

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

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

The Senate Committee on Finance was called to order by Chair William J. Raggio at 1:08 p.m. on Friday, May 13, 2005, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

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

STAFF MEMBERS PRESENT:

Mindy Braun, Education Program Analyst
Jeffrey A. Ferguson, Program Analyst
Laura Freed, Program Analyst
Gary L. Ghiggeri, Senate Fiscal Analyst
Bob Guernsey, Principal Deputy Fiscal Analyst
Mark Krmpotic, Senior Program Analyst
Tracy Raxter, Program Analyst
Sandra Small, Committee Secretary

OTHERS PRESENT:

Scott K. Sisco, Interim Director, Department of Cultural Affairs
Brian K. Krolicki, State Treasurer, Office of the State Treasurer
Ron W. Sparks II, Director, Western Interstate Commission for Higher Education
Teri Sulle, Chief Financial Officer, Office of the Attorney General

CULTURAL AFFAIRS

Micrographics and Imaging – Budget Page CULTURAL-30 (Volume I)
Budget Account 101-1055

BOB GUERNSEY (Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

Please refer to page 15 of Senate Committee on Finance Closing List #3 ([Exhibit C](#), original is on file at the Research Library). Staff has no major closing issues and recommends technical adjustments for the latest Department of Information Technology (DoIT) computer prices. The reserves in this budget are projected to drop to \$38,318 in fiscal year (FY) 2007. The director of the Department indicated he will be monitoring this closely and they do not anticipate getting down to that level of reserve.

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CHAIR RAGGIO:

That is a low reserve.

SCOTT K. SISCO (Interim Director, Department of Cultural Affairs):

The reserve is low, but there is authority within this budget to replace two major pieces of equipment that will not be purchased if the projected revenues do not materialize.

SENATOR BEERS MOVED TO CLOSE B/A 101-1055 AS RECOMMENDED BY STAFF.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TITUS, COFFIN AND RHOADS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

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Nevada State Library – Literacy – Budget Page CULTURAL-35 (Volume I)
Budget Account 101-2893

MR. GUERNSEY:

Please refer to page 16 of [Exhibit C](#). Staff has no major closing issues. The agency is funded primarily from a General Fund appropriation. Additional funding comes from a federal Library Services and Technology Act grant, which is recommended at \$19,347 each year of the coming biennium, and from a \$62,000 annual transfer from the Department of Education for state leadership and training activities. The funding from Education has increased by \$4,050 each year to reflect the anticipated level of the grant.

SENATOR MATHEWS MOVED TO CLOSE B/A 101-2893 AS RECOMMENDED BY STAFF.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TITUS AND RHOADS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

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SENATOR COFFIN:

I have provided the Committee with a copy of a letter from the Department of Cultural Affairs ([Exhibit D](#)) regarding my request for a list of artifacts they would like if funding is available. The only thing I think is out of our reach is the Casino Legends Hall of Fame Collection. None of these items are very expensive. The Dellenbaugh painting is the only 19th century image of the Las Vegas Valley. Would it be appropriate to ask for a bill draft at this time for these items to be considered at the end of the Session, or do we append the requests to each budget?

CHAIR RAGGIO:

These are all onetime expenditures. I do not think it would be appropriate to put them in the budget. You can put them on a wish list, but that list is getting long.

SENATOR COFFIN:

Could the Committee request a bill draft to contain the items outlined in [Exhibit D](#)?

SENATOR COFFIN MOVED FOR COMMITTEE REQUEST OF A BILL TO APPROVE ONE-SHOT FUNDS FOR THE ITEMS LISTED IN [EXHIBIT D](#), FROM THE DEPARTMENT OF CULTURAL AFFAIRS, EXCEPT THE CASINO LEGENDS HALL OF FAME COLLECTION.

SENATOR TITUS SECONDED THE MOTION.

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

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MR. GUERNSEY:

The total funds requested in [Exhibit D](#) after removing the Casino Legends Hall of Fame Collection is \$371,125.

Nevada State Library-CLAN – Budget Page CULTURAL-39 (Volume I)
Budget Account 101-2895

MR. GUERNSEY:

Please refer to page 17 of [Exhibit C](#). Staff has no closing issues.

SENATOR BEERS MOVED TO CLOSE B/A 101-2895 AS RECOMMENDED BY THE GOVERNOR.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

BUDGET CLOSED.

