times what it has been in the past. I am sure an increase is needed, but an increase of ten times seems excessive.

CHAIR RAGGIO:  
Senate Bill 158 cannot be processed at this time, but we can discuss it. We will need to wait and see what funds are requested in other bills, including those on taxation issues, requiring funds from the General Fund. The Committee will wait for the Economic Forum forecast.

MS. FREED:  
The second closing issue in this budget is in decision unit E-150 as shown on page 26 of [Exhibit N](#).



E-150 Economic Development – Page ECON DEV & TOURISM-4

The Governor recommends a General Fund increase in the Commission's advertising budget of \$45,734 in FY 2006 and \$46,473 in FY 2007, to increase the Commission's campaign to attract new businesses to Nevada, primarily from California. The Committee will recall the discussion from the budget hearing of the campaign and the target markets. Contributions from other organizations totaled \$165,000 in FY 2004 and to date in FY 2005 \$163,725. This was combined with the Commission's existing advertising budget to fund the advertising campaign.

CHAIR RAGGIO:

What necessitates the enhancement of \$45,734 and \$46,473 respectively?

MR. SHRIVER:

Our intent is to increase the media-buying power for the advertising campaign. Our partners have pledged additional funds in excess of the \$165,000. They will add another \$200,000 to the program because of its success.

We will consider test-marketing the campaign in jurisdictions other than California and maintain the campaigns in San Diego, Los Angeles, the Bay Area and Sacramento.

CHAIR RAGGIO:

Can the advertisement campaign be increased with the outside contributions and without the requested General Fund appropriation? Why is \$90,000 from the General Fund necessary?

MR. SHRIVER:

As we testified in the original budget hearing, the costs of advertising have increased. Media purchases are based on volume discounts and our efforts to increase purchases are based on our ability to negotiate with the media buyers of the various publications. We consider this a reasonable request.

CHAIR RAGGIO:

Will the Commission receive funds for this purpose from the NDA and EDAWN?

MR. SHRIVER:

Yes, sir.

CHAIR RAGGIO:

If the NDA and EDAWN are appropriated an additional \$10 million, why is this appropriation also necessary?

MR. SHRIVER:

We may be able to use some of the requested \$190,000 in other advertising campaigns, but our initial focus is the successful California campaign. The idea is production and related costs which are escalating. We are working in high-priced markets when we purchase space in a publication like the *Los Angeles Times*.

MS. FREED:

The last item staff would bring to the Committee's attention is in decision unit E-250 as outlined on page 27 of [Exhibit N](#).

E-250 Working Environment and Wage – Page ECON DEV & TOURISM-5

MS. FREED:

This decision unit recommends General Fund support in the amount of \$11,266 in both years of the biennium to fund in-state and out-of-state travel. The current allocation for out-of-state travel is \$24,646 in the Base Budget. The agency has requested to attend five out-of-state conferences. The Commission has attended all the conferences for which they requested in the base year. Staff would question the need for additional out-of-state travel funds.

The Committee should note that during the 2003 Legislative Session, the in-state, out-of-state travel and training budgets were increased by \$19,000 in each year of the 2003-2005 biennium. The question before the Committee is whether or not to approve the Governor's recommendation, modify the amounts for in-state and out-of-state travel or eliminate the Governor's recommendation.

MR. SHRIVER:

We do not have prior knowledge of where conferences will be held two years in advance. I recently returned from a conference in Toronto, Canada. Those trips become more expensive each year. We are trying to be judicious in use of travel funds and carefully consider what conferences should be attended.

Certain in-state travel would be used to hold more of our Commission meetings within the state and allow additional individuals travel options.

CHAIR RAGGIO:

What is your suggestion for funding in these categories?

MR. SHRIVER:

A part of our mission is outreach to draw businesses and individuals to Nevada.

CHAIR RAGGIO:

We concur that yours is an important agency and yet we must be good stewards of the funds. What is your suggestion?

MR. SHRIVER:

I would suggest cutting the request for \$11,266 in half for each year of the biennium.

E-710 Replacement Equipment — Page ECON DEV & TOURISM-5

MS. FREED:

Staff has no recommendation for decision unit E-710. One technical adjustment is recommended for this budget.

CHAIR RAGGIO:

Are the urban redevelopment authorities required to obtain matching funds?

MS. FREED:

No matching funds are required according to the Governor's proposal.

SENATOR BEERS:

The Commission travels perhaps more than any other agency. I have no objection to the reduced amount suggested by Mr. Shriver. I would suggest the

travel funding be separated from the Base Budget for better monitoring. It will be a continuing issue for this agency.

CHAIR RAGGIO:

I would suggest that the advertising fund increase in E-150, approximately \$90,000, be directed as a contribution from the other development authorities. They have been able to make those contributions in the past and if augmented funding is approved, the requirement should not pose a hardship.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-1526 TO ACCEPT THE GOVERNOR'S PROPOSED DISTRIBUTION OF APPROXIMATELY \$12 MILLION OF SUPPORT FOR REGIONAL DEVELOPMENT AGENCIES TO INCLUDE A \$10 MILLION ENHANCEMENT AND APPROXIMATELY \$2 MILLION IN CURRENT ALLOCATIONS.

CHAIR RAGGIO:

For clarification, are you including the \$10 million proposal for regional development authority grants in decision unit E-151 and retaining the existing amount of \$995,000 each year currently in the grant authority?

SENATOR BEERS:

That is correct. I will continue with my motion.

TO REQUIRE QUARTERLY REPORTS FROM ALL REGIONAL AUTHORITIES, INCLUDING THE RURAL AUTHORITIES, REGARDING THEIR ACTIVITIES; TO NOT TAKE ACTION ON S.B. 158 PENDING ADDITIONAL INFORMATION TO BE PROVIDED TO THE COMMITTEE AT A LATER TIME; THAT THE ADVERTISING FUND INCREASE REMAIN IN THE BUDGET, BUT BE REMOVED FROM GENERAL FUNDS AND PLACED IN THE REGIONAL DEVELOPMENT AND PRIVATE INDUSTRY CONTRIBUTIONS; TO REDUCE THE TRAVEL INCREASE REQUESTED IN DECISION UNIT E-250 BY 50 PERCENT; TO REQUEST TRAVEL FUNDS BE REMOVED FROM THE BASE BUDGET AND TREATED AS AN ENHANCEMENT IN FUTURE BIENNIA; TO APPROVE STAFF RECOMMENDATIONS IN DECISION UNIT E-250 AND TO AUTHORIZE TECHNICAL ADJUSTMENTS BY STAFF.

SENATOR RHOADS SECONDED THE MOTION.

MS. FREED:

To whom are the quarterly reports from all development authorities to be directed? What information should be included?

CHAIR RAGGIO:

The reports will be received by staff and provided to the IFC.

SENATOR CEGAVSKE:

Were the results of the audits discussed? Were answers to all questions posed at the hearing on this budget provided to staff?

MR. GHIGGERI:

I have not looked at the audit recently, although I have read it. There were specific audit points identified and I am aware the agency responded to the

legislative auditors. I would defer to the agency as to whether the auditors have accepted their responses. Some of the issues concerned purchasing and contracting.

SENATOR CEGAVSKE:

My concern was that the audit findings needed to be resolved before this budget was closed.

MR. SHRIVER:

All the audit requirements were met and accepted by the Audit Committee in February 2005.

CHAIR RAGGIO:

Have the audit recommendations been implemented?

MR. SHRIVER:

Yes, they have.

SENATOR CEGAVSKE:

I understand your testimony; I wondered if our staff has accepted your responses. I would hope that because of the audit, the agency is aware of what is expected and that problems will not recur.

SENATOR COFFIN:

The Committee has a copy of the audit and responses to the 14 points that have been fully implemented and signed by Mr. Comeaux. The agency accepted the recommendations.

MR. SHRIVER:

Most of the recommendations were implemented prior to receipt of the formal audit and the other items have been implemented as well.

SENATOR COFFIN:

The audit goes on to say in the Principle Findings, "These problems occurred in 2001 and 2002 on a program which has closed." It appears the problem is corrected.

CHAIR RAGGIO:

There is a motion and second on the floor. Is there any further discussion?

THE MOTION CARRIED. (SENATOR TITUS VOTED NO.)

BUDGET CLOSED.

\* \* \* \* \*

CHAIR RAGGIO:

We will now consider the Nevada Film Office budget.

MS. FREED:

There are no major closing issues in the Nevada Film Office budget. Staff recommends this be closed as adjusted. In the miscellaneous category, technical adjustment Item No. 1, the *Executive Budget* appropriates \$87,198 in each year of the biennium. The Budget Division submitted Budget Amendment No. 67 to increase the projected revenue to \$112,000 in FY 2006 and \$115,000 in FY 2007. Staff concurs with this amendment.

CHAIR RAGGIO:

Is that the only adjustment in the budget?

MS. FREED:

Yes, sir. Budget Amendment No. 67 also addresses the Procurement Outreach Program budget which will be discussed later.

CHAIR RAGGIO:

I will accept a motion on the Nevada Film Office budget.

SENATOR MATHEWS MOVED TO CLOSE BUDGET ACCOUNT 101-1527 WITH THE GOVERNOR'S RECOMMENDATION AND AUTHORIZES STAFF TO MAKE TECHNICAL ADJUSTMENTS AS OUTLINED ON PAGE 30 OF [EXHIBIT N](#).

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

CHAIR RAGGIO:

The next budget for consideration is the Rural Community Development budget.

Rural Community Development – Budget Page ECON DEV & TOURISM-12  
(Volume II)  
Budget Account 101-1528

MS. FREED:

There is one closing issue in this budget. The agency and the Budget Division have advised staff that the anticipated funding level for the Community Development Block Grant (CDBG) provided by the U.S. Department of Housing and Urban Development may be reduced to \$3,032,605 in FY 2006, federal fiscal year 2005. Currently, the budget reflects CDBG funding of approximately \$3.2 million in each year of the upcoming biennium. The agency has expressed its desire to request the amount of the reduction from the General Fund. The account currently splits administrative costs at 57-percent of General Funds to a 43-percent CDBG grant ratio. The agency suggested changing the cost split to 59:41. The shift in the ratio of administrative support explains why the amount of General Funds, recommended by the agency, is lower than the decrease anticipated in the grant.

The Committee has two options for consideration. Increase the General Fund support by \$8,700 in FY 2006 and \$10,500 in FY 2007 with the stipulation

that if CDBG funds are provided at a higher level than anticipated to the agency, General Funds supporting the account would be reduced. The second option is to approve the amount of CDBG funding as recommended by the Governor with the understanding that in the event of a reduction in the block grant, services would be reduced or the Commission may approach the IFC to request additional General Fund support. Staff recommends the second option.

E-710 Replacement Equipment – Page ECON DEV & TOURISM-14

This decision unit requests replacement equipment. Staff has no recommendation.

Technical adjustments are included to adjust operating expenditures as outlined on page 32 of [Exhibit N](#).

CHAIR RAGGIO:

The Chair would recommend we follow the staff recommendation authorizing the funding as indicated with approval of the CDBG funding. If the block grant funds are reduced, the agency can approach the IFC.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 101-1528 ACCORDING TO STAFF RECOMMENDATIONS TO APPROVE THE AMOUNT OF CDBG FUNDING AS RECOMMENDED BY THE GOVERNOR WITH THE UNDERSTANDING IF THE BLOCK GRANT IS REDUCED, THE AGENCY MAY SEEK REMEDY BY APPROACHING THE IFC FOR ADDITIONAL FUNDING; TO APPROVE ADJUSTMENTS IN DECISION UNIT E-710 AND OTHER TECHNICAL ADJUSTMENTS AS OUTLINED ON PAGE 32 OF [EXHIBIT N](#).

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

CHAIR RAGGIO:

The next budget is the Procurement Outreach budget.