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Nevada Arts Council – Budget Page CULTURAL-43 (Volume I)
Budget Account 101-2979

MR. GUERNSEY:

Please refer to pages 18 and 19 of [Exhibit C](#). In the Assembly Committee on Ways and Means, they held this budget. The major item within this budget is the Governor's recommendation, in decision unit E-332, to increase General Fund support of \$200,000 per year to restore \$41,000 in budget reductions from last session to increase overall funding by an additional \$159,000.

E-332 Services at Level Closest to People – Page Cultural-46

This would be distributed partly in the Challenge Grants and partly with other grants to individuals and organizations. It would be mainly flow-through funds to the arts groups in the State of Nevada.

CHAIR RAGGIO:

Is this an attempt by the Governor to restore budget reductions made last session?

MR. GUERNSEY:

Yes, it is.

SENATOR MATHEWS MOVED TO CLOSE B/A 101-2979 AS RECOMMENDED BY THE GOVERNOR.

SENATOR TITUS SECONDED THE MOTION.

CHAIR BEERS:

I would support an increase of \$41,000 but not \$200,000 as suggested by the Governor.

THE MOTION CARRIED. (SENATORS BEERS AND CEGAVSKE VOTED NO.)

BUDGET CLOSED.

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Museums and History – Budget Page CULTURAL-49 (Volume I)
Budget Account 101-2941

MR. GUERNSEY:

Please refer to pages 20 through 22 of [Exhibit C](#). This is the administrative budget that provides oversight to all the museum budgets within the Department. In looking at the budget and the staff responsibilities, staff noted they also have the responsibility of overseeing the trust funds. Unfortunately, the level of the trust funds has been decreasing over the last few years. Trust funds are already utilized extensively throughout the museum budgets in support of positions and individual projects.

Staff believes if funding becomes available, it would be legitimate to allocate a portion of the trust funds to support the accounting staff within this budget. However, the level of the funding has been dramatically reduced and Mr. Sisco does not feel the Department has sufficient funds at this time to support those positions.

CHAIR RAGGIO:

What is the amount in the trust fund?

MR. SISCO:

There is approximately \$800,000 in the restricted funds account. Those dollars are held for specific purposes. There is an additional \$200,000 in unrestricted funds. The issue is not just cost allocation. We are concerned that the public,

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who puts money in the donation box, does not expect those funds to pay salaries. The funds are used to purchase artifacts for educational opportunities and to improve exhibits. We would have a problem using this money for salaries.

CHAIR RAGGIO:

Are the trust funds available for some of the items listed in [Exhibit D](#)?

MR. SISCO:

If the fund had more money, we could use it for the items listed in [Exhibit D](#).

CHAIR RAGGIO:

Tell me again how much money you have.

MR. SISCO:

There is \$800,000 in restricted funds. The \$200,000 is to purchase merchandise for the gift shop. The Board of Museums and History monitors this account regularly.

CHAIR RAGGIO:

Are you saying there are no funds available in this trust account for cost allocations?

MR. SISCO:

That is correct.

SENATOR COFFIN MOVED TO CLOSE B/A 101-2941 AS
RECOMMENDED BY THE GOVERNOR.

SENATOR BEERS SECONDED THE MOTION.

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

BUDGET CLOSED.

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Lost City Museum – Budget Page CULTURAL-53 (Volume I)
Budget Account 101-1350

MR. GUERNSEY:

Please refer to page 23 of [Exhibit C](#). In all of the museum budgets, staff recommends moving the deferred maintenance items in all the museum budgets into a unique category so they can be tracked adequately. Additionally, a number of the positions throughout these budgets are supported by trust funds. I recalculated the cost of those positions and have made a minor allocation each year with an offset to reduce the General Fund and increase the funding from the trust funds for the positions supported from the trust funds.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-1350 AS
RECOMMENDED BY STAFF.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Nevada Historical Society – Budget Page CULTURAL-57 (Volume I)
Budget Account 101-2870

MR. GUERNSEY:

Please refer to page 24 of [Exhibit C](#). This facility is located on the University of Nevada, Reno (UNR) campus. There has been concern, over the last few years, about the declining visitor count. There has been extensive construction on the UNR campus which is part of the reason for the decreased visitor counts. Staff recommends an adjustment to move the deferred maintenance items in all the museum budgets into a unique category so they can be tracked adequately and to adjust the cost of the positions supported from the trust funds.