Procurement Outreach Program – Budget Page ECON DEV & TOURISM-17  
Budget Account 101-4867

MS. FREED:

There is only one closing issue in this budget. The agency has advised staff via a formal budget amendment that the U.S. Department of Defense grant, which funds a large portion of this account, is anticipated to be reduced. Budget Amendment No. 68 proposes an increase in General Fund support of \$10,734 in FY 2006 and \$17,452 in FY 2007. Choices in this situation are similar to those in budget account 101-1528. Because a large portion of this account's administrative costs are salaries and benefits, it may be difficult to reduce expenditures. Historically, when federal grants are eliminated, services are reduced.

CHAIR RAGGIO:

Is this the agency that assists the Commission when they bid on government contracts?

MS. FREED:

That is correct.

SENATOR BEERS:

I suggest reducing a position rather than increasing the General Fund appropriation. It appears one-half of the funding for one position is being cut from the federal grant. If one full position were eliminated, the balance forward could be increased for the next biennium.

CHAIR RAGGIO:

Is there a vacancy in this account that could be eliminated?

MR. SHRIVER:

I prefer not to eliminate a position. This particular division is valuable when the Committee considers the number of employees and volume of business and contracts it provides to existing Nevada businesses.

We are considering other ways to decrease expenses in the unit through deleting planned purchases or other ways to help reach a lower threshold. The grant has also been affected at the federal level. We are attempting to react while maintaining the service level.

We have built many valuable alliances in the business communities in southern Nevada and the balance of the state. I am reluctant to reduce the number of positions. There are only six positions, statewide, allotted in this budget.

These individuals work one-on-one and also conduct seminars to teach businesses how to operate the software to bid on contracts. It is intensive work and positions would be difficult to replace.

CHAIR RAGGIO:

The budget amendment increased the amount by a total of \$28,000 over the biennium. Is that correct?

MR. COMEAUX:

That is correct.

CHAIR RAGGIO:

The issue for consideration is whether or not to increase the budget by \$28,000 as recommended by the Governor or reduce or remove authorization for one position.

SENATOR BEERS:

Do you have recommendations on what other areas of the budget could be cut?

MR. SHRIVER:

Some of the actions we are considering are adjusting computer purchases. That would save approximately \$7,000 or \$8,000 over the biennium. We are trying to make reductions without reducing the effective outreach. This is a successful program.

SENATOR COFFIN:

Does the staff in this account work with the minority chambers of commerce?

MR. SHRIVER:

Yes, we do. They have developed a solid relationship with the urban, Latin and Asian Chambers of Commerce in southern Nevada. We are also working on the minority outreach purchasing agreements in the casino industry. The contracting knowledge of these employees is amazing, and the success of the program was outlined in our presentation to the Committee in March 2005.

SENATOR TITUS:

Are these positions currently filled and someone would lose their job if we cut a position?

MR. SHRIVER:

That is correct.

SENATOR TITUS:

We just added \$11 million in your other account and in this account someone will lose their job over \$2,800? That seems penny-wise and pound-foolish to me.

SENATOR COFFIN MOVED TO CLOSE BUDGET ACCOUNT 101-4867 WITH BUDGET AMENDMENT NO. 68; TO AUTHORIZE STAFF TECHNICAL ADJUSTMENTS; AND TO APPROVE REPLACEMENT EQUIPMENT IN DECISION UNIT E-710.

SENATOR RHOADS SECONDED THE MOTION.

SENATOR BEERS:

Have you ever had anyone in your network write a grant application to a chamber of commerce for funding?

MR. SHRIVER:

We have not. We will consider the suggestion when searching for other grant opportunities. We partner with the Nevada Small Business Development Centers and various chambers of commerce. They provide minimal sponsorship.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

CHAIR RAGGIO:

The next budget is for the Commission on Tourism.

Commission on Tourism – Budget Page ECON DEV & TOURISM-21  
Budget Account 225-1522

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

The Committee should note the expenditures, as recommended by the Governor, in this account are increased \$4.3 million in FY 2005-2006 over



actual expenditures of \$12.1 million in FY 2003-2004 and an additional \$481,319 in FY 2006-2007, over the recommended amount for FY 2005-2006. This represents a 35-percent increase in FY 2005-2006 over the actual amount in FY 2003-2004, and an additional 3-percent increase in FY 2006-2007. The majority of the increase is in the advertising and promotion categories.

There are several major closing issues in this account. The first concerns the revenue projections and the reserve. Room tax receipts, as revised by the Commission, are projected at \$15.9 million in FY 2005-2006 and \$17.1 million in FY 2006-2007. This represents an increase of 19.3 percent in FY 2005-2006 over FY 2003-2004 actual room-tax collections of \$13.3 million. An additional 8-percent increase is projected for FY 2006-2007.

The Fiscal Analysis Division also provided updated projections for room-tax receipts. It projected \$16.3 million for FY 2005-2006 and for FY 2006-2007 the projection is \$17.3 million. The chart on page 36 of [Exhibit N](#) indicates the Fiscal Analysis Division projections, the Commissions' estimates and the difference.

Using the revised room-tax projections, provided by the Commission and considering an amendment provided by the Governor's Office and staff recommended adjustments, the agency's reserve is estimated at \$3.7 million in FY 2005-2006 and \$4.2 million in FY 2006-2007. The agency indicates one month's expenditures for the Commission are approximately \$1.4 million.

The Committee should note that, historically, additional revenues have been used for onetime projects in the Nevada Division of State Parks or for the Department of Cultural Affairs. For example, the Subcommittee on Public Safety and Natural Resources is considering the need for an additional \$400,000 in each fiscal year in the Division of Wildlife budget.

The first decision for the Committee is whether or not to approve the revised revenue projections as provided by the Commission or to utilize other projections.

The second issue in this budget is in decision unit E-175, Advertising and Promotion.

E-175 Advertising and Promotion – Page ECON DEV & TOURISM-24

MS. BRAUN:

The Governor recommends \$3.9 million in enhancements in FY 2005-2006 and \$4.4 million in FY 2006-2007 to expand and further develop program areas. The agency indicates this would generate the best return on investment for the state.

At the request of the Committee, the agency prioritized the components of this decision unit. I have provided the Committee with a memorandum dated April 19, 2005, ([Exhibit O](#)), responding to the request.

CHAIR RAGGIO:

Does anyone wish to comment on the prioritization or on the projection methodology?

BRUCE BOMMARITO (Executive Director, Nevada Commission on Tourism):

We worked several months to submit realistic programs. None were submitted that did not have substantial returns on investment. The priorities were developed with your staff using three methods. We chose those programs we felt were essential, those that we felt were essential but could be cut although it would cost revenue and taxes to the state, and important projects we believe in that could be reduced or eliminated.

One example is the reduction of advertising funds. Those funds return \$468 for every one dollar spent. We will survive if those funds are cut, but the revenue of \$468 for every one dollar spent will be lost.

MS. BRAUN:

Page 37 of [Exhibit N](#) contains a table reflecting the total savings over the biennium based upon prioritization by the agency. Following the table, are the components in decision unit E-175. Does the Committee wish staff to review each component?

CHAIR RAGGIO:

The components should be reviewed.

MS. BRAUN:

The first component concerns the expansion of television advertisements. The Governor recommends spending \$1.1 million in each year of the biennium for the expansion of television advertisements. If approved, the funding would increase to a total of \$2 million in each year of the biennium. This is a 122-percent increase over the amount authorized which is \$900,000 in each year of the current biennium.

There is an additional \$150,000 in each fiscal year for increased collateral printing as a result of the increase in television advertisements.

The Committee should consider, if it wishes, to approve funding for the expansion of television advertisements. There are three choices to consider. The first would be to approve it as recommended by the Governor. The second, the agency has indicated this is a Priority No. 2 program and has noted a 20-percent reduction would be accepted and the program will remain effective. This would provide a reduction of \$220,000 in television advertisements and \$30,000 for collateral needs in each fiscal year. The third choice would be to maintain the current 4,787 television advertisements and include a 10-percent inflationary increase requiring an additional \$90,000 in FY 2005-2006 and \$189,000 in FY 2006-2007. If Option No. 3 is approved, staff would recommend that no additional funds for collateral printing be authorized. The total savings for Option No. 3 would be slightly more than \$1 million in FY 2005-2006 and \$911,000 in FY 2006-2007.

MR. BOMMARITO:

That \$1 million in savings would cost more than \$450 million in revenue to the state. This is a tried-and-proven program with the statistical research to support it.

CHAIR RAGGIO:

If the cuts were made, is there not, still, a significant amount of funding in this category?

MR. BOMMARITO:

No, there is not. In the past fiscal year, we borrowed from our print advertising account to experiment with television and tracked the results. The result is \$468 of revenue for every one dollar spent.

CHAIR RAGGIO:

Was the actual FY 2004 revenue \$5.3 million for promotion and advertising?

MR. BOMMARITO:

The figure you quote was for all promotion and advertising. The television component was approximately \$900,000 in that fiscal year.

CHAIR RAGGIO:

What does the agency recommend as necessary, over and above the \$900,000, for this purpose?

MR. BOMMARITO:

The original request could be reduced and the program would remain successful. We will not be successful to the same level. Redundancy is the key to success in television advertising.

CHAIR RAGGIO:

I think you understand we are considering the use of tourism or room tax revenue in areas of other need as well. What amount of funding for this component is acceptable?

MR. BOMMARITO:

The Commission is not in support of a reduction; however, if the budget request was reduced by 20 percent, we could still remain effective.

CHAIR RAGGIO:

What amount are we talking about?

MS. BRAUN:

A 20-percent reduction would save \$250,000 in each fiscal year or \$500,000 over the biennium.

CHAIR RAGGIO:

That is Option No. 2 on page 37 of [Exhibit N](#).

We will next consider the seasonal commercials.

MS. BRAUN:

The Governor recommends \$380,000 in FY 2006 and \$190,000 in FY 2007 to provide two new seasonal commercials in the first year and one in the second year of the biennium. Staff questioned how these commercials differ from those in the television advertising category. The agency responded these advertisements target seasonal adventure activities.

CHAIR RAGGIO:

How important is this item?

MR. BOMMARITO:

These advertisements are essential to the television advertisement campaign. It funds the production of the commercials. We find that two seasonal commercials work well without targeting all four seasons.

SENATOR TITUS:

In what television markets do you advertise? How do you measure the success of the advertisements? One political campaign advertisement can cost \$100,000 and you are repeating advertisements. How many times can you repeat and how broad is your market?

MR. BOMMARITO:

We advertise through direct response national cable television and are proud of that achievement. The advertisements are shown on the Travel Channel, ESPN and all the cable stations. We know, the next day, what responses were received from a specific advertisement. We know how many requested collateral material or further information and how many accessed the Web site based on the advertisement. Each advertisement has a code allowing us to track the responses. The budget request stems from a desire to carry that program further.

We are proud of the fact we are specific. The number of times an advertisement is run depends on the responses we track. More advertisements are necessary to increase the effectiveness of the program.

MS. BRAUN:

The next component is advertising in China. The Governor recommends \$100,000 in FY 2006 and \$150,000 in FY 2007 to purchase six advertisements in two tourism-trade magazines, circulated in China, during each fiscal year. Justification for the 50-percent increase in FY 2007 is not clear to staff. The agency indicates it has been requested to expand the scope of the agency's advertising efforts in China.

The Committee may decide to approve funding of \$100,000 in each fiscal year of the biennium and whether they wish to approve the additional 50-percent increase in the second year of the biennium.

CHAIR RAGGIO:

Why is the agency requesting a 50-percent increase in the second year of the biennium?

MR. BOMMARITO:

The amount requested is small in the first year of the biennium. We are in a unique position as the only legal entity from the United States that is allowed to advertise in China and we want to exploit that opportunity.