CHAIR RAGGIO:

It is amazing they have had visitors. The whole area has been torn apart to build a new parking structure.

SENATOR BEERS:

The marketing lesson here is that it helps to publish a quarterly historical journal. The visitor numbers have stayed up in spite of the construction.

SENATOR TITUS:

The journal is never published on time. What is going on with that publication?

MR. SISCO:

The quarterly has been the issue of discussion for the last three board meetings. We have a new person assigned to oversee the coordination of the journal.

SENATOR COFFIN:

How far behind is the quarterly journal?

MR. SISCO:

The winter issue went out about two weeks ago. We like to get the winter issue out in December.

SENATOR BEERS MOVED TO CLOSE B/A 101-2870 AS RECOMMENDED BY STAFF.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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State Museum, Carson City – Budget Page CULTURAL-61 (Volume I)
Budget Account 101-2940

MR. GUERNSEY:

Please refer to pages 25 and 26 of [Exhibit C](#). Staff recommends moving the deferred maintenance items to a separate category and has made appropriate adjustments to reduce the General Fund cost and increase the trust fund expenditure for support of the positions.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-2940 AS RECOMMENDED BY STAFF.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Museum & Historical Society - LV – Budget Page CULTURAL-67 (Volume I)
Budget Account 101-2943

MR. GUERNSEY:

Please refer to pages 27 and 28 of [Exhibit C](#). Staff recommends moving the deferred maintenance items to a separate category and has adjusted the cost for the trust-fund-supported positions. This museum will be moving to the new location at the Las Vegas Springs Preserve sometime late in 2007 or early 2008. A capital improvement project P-06 for \$180,464 is to begin planning for the utilization of this museum facility. Once the museum opens, this will be a multi-use facility by the Department.

CHAIR RAGGIO:

Will the Department use a portion of the space?

MR. GUERNSEY:

Yes, they are talking about a Southern Nevada Historical Records Center. They will continue to operate a museum, house the arts staff there and perhaps have an historical preservation center.

SENATOR BEERS:

Does the deferred-maintenance item include renting bulldozers since we are moving out of that building?

MR. SISCO:

No, it does not. We are having problems with the stuccowork on the building.

SENATOR BEERS:

I thought this building was being leased from the city of Las Vegas.

MR. SISCO:

We are leasing the land from the city of Las Vegas. We have a \$1 per year lease. We will continue to use the building.

SENATOR BEERS MOVED TO CLOSE B/A 101-2943 AS RECOMMENDED BY STAFF.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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SENATOR BEERS:

When will the new building be ready?

MR. SISCO:

We have construction issues and are delayed until late 2007 or early 2008.

State Railroad Museums – Budget Page CULTURAL-71 (Volume I)
Budget Account 101-4216

MR. GUERNSEY:

Please refer to pages 29 through 31 of [Exhibit C](#). Staff recommends moving the deferred maintenance items to a unique category and has made adjustments from the trust fund for supportive positions. Also reflected in this budget is budget amendment No. 33. This budget has been recommended by the Governor to restore two positions the agency removed last session due to limited funding at that point in time. It was anticipated the positions would be partially supported from railroad revenue.

Based upon the mixture of the revenue, it was initially anticipated the first year the General Fund would pay 50-percent railroad support, and the General Fund would decline to 25 percent the second year. The amendment requests General Fund support of 75 percent the first year and 50 percent the second year. The net cost to the General Fund is \$31,741 the first year and \$27,554 the second year.

CHAIR RAGGIO:

Is that based on the fees charged for rides in the nature of a correction?

MR. GUERNSEY:

Yes, it is.

SENATOR TITUS:

I visited the Railroad Museum in Ely. It is such a treasure. They have incredible archival material sitting in a wooden chest of drawers next to a pot-bellied stove. Can we give them more money? Did the museums request additional funds from the Governor?

MR. SISCO:

The last three biennia we have been instructed to build flat budgets. That is a difficult task. I look at the priorities for the libraries and museums. Ely is fortunate in that it is holding its own. The majority of the new resources to the museums have gone to the Boulder City Railroad Museum. We are close to getting it running.