SENATOR COFFIN:

The Nevada Senate will, in a few weeks, be honoring its sister city in Taiwan. What affect will that have on our relationship with China?

MR. BOMMARITO:

The Chinese/Taiwanese relationship is delicate. We follow the lead of the U.S. Department of State which recognizes Taiwan as a province of China. I met with the Chinese ambassador recently and he recognizes the relationship

between sister states. It is the recognition of Taiwan as an independent country that causes problems.

SENATOR TITUS:

What affect will gambling in the Macau Province of China have on our advertising?

MR. BOMMARITO:

The Macau gambling establishments are mostly parented by Nevada companies. We sense that situation is whetting the appetites of the Chinese to come to the "real mecca of gambling" in Nevada.

CHAIR RAGGIO:

The next item is Internet advertising.

MS. BRAUN:

The Governor recommends \$50,000 in each year of the biennium for this item. The agency indicates these funds would generate approximately 15,000 requests for visitor information at a cost of \$3.25 for each request. If the Committee wishes to approve this funding, there are options for consideration reflected on page 38 of [Exhibit N](#).

CHAIR RAGGIO:

Can the agency function with the 50-percent reduction in Option No. 2 as shown on page 38 of [Exhibit N](#)?

MR. BOMMARITO:

Yes, we can.

MS. BRAUN:

The next item for consideration is advertising placement. The Governor recommends \$450,000 in each fiscal year to increase advertisements in publications from 21 placements in 7 publications to 46 placements in 11 publications. If the Committee wishes to approve this component, there are two options shown on page 38 of [Exhibit N](#). The agency has indicated a 20-percent reduction would be acceptable.

CHAIR RAGGIO:

Will the agency confirm they will accept a 20-percent reduction?

MR. BOMMARITO:

Yes, sir.

MS. BRAUN:

In the postage category, the Governor recommends \$80,823 in FY 2005-2006 and \$151,016 in FY 2006-2007 for additional outside postage needs. During FY 2003-2004, the agency spent \$265,397 for outside postage. The agency is budgeted to spend \$543,355 in FY 2004-2005. The agency would have authority to spend \$670,306 in FY 2005-2006 and over \$782,536 in FY 2006- 2007 if this component is approved. Year-to-date expenditures in FY 2004-2005 are \$480,333.

CHAIR RAGGIO:

Postage is one area the Committee cannot be too restrictive. I read the U.S. Postal Service is currently considering an increase in postage rates. The largest concern in this category was the transfer of costs to a separate category to facilitate tracking. Is there an objection to that methodology?

MR. BOMMARITO:

We have no objection.

MS. BRAUN:

The Governor recommends \$87,500 in each fiscal year for production of brochures.

CHAIR RAGGIO:

I see no objection to this component for a one-year supply of brochures.

MS. BRAUN:

The Host Fund budget is \$100,000 in FY 2006 to provide costs for media familiarization tours in association with the Society of American Travel Writers. The agency has indicated a 50-percent reduction would be acceptable.

CHAIR RAGGIO:

Does the agency concur?

MR. BOMMARITO:

That is acceptable. This is a onetime special event.

MS. BRAUN:

The Governor recommends one new full-time equivalent (FTE) unclassified project analyst II position at a salary estimate of \$54,149 in FY 2005-2006 and \$74,171 in FY 2006-2007. There are additional costs for office furnishings and computer software. The agency has indicated this position would provide media relations. They currently have 1.5 FTE for media relations. Current staff has provided \$16.3 million in free broadcasts and print media through their communications with the public.

CHAIR RAGGIO:

Is the position necessary?

MR. BOMMARITO:

Yes, sir. We have experienced good return from the current staff.

MS. BRAUN:

The next component concerns out-of-state travel. The Governor recommends an increase of \$6,450 in each fiscal year for travel. This would provide attendance at four additional trade shows; one for the sports program and three for the international program. The agency indicated that travel to Australia for a trade show is a Priority No. 3 item and could be reduced or eliminated. The savings realized would be \$7,500 in each fiscal year.

MR. BOMMARITO:

The Australian trade show is important, but it has a lesser return on investment than some of the other trade events.

MS. BRAUN:

The Governor recommends an increase of \$11,955 in each fiscal year for in-state travel. Funding would be used to participate in two sports programs. The majority of the funding would be used to expand the Nevada Tourism University. Approval of these funds would provide \$53,658 per year total for in-state travel. The Committee may choose to approve \$15,375 in each fiscal year for in-state travel. This would triple the funding for the Nevada Tourism University including the number of participants and the number of classes offered.

The Committee may choose to approve \$1,080 in each fiscal year for attendance at the two sports program events.

The next component is registration fees. To enhance the agency presence at trade shows, a first-time recommendation was made to establish authority of \$104,950 in FY 2005-2006 and \$157,425 in FY 2006-2007 for the Commission to collect fees from private entities to participate with the Commission at trade shows.

CHAIR RAGGIO:

Is this a customary practice?

MR. BOMMARITO:

Yes, it allows us to have a larger presence at trade shows. The participants pay the agency and then the agency purchases space in a larger booth.

SENATOR CEGAVSKE:

Who is doing all the traveling?

MR. BOMMARITO:

We are not providing travel for anyone other than our staff. For example, I am attending the Travel Industry America's International Powwow where buyers from other countries attend. We will bring two staff with us because 87 appointments are scheduled. We will also invite other regional areas to join us as part of our booth. They will schedule their own appointments. We help with the booth, but we do not pay for their travel.

MS. BRAUN:

The Governor recommends \$100,000 in each fiscal year for the Mexico office. The Commission will partner with the Las Vegas Convention and Visitors Authority to fund the office.

CHAIR RAGGIO:

Is this the office currently operated by the City of Las Vegas and the Commission would join that effort?

MR. BOMMARITO:

That is correct. The \$100,000 annual allocation represents approximately 25 percent of the total cost for the office.

CHAIR RAGGIO:

Is that office in a cost-effective location?