SENATOR TITUS:

That is good. I would like to see more money go to the Ely Railroad Museum. Someone needs to catalog the records in that museum.

MR. SISCO:

We have managed to collect many documents from the entity that runs the trains in Ely. We have moved them into the depot where they can be preserved. The staff has been applying for grants to digitize and microfilm the documents. That facility is run with two state employees, one in maintenance and the other is the museum curator. The curator brings every schoolchild to the museum each year.

CHAIR RAGGIO:

There is a great collection of railroad memorabilia in Ely.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-4216 AS
RECOMMENDED BY STAFF.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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CHAIR RAGGIO:

If anyone from the Budget Division or the affected agency has a problem with any of the budgets we are going through, please let us know.

ELECTED OFFICIALS

Attorney General Admin Fund – Budget Page ELECTED-34 (Volume I)
Budget Account 101-1030

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

Please refer to pages 2 through 5 of the Senate Committee on Finance Closing List No. 6 ([Exhibit E](#), original is on file at the Research Library). During the budget hearing, we did not have the final Attorney General (AG) cost-allocation plan completed. Subsequent to the hearing, staff has received the plan and has made appropriate adjustments to this budget. The closing sheets reflect these adjustments which increase the AG cost-allocation revenues in this account thereby reducing the General Fund need by \$1,480,000 in FY 2006 and \$1.2 million in FY 2007. Staff requests authority to make needed changes to the cost allocation. There have been no necessary changes to date.

The *Executive Budget* recommends \$234,925 during the biennium for an additional investigator position for the public integrity unit, decision module E-250.

E-250 Working Environment and Wage – Page ELECTED-37

Additionally, a legal secretary II position is requested for the Litigation Division, decision module E-251.

E-251 Working Environment and Wage – Page ELECTED-38

The AG's Office indicated both of these positions would be located in Las Vegas and are necessary to keep up with current and projected workloads. The office also indicated no new investigators have been added to the Public Integrity Unit since 1987. However, the current workload has created a backlog that needs to be addressed. The AG also testified that due to the paper-intensive workload related to litigation, an additional legal secretary is needed to establish the ideal ratio of one secretary to support two investigators. The Governor recommends funding these positions with General Funds totaling \$128,967 over the biennium, Attorney General cost-allocation funds of \$97,013 and boards and commissions billings totaling \$8,945. These two positions appear reasonable to staff.

The third major closing item is replacement and new computer hardware and software. The Governor recommends \$202,592 in FY 2006 and \$173,908 in FY 2007 for replacement computer hardware and software. The *Executive Budget* recommends the entire cost for the hardware and software be funded with General Funds with the exception of \$23,847 in tobacco settlement funds. The AG testified this recommendation for replacement of computer hardware and software is in accordance with the DoIT replacement schedule.

E-720 New Equipment – Page ELECTED 40

In decision module E-720, the Governor recommends General Funds totaling \$37,171 during the biennium to purchase three printers, two file servers and one liquid-crystal display projector.

CHAIR RAGGIO:

Why is this an appropriate use, in part, of tobacco settlement funds?

TERI SULLE (Chief Financial Officer, Office of the Attorney General):

I am unable to answer that question, but I can ask Ms. Vicky Oldenburg who is in charge of that program to get back to you.

MR. FERGUSON:

I might have an answer. It is my understanding there are a few programs funded with the tobacco settlement funds, and equipment for those programs are paid for with those funds. The Office of the AG provided staff with a detailed breakdown of the recommended new and replacement equipment and they appear to be accurate and reasonable.

Item 4, on page 4 of [Exhibit E](#), the Governor recommends \$133,509 over the biennium to fund salary and benefit increases for eight unclassified positions detailed in the table on page 4. The AG testified that the recommended upgrades for these positions will provide salaries commensurate with current responsibilities and duties. The Governor recommends funding this with General Funds of \$71,924 over the biennium, AG cost-allocation funds totaling \$53,290, district court assessments of \$5,132 and board and commission billings of \$3,145.

There was discussion, during the budget hearing, regarding the Personnel Task Force study that recommended salary increases for attorneys in the Department of Business and Industry. However, at the time, there were no similar recommendations for elected officials. Since that time, elected officials have been included in that study. Decisions will be made concerning those unclassified salaries before the end of the session.

CHAIR RAGGIO:

The unclassified salary subcommittee has met and looked at the proposals. There is interest in aligning all of the attorney positions in state government. We do not have a final decision. If we close this budget, it would be with the understanding it would be subject to a final determination on that aspect of the budget.

MR. FERGUSON:

Item 5, at the bottom of page 4 of [Exhibit E](#), concerns the fact that due to an oversight, the *Executive Budget* did not contain a decision module to provide upgrades for the Office's chief financial officer (CFO) and assistant solicitor general (ASG) positions, both of which are unclassified. This recommendation would increase the CFO's salary from \$62,493 annually to \$70,897, while the ASG's annual salary would increase from \$90,874 to \$103,072. The Budget Division has indicated the Governor supports these upgrades. Staff added decision module E-806 which provides for these recommended upgrades.

In Other Closing Items, shown on page 5 of [Exhibit E](#), the *Executive Budget* recommends \$104,000 over the biennium to fund additional training for AG Office employees. The Attorney General testified that the Office voluntarily reduced staff training by \$30,000 in each year of the 2003-2005 biennium per the Governor's request. The Governor recommends restoring staff training to the pre-FY 2003-2005 level by adding \$30,000 in each year of the biennium. That is in decision module E-200.

E-200 Reward More Efficient Operations – Page ELECTED-37

The Governor also recommends General Funds totaling \$32,400, AG cost allocations at \$25,800 and board and commissions billing of \$1,800. The Budget Division recommends \$44,000 over the biennium to fund Information Technology and ProLaw training. Those would be funded with General Funds and AG cost-allocation funds.

E-525 Office Relocation – Page ELECTED-39

In decision module E-525, there is a reduction in rent cost of \$89,084 over the biennium due to relocation of the Office's Bureau of Consumer Protection from non-state-owned building space to state-owned office space in the Frankie Sue Del Papa building. That reduces General Funds by \$48,106 for the biennium and AG cost-allocation funds and board and commission billings.

SENATOR BEERS MOVED TO CLOSE B/A 101-1030 AS RECOMMENDED BY STAFF.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Attorney General Tort Claim Fund – Budget Page ELECTED-77
Budget Account 715-1348

MR. FERGUSON:

Please refer to pages 6 and 7 of [Exhibit E](#). There were changes in the assessment rates which were discussed during the budget hearing. A table, on page 7 of [Exhibit E](#), shows those changes. There were questions by the Committee regarding the rationale for these changes. The AG testified that those rates are set by an actuary who studies past and anticipated tort-claim activity and sets the rates accordingly. The Office provided staff a copy of the actuarial study and pertinent excerpts were included in the Office's response to Committee questions. Staff's review of the actuarial report suggests the revised rates are reasonable.

The other issue in this budget was the reserve level. The *Executive Budget* shows a reserve level of \$3.7 million at the end of FY 2007. The actual reserves, for comparison, were \$4.5 million at the end of FY 2004. The Committee was concerned that the reserve level would be sufficient. The AG testified that they were sufficient. That reserve was needed to cover unanticipated tort claim issues. The AG cited one example of the \$1.7 million settlement for the case that involved the abuse of a foster child. The Office processed a \$1 million work program to take \$1 million out of reserves and use it in operating, and staff made that adjustment. It shows the net reserves would be \$2.7 million at the end of the 2005-2007 biennium. The Office and staff concur that the reserve level is ample.

Staff recommends technical adjustments to reflect the final statewide cost-allocation plan (SWCAP) and reduced-computer costs as indicated on page 6.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 715-1348 AS RECOMMENDED BY STAFF.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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State Treasurer – Budget Page ELECTED-120
Budget Account 101-1080

MR. FERGUSON:

Please refer to pages 8 through 15 of [Exhibit E](#). Closing issue 1, on page 9 of [Exhibit E](#), is the transfer of the senior deputy state treasurer position. The Governor recommends transferring that position and related costs and revenues totaling \$226,519 for the biennium from the Higher Education Tuition and Administration budget to the Treasurer's budget. The Treasurer testified that the

senior deputy state treasurer oversees all administration activities in the Las Vegas offices and is assigned duties related to general treasury activities.

The Committee should note that this module transfers the same revenue used to support the senior deputy state treasurer position from the Higher Education Tuition and Administration budget to the Treasurer's budget which is \$226,519 in Higher Education Tuition trust funds. However, in decision module E-500, the Governor recommends eliminating the Higher Education Tuition trust fund revenue for this position and supplanting it with General Funds.