MR. BOMMARITO:

It is. We are currently in negotiations for direct flights to Reno with Mexicana Air. The five-top ski operators recently visited our office. They represent a billion-dollar market that goes to Utah and Colorado for skiing opportunities.

MS. BRAUN:

The next component is the interactive-marketing enhancement. The Governor recommends \$806,298 in FY 2005-2006 and approximately \$1.2 million in FY 2006-2007. Several subcomponents are a part of this enhancement and are described beginning on page 41 of [Exhibit N](#). The first item is Web translation into six languages.

The agency has indicated the e-mail blast item is a Priority No. 2 and a 50-percent reduction would be acceptable. The savings would be \$165,000 in FY 2006-2007.

SENATOR COFFIN:

Are the e-mail blasts sent to subscribers who have already indicated an interest?

MR. BOMMARITO:

Yes, we do not use screen pop-ups.

MS. BRAUN:

The next component is e-subscriptions for Nevada events and shows. The agency has indicated this as a Priority No. 2 program. A 50-percent reduction would be acceptable.

SENATOR BEERS:

The prices for technology in general, shown in [Exhibit N](#), stun me. Has the agency gone to bid on some of these items?

MR. BOMMARITO:

The agency has not entered the bid process, but we have solicited price quotes.

SENATOR BEERS:

Did you get a quote from the technology high school in Las Vegas? These prices are phenomenally high. Are you paying \$100 per hour for Web development?

MR. BOMMARITO:

I do not have the information with me today, but I will provide it for the Committee. Web pages from which sections can be downloaded and pages can be turned are expensive. Some of our guides are 200-pages long.

SENATOR BEERS:

The e-mail blasts, at 13 cents apiece, are outrageous.

MR. BOMMARITO:

That cost includes qualifications and some of the research necessary to segregate the e-mail blasts to the appropriate accounts.

MS. BRAUN:

The final item is implementation of an online reservation system for rural Nevada containing two components as shown on Page 42 of [Exhibit N](#). There are two options listed for Committee consideration.



CHAIR RAGGIO:

Is the agency in accord with the 33-percent reduction in the rural matching grants program?

MR. BOMMARITO:

Yes, sir. We would rather have the entire allocation, but we can operate with the reduction.

MS. BRAUN:

Next is the Web Hosting: Data Tracking/Cleansing and Project Development component explained on pages 42 and 43 of [Exhibit N](#). This would bring Web-hosting in house for the rural partners who do not currently have Web sites.

The Committee may choose to place the funds in a reserve and request a cost-allocation plan. They may wish to request information concerning hourly costs and the types of assistance needed to implement the project.

MR. BOMMARITO:

I concur with the suggestion to place the funds in a reserve account. The agency was attempting to provide our "best guess" of funding requirements without going to bid.

SENATOR BEERS:

These are the first cost figures I have seen that would exceed what DoIT would charge.

MR. BOMMARITO:

I have the agency's technology expert present to answer questions.

SENATOR COFFIN:

It is worthwhile to consider these projects, but when I look at the cost for e-mail blasts, 13 cents seems excessive to me as well.

STEPHEN WOODBURY (Administrative Services Officer, Commission on Tourism):

What we are proposing is more sophisticated than what the allocation terminology implies. It is not only mass e-mails. It is based on sophisticated, targeted research.

MR. BOMMARITO:

Each of the recipients is someone who has indicated they have an interest in a specific topic and in coming to Nevada. Much of the cost is directed to the prequalification factors.

SENATOR BEERS:

Could the prequalification factors be made a part of the sign-up process? The individual could do much of the work themselves.

MR. BOMMARITO:

We do that in the form of a survey.

SENATOR BEERS:

The agency is being taken advantage of, with regard to technology costs. The information is just data. To select all the people interested in kayaking one week and bicycling the next does not generate these kinds of costs.

MR. BOMMARITO:

We do not have the capabilities within the agency to make these distinctions and must purchase the services. We will keep your suggestions and concerns in mind when going through the bid process.

SENATOR COFFIN:

Are all of these items under the advertising agency purview?

MR. BOMMARITO:

Many functions were broken away from the advertising agency. Most of the research and Internet functions are accessed through independent bids and contracts.

SENATOR COFFIN:

What is the name of the primary agency?

MR. BOMMARITO:

The DRGM Advertising performs the advertising and R and R Advertising performs the public relations functions.

SENATOR COFFIN:

When will the contracts be rebid?

MR. BOMMARITO:

The contracts will expire at the end of June 2006.

SENATOR BEERS:

How many companies submitted bids for the recent contracts?

MR. BOMMARITO:

Approximately 20 companies bid for the advertising contract.

SENATOR BEERS:

What is the total universe of your database for all possible combinations in the e-mail blast project?

MR. BOMMARITO:

There are approximately 100,000 combinations.

MS. BRAUN:

The next concern for this budget is in decision unit E-250.

E-250 Working Environment and Wage – Page ECON DEV & TOURISM-25

MS. BRAUN:

This decision unit requests one new FTE classified accounting position at a Grade 27. Funding includes associated costs for operating and equipment. The position description is on page 43 of [Exhibit N](#). One of the duties of the position would be to perform accounting services for the Office of the Lieutenant Governor.

CHAIR RAGGIO:

Is the position necessary?

MR. BOMMARITO:

The request for the position is a result of pushbacks in various human resources and Integrated Financial Services (IFS) functions and the work for the Lieutenant Governor. We could survive with a part-time position. Because of the accountability for the variety of programs within the agency, we are required to run a parallel accounting system because the IFS system does not provide information as timely and detailed as is required for agency efficiency.

SENATOR BEERS:

I am having trouble reconciling efficiency and some of the cost issues. Many agencies that use the IFS system have similarly intensive reporting requirements.

MS. BRAUN:

The fourth major closing issue for this account is the Reno-Tahoe Winter Games in 2014. Detail can be found on page 43 of [Exhibit N](#). This allocation is intended as a grant pass-through to the Reno-Tahoe Coalition. The Committee should note that in addition to this appropriation request of \$75,000 in each fiscal year, [S.B. 374](#) would appropriate an additional \$200,000 to the Nevada Commission on Sports for a pass-through to the same coalition.