E-500 Adjustments – Transfers In – Page ELECTED 123

There is also an information systems specialist position the Governor recommends transferring to this budget. Currently, this position is split 50/50 between the Higher Education Tuition Administration budget and the Millennium Scholarship budget. This module would transfer the associated revenues and expenditures totaling \$93,671 from each of those two budgets into the Treasurer's budget. The Committee should note that in decision module E-500, the Governor recommends eliminating the transferred revenues from the Higher Education Tuition trust fund and the Millennium Scholarship trust fund and supplanting those with a combination of General Funds and cost-allocation transfers from other Office of the Treasurer budgets.

Item 3 is the Institute Cost-allocation Plan. In the adjusted Base Budget, the Governor recommends instituting a cost-allocation plan to spread information technology (IT) costs of \$84,676 over the biennium among the four other Office of the Treasurer budgets that utilize IT services. Accordingly, transfers are reflected in the Base Budgets for these four accounts to cover their shares of the IT costs. Staff concurs with these modifications to the Treasurer's budget.

In decision unit E-500, the Governor recommends expanding the cost-allocation plan to include the cost of the two positions noted above as well as various software maintenance costs recommended to transfer from the same four budgets to the Treasurer's budget in decision modules E-900 through E-906.

E-900 Transfers – Page ELECTED-127

E-901 Transfers – Page ELECTED-127

E-902 Transfers – Page ELECTED-128

E-903 Transfers – Page ELECTED-128

E-904 Transfers – Page ELECTED-129

E-905 Transfers – Page ELECTED-129

E-906 Transfers – Page ELECTED-129

The result would eliminate the existing funding source for the senior deputy state treasurer which is Higher Education trust funds, and part of the information specialist II position, currently funded 50 percent with Higher Education trust funds and 50 percent Millennium Scholarship funds, and supplant those revenues with General Funds and cost-allocation transfers from other Treasurer's budgets.

At the top of page 10 of [Exhibit E](#), there is a table which summarizes these changes. As can be seen in the table, the recommended changes in revenue sources would increase the General Fund appropriation in this budget by \$333,008 for the biennium. From the balance of the costs, which are \$82,745,

with cost-allocation funds. At the same time, the revenues that currently support these two positions, which are transferred in decision modules E-900, E-901 and E-906, would no longer be utilized and would be supplanted with General Funds. The senior deputy treasurer would be funded solely with General Funds.

During the budget hearing, the Treasurer indicated that the recommendation to fund these two positions with General Funds as opposed to funds from Higher Education and Millennium Scholarship trust funds is the result of the Office's desire to more closely align costs to actual duties and responsibilities of the positions. The Treasurer indicated that these two positions provide assistance to the entire Office rather than only to the budget accounts in which they currently reside, and, as such, they should be funded accordingly.

In considering this recommendation to revise the funding sources for the senior deputy state treasurer and information system specialist III position, the Committee has several options including: A. Adopting the Governor's recommendation to increase General Fund appropriation by \$333,008 over the biennium; B. Not to approve that recommendation; C. Approve General Funds to support a portion of the senior deputy state treasurer position and the information system specialist III position with the balance of the funding coming from Higher Education and Millennium Scholarship trust funds.

The closing sheets reflect the Governor's recommendation to provide \$333,008 in General Funds. If the Committee wishes to close this budget with option B. or C., or another option of its own design, staff would make the proper adjustments to this account.

Item 4, on page 11 of [Exhibit E](#), are position upgrades not included in the *Executive Budget*. Subsequent to the budget hearing, the Office approached staff concerning a revision to the budget to upgrade six classified positions. The total cost for the recommended upgrades would be approximately \$27,997 in FY 2006 and \$38,342 in FY 2007. Funding for the upgrades would come from increased Treasurer's assessment revenues which the Office estimates will provide \$75,744 in FY 2006 and \$85,880 in FY 2007 over the revenues totals recommended in the *Executive Budget*. The remaining balance of \$47,747 in FY 2006 and \$47,538 in FY 2007 would be used to offset this budget's General Fund appropriation. The Budget Division has indicated to staff that it does not object to this recommendation. It is staff's opinion that if the Department of Personnel approves these upgrades of classified, the funding needed to provide the additional revenue as suggested in this recommendation would be appropriate including the reduction in General Fund support in this budget in the amount of the unspent revenue detailed above.

CHAIR RAGGIO:

Has the Department of Personnel approved these upgrades?

MR. FERGUSON:

The accountant technician upgrade to management analyst III has been approved. A determination on the others is expected soon.

CHAIR RAGGIO:

Would the senior deputy state treasurer and information systems specialist be funded solely with General Funds?

MR. FERGUSON:

Approximately one-half of the information systems specialist position would be funded with General Funds, the other half would be cost allocated within the Treasurer's Office.

CHAIR RAGGIO:

Is this being done to accurately reflect the utilization of these positions? Is it an attempt to keep funds in the Higher Education and Millennium Scholarship trust funds?

BRIAN K. KROLICKI (State Treasurer, Office of the State Treasurer):

Anything that reduces the liabilities of the Higher Education and Millennium Scholarship trust funds is a good thing. That is not why we would like to change the funding for the information specialist and the deputy treasurer. The information specialist position was created out of the prepaid tuition program. What that person does has little to do with the prepaid college tuition program. This position was responsible for rolling out the e-payment program, supervising the office and working in unclaimed property. The prepaid tuition funding was reduced last session to the extent demand has reduced.

CHAIR RAGGIO:

The Committee needs to determine if General Funds should fund the senior deputy treasurer and information systems specialist III positions. The Chair suggests we consider using General Funds for a portion of the costs.

SENATOR BEERS:

I would prefer continuing use of trust funds but will support funding a portion of the cost with General Funds.

SENATOR BEERS MOVED TO CLOSE B/A 101-1080 AS RECOMMENDED BY STAFF WITH GENERAL FUNDS SUPPORTING 50 PERCENT OF THE SENIOR DEPUTY TREASURER AND INFORMATION SYSTEMS SPECIALIST III POSITIONS; APPROVE PERSONNEL UPGRADES PENDING THE APPROVAL OF THE DEPARTMENT OF PERSONNEL AND TECHNICAL ADJUSTMENTS RECOMMENDED BY STAFF FOR CHANGES IN PERSONNEL, COST ALLOCATIONS AND COMPUTER HARDWARE COSTS.

SENATOR RHOADS SECONDED THE MOTION.

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

BUDGET CLOSED.

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CHAIR RAGGIO:

What has happened with the Allodial Title Program approved several sessions ago?

MR. KROLICKI:

The Allodial Title Program has one customer. There has been discussion about eliminating this program, but reserving the rights of its one customer. We are

proposing the State self-fund this liability. We believe this person is fully funded for future tax liability. This program does not need to exist, and we urge its elimination.

Treasurer Higher Education Tuition Administration – Budget Page ELECTED-132
Budget Account 101-1081

MR. FERGUSON:

Please refer to pages 16 and 17 of [Exhibit E](#). The major closing issue is the actuarial study. In the most recent actuarial valuation report, included in the Nevada Prepaid Tuition Program Fiscal Year 3004 Annual Report, issued March 31, 2004, the Treasurer's actuary, Milliman USA, reported a FY 2004 positive reserve balance of \$1.96 million. The Treasurer testified that the program has rebounded since the last legislative session primarily due to stronger financial markets and that the program is currently healthy and solvent.

SENATOR BEERS:

How often is an actuarial study done on the adequacy of the reserves in this budget to satisfy the prepaid tuition program obligations?

MR. FERGUSON:

The actuarial study is done annually. Previously the actuary reported a deficit of \$4.3 million, but the FY 2004 report shows a positive reserve balance of \$1,960,000.

The other major issue in this budget is a General Fund payback. The Higher Education Tuition Administration account was established and maintained with the assistance of the General Fund. The General Fund provided loans totaling \$4.4 million in FY 1998 through FY 2003. According to the agency, \$726,099 has been repaid or reverted to the General Fund through FY 2004, and the remaining \$3,670,000 is scheduled to be repaid by the end of FY 2013. In the *Executive Budget*, the Governor recommends General Fund payback amounts of \$125,000 in FY 2006 and \$175,000 in FY 2007. These proposed paybacks are consistent with the plan presented to the 2003 Legislative Session.