**[SENATE BILL 374](#):** Makes appropriation to Nevada Commission on Sports for costs relating to submission of application to host Winter Olympic Games in 2014. (BDR S-1097)

CHAIR RAGGIO:

A decision will be held until the budget and the bill are reconciled. Are the remaining items technical adjustments?

In the interest of time, the Chair suggests we make a tentative closure on the items of concern in the following manner. If the Committee will turn to page 36 of [Exhibit N](#), Item No. 1, I am open to suggestions from staff regarding the revenue projections and reserve balance.

MR. GHIGGERI:

Due to the differences between the projections of the agency and those by the Fiscal Analysis Division, we defer to the agency projections. Due to the low-reserve balance, an additional \$1.1 million would be necessary to provide \$1.4 million in reserve for cash flow purposes.

CHAIR RAGGIO:

Does the agency understand and concur with that recommendation?

MR. BOMMARITO:

Yes, sir.

MR. GHIGGERI:

The Governor recommended \$318,000 in reserve and staff believes a reserve of \$1.4 million is necessary for operation.

CHAIR RAGGIO:

Item 2 for budget account 225-1522, beginning on page 36 of [Exhibit N](#), contains several components.

The tentative closure of the component for the expansion of television advertisements would be Option No. 2 for a reduction of \$250,000 in each fiscal year.

The component for seasonal commercials would be approved as recommended by the Governor.

The advertising in China would be approved as recommended by the Governor.

The Internet advertising component would be tentatively closed with Option No. 2 at a 50-percent reduction of the Governor's recommended budget.

The advertising placement component would be reduced by 20 percent as recommended by staff.

The postage component would be approved as recommended by the Governor with the requirement the postage funds be transferred to a separate category to facilitate tracking of expenditures.

The brochure component would be closed as recommended by the Governor to fund a one-year supply of brochures.

The Host Fund component would be approved with staff recommendation and a 50-percent reduction.

The new project analyst II position would be approved including the costs for equipment.

The out-of-state travel and registration fees component would be approved at a lesser amount excluding the trade show in Australia.

The in-state travel component would be closed, as recommended by the Governor, for the increased amount to allow the number of participants in the Nevada Tourism University program and the additional sports program event requested.

The registration fees revenue item, authorizing an increase in the authority for revenue collection, would be approved as requested by the Governor.

The office in Mexico budget component would be closed as requested by the Governor with the funding participation of the Las Vegas Visitors and Convention Authority.

The interactive marketing enhancement component would be closed with approval for the Web language translation project.

The Committee would hold on the subcomponent for conversion of the print collateral to an electronic version until firm cost-savings information is received.

The cost for upgrade and fixing of the Web site would be approved as recommended by the Governor.

The Committee will hold approval on the e-mail blast costs until firm information concerning the necessity for the amount requested is received. We understand a reduction to 50 percent would be accepted. However, further information is necessary.

The Committee will hold approval on the e-subscription item for Nevada events and shows for the same reason.

We would approve the rural matching grants program at a 33-percent reduction.

SENATOR RHOADS:

Why are the rural matching grants being reduced by 33 percent? There are 13 rural counties who need tourism.

CHAIR RAGGIO:

We can hold on that item.

SENATOR RHOADS:

I suggest we adopt Option No. 1 to approve the rural grants program as recommended by the Governor.

CHAIR RAGGIO:

What is the Committee consensus?

SENATOR BEERS:

Is this an increase in the existing rural matching grants program?

MS. BRAUN:

Yes, it is. If approved, the program would total \$1.5 million in FY 2005-2006 and \$2 million in FY 2006-2007 or a 17-percent increase over the actual amount of \$1.5 million in FY 2003-2004.

CHAIR RAGGIO:

The option was to reduce the enhancement by 33 percent.

SENATOR BEERS:

It is my understanding that a part of what we are trying to do in this budget is find revenue to fund the needed enhancements in the Department of Wildlife. Wildlife is a draw for tourists and the rural counties would be supported by Department of Wildlife projects.

CHAIR RAGGIO:

We will leave the item for the rural matching grants program on the tentative approval list at a reduction of 33 percent.

We will hold approval of the Web hosting costs for further information. It is my understanding, if this item is ultimately approved, the funds would be placed in a reserve category and a specific expenditure plan would be submitted to the IFC for approval.

SENATOR BEERS:

I recommend the agency settle on a number of rural partners they wish to plan for in this component. Cost projections could be requested from DoIT relatively quickly.

CHAIR RAGGIO:

We are leaving the held items open so that the interested parties can meet quickly and develop reduced costs for those areas of the budget. Senator Beers and others on the Committee would be willing to meet on these items as well.

The item for the accounting position will be held.

The Winter Games item will be approved as recommended by the Governor, and the Committee will not act on S.B. 374 at this time.

We will approve the technical adjustments.

I suggest we close the budget on a tentative basis with those items, as indicated, and revisit the items being held.

SENATOR MATHEWS:

There is an office in Mexico. Do you have an office in Canada?

MR. BOMMARITO:

We have a person assigned to work in Canada. There is easier access to Canada. It does not require a passport and there are many trade shows that interact with the National Tourism Association and other groups.

CHAIR RAGGIO:

The office in Mexico was set up by the Las Vegas Convention and Visitors Authority and the Commission on Tourism pays a portion of the cost. Would the Committee be willing to make a tentative closure, in part, for budget account 225-1522?

SENATOR COFFIN MOVED TO TENTATIVELY CLOSE THE PORTION OF BUDGET ACCOUNT 225-1522 AS OUTLINED BY THE CHAIR.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

BUDGET TENTATIVELY CLOSED IN PART.

\*\*\*\*\*

The Commission on Tourism should note the items that were held and research ways to be more cost effective.

I will now open the hearing on the *Nevada Magazine* budget.

Nevada Magazine – Budget Page ECON DEV & TOURISM-29 (Volume II)  
Budget Account 530-1530

MS. BRAUN:

There is one major closing issue in this account. The increase in projected revenues caused concern and the Committee requested the agency to work with staff. The adjusted revenue projections are located on page 46 of [Exhibit N](#). The table on page 46 outlines the budget effects of the adjustments.

If the adjustments are approved, the agency will have a reserve of \$190,265 in FY 2005-2006 and \$90,022 in FY 2006-2007. The agency concurs with the adjustments.

CHAIR RAGGIO:

The agency's efforts in working with staff are appreciated. The adjustments appear reasonable.

MS. BRAUN:

Technical adjustments for this budget are listed on page 47 of [Exhibit N](#).

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 530-1530 WITH REVENUE ADJUSTMENTS AS RECOMMENDED BY STAFF AND TECHNICAL ADJUSTMENTS AS OUTLINED ON PAGE 47 OF [EXHIBIT N](#).

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

CHAIR RAGGIO:

The final budget to consider is the Tourism Development budget. This is an interest-bearing account.

Tourism Development – Budget Page ECON DEV & TOURISM-34 (Volume II)  
Budget Account 225-1523

MS. BRAUN:

This account is for the matching grant program jointly sponsored by the Commission on Tourism and the Commission on Economic Development. This is not the same as the rural matching grants program. There are no major closing issues in this account. Staff recommends closure as recommended by the Governor.

Senate Bill 158 was considered to perhaps be additional funds for the Commission on Tourism. In actuality, the \$10 million discussed earlier is to diversify Nevada's economic base; the funds in this budget account are to support and attract visitors.

**SENATE BILL 158:** Establishes fund to provide grants for economic development in rural areas and blighted areas of larger counties. (BDR 18-1140)

CHAIR RAGGIO:

Will this account be affected by other legislative measures?

MS. BRAUN:

This account will not be affected by any of the bills approved. Senate Bill 5 would simply allow the Commission to accept the funds approved by the Legislative Committee without requesting approval from the IFC.

**SENATE BILL 5 (1st Reprint)**: Revises provisions relating to certain money received, administered and disbursed by Committee for the Development of projects relating to Tourism. (BDR 18-383).

CHAIR RAGGIO:

The budget can be closed without consideration of other legislation. I will entertain a motion.

SENATOR COFFIN MOVED TO CLOSE BUDGET ACCOUNT 225-1523 AS RECOMMENDED BY THE GOVERNOR.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

CHAIR RAGGIO:

I will alert the Committee that S.B. 484, which was on General File, was moved to the afternoon agenda. This bill concerns the Public Employees' Benefits Program and was passed from this Committee with an amend and do pass motion. The amendment pertained to a break in service. I had a question of whether or not the break in service would apply if an employee took a leave of absence.

**SENATE BILL 484 (1st Reprint)**: Revises provisions governing Public Employees' Benefits Program. (BDR 23-1364)

I asked our Legislative counsel to research the question. As a result, she has provided a new amendment ([Exhibit P](#)) which is further amended. I will ask for further explanation from counsel. I had requested the amendment to clarify that a break in service did not apply to an individual requesting a leave of absence.

Two Committee members have indicated they wish to make further amendments to this measure. This bill has a deadline waiver, so it is not necessary to pass from the Senate today.

We are currently discussing Amendment No. 653 to S.B. 484, which would replace Amendment No. 595, previously approved by this Committee.

SENATOR TITUS:

The proposed further amendment has not yet been received.

CHAIR RAGGIO:

Please clarify the proposed further amendments.



SENATOR TITUS:

Two new amendments were proposed. The first would substitute passage of S.B. 484 as written and request an interim study because the issue is too important to pass during this session. For example, this may result in making employees work longer with a reluctance to retire and would cost more instead of less.

If the first amendment were to fail, the second amendment, instead of turning to a system without insurance, would provide for the state to give matching contributions to the deferred compensation program in lieu of providing health insurance for these individuals.

CHAIR RAGGIO:

Is it agreeable to adopt Amendment 653 to S.B. 484 and hold the bill for the further amendments?

MR. GHIGGERI:

I would remind the Human Resources/K-12 Subcommittee members that the meeting on April 27, 2005 begins at 7:30 a.m. and the first one-half hour will be dedicated to an update on the potential shortfall in the Medicaid budget due to new calculations.

SENATOR CEGAVSKE:

I would like staff to confirm whether an additional shortfall in the Distributive School Account (DSA) is expected.

MR. GHIGGERI:

Additional shortfalls have not been brought to my attention. We are projecting a larger reversion from the DSA in the current fiscal year than projected by the Governor due to the increased sales-tax collections.

There are a number of items for consideration in FY 2006 and FY 2007. Those have been discussed in the Subcommittee ranging from \$69 million funding not included in the budget, the utility funding not included, adjustments for retirement, property tax coverage, a request from the school districts for additional funding for health insurance, inflation not included in the budget, a retirement shortfall for at risk and other shortfalls.

CHAIR RAGGIO:

Those are not all shortfalls.

MR. GHIGGERI:

The requests include shortfalls and additional funding requests.

SENATOR COFFIN:

There is more of a shortfall than what we have been told. The school district lobbyist, at least for Clark County, has been reminding legislators that there is an expected shortfall. It was discussed openly when the property tax bill was considered.

SENATOR MATHEWS:

I noticed a new billboard yesterday advertising, "Talk to legislators and get them to give us more money." Is that what you are talking about?

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SENATOR CEGAVSKE:  
No, that is not the same issue.

CHAIR RAGGIO:  
We will process Amendment No. 653 to S.B. 484 and hold the bill for further amendments. The meeting is adjourned at 3:58 p.m.

RESPECTFULLY SUBMITTED:

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Cindy Clampitt,  
Committee Secretary

APPROVED BY:

\_\_\_\_\_  
Senator William J. Raggio, Chair

DATE: \_\_\_\_\_