SENATOR BEERS MOVED TO CLOSE B/A 101-1081 AS RECOMMENDED BY THE GOVERNOR WITH STAFF TECHNICAL ADJUSTMENTS FOR COST ALLOCATIONS AND COMPUTER COSTS.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Millennium Scholarship Administration – Budget Page ELECTED-138
Budget Account 260-1088

MR. FERGUSON:

Please refer to pages 18 through 21 of [Exhibit E](#). The Fiscal Analysis Division projects the Millennium Scholarship program will exceed its tobacco settlement receipts in FY 2006. Page 19 of [Exhibit E](#) includes staff's projections. There is

an approximate \$16.2 million deficit in FY 2006 and a \$73.5 million deficit in FY 2010 given the current state of affairs.

This budget funds the administration of the Millennium Scholarship and is not greatly impacted by proposed legislation making changes to the program. Pending legislation includes Assembly Bill (A.B.) 560 and Senate Bill (S.B.) 463 described on page 20 of Exhibit E. If the legislation passed to move the program to the Board of Regents, staff could make those adjustments with authority of the Committee to transfer the budget and four full-time equivalency positions and the associated revenues and expenditures. There would be some cost-allocation changes.

ASSEMBLY BILL 560: Revises provisions governing millennium scholarships. (BDR 34-1424)

SENATE BILL 463 (1st Reprint): Makes various changes concerning use of revenues from disposition of unclaimed property. (BDR 30-578)

Staff recommends budget changes for finalized SWCAP, reduced computer costs and requests authority to make changes as the result of approved legislation.

Item 2 is the 2-percent administrative cap. Statute currently requires that not more than 2 percent of the amount of money in the Millennium Scholarship trust fund can be used to pay for the cost of administering the program. The Governor is recommending the Millennium Scholarship administration program expenditures of \$372,988 in FY 2006 and \$391,826 in FY 2007. Based on the 2-percent cap, that would require the trust fund to have balances of \$18.6 million and \$19.6 million, respectively. However, with the current trend, there will be no money in the fund. This issue will likely be addressed through legislation that would provide additional funding to support the Millennium Scholarship trust fund.

CHAIR RAGGIO:

Staff is indicating that when we process whatever bill we process on the Millennium Scholarship, we will probably have to delete the language containing the cap to remain in compliance.

MR. FERGUSON:

In item 3, on page 21 of Exhibit E, the Governor recommends the addition of one new administrative assistant II position and associated costs of \$75,518 over the biennium. This would be funded with transfers from the trust fund. The Treasurer was asked why last session an administrative aide position was eliminated from this budget. The Office provided staff with information that the reason the position was eliminated was due to the 2-percent cap. The incumbent left that position, and the Office did not have funding to pay for that position. Due to the increased number of students utilizing the Millennium Scholarship, an additional administrative assistant II position is needed to perform the associated administrative duties. Based on the Treasurer's testimony, this request appears reasonable.

CHAIR RAGGIO:

I am interested in the statistic that 50,000 students in FY 2005 are utilizing the Millennium Scholarship.

MR. KROLICKI:

We believe there will be 50,000 eligible Millennium Scholars; not all enrolled in the program, but identified as Millennium Scholars.

CHAIR RAGGIO:

How many total students are in the University and Community College System of Nevada?

MR. KROLICKI:

There are about 120,000 students.

SENATOR COFFIN:

The pending bills do not do enough to reduce the number of students eligible for the Millennium Scholarship. We now know that grade point average (GPA) is a bad predictor. Does any of the proposed legislation contain a standardized test requirement such as SAT or American College Testing (ACT)?

MR. KROLICKI:

We should consider those things. The SAT or ACT are not required to gain admission to our universities.

SENATOR BEERS:

The Land Grant may prohibit the state from requiring the SAT or ACT. The high school proficiency examination is universal and could be scaled up or down to fit the available funding and truly return this to a program keeping Nevada's best and brightest in the state.

SENATOR TITUS:

I am interested in keeping the Millennium Scholarship. We should remove access to remedial courses and increase the GPA requirement along with instituting a one strike and you are out if the GPA falls below a specific level. How would we do something like this?

MR. FERGUSON:

The requirements would have to be in one of the bills, not in the budget.

SENATOR BEERS:

The Office of the State Treasurer is requesting an administrative assistant because of an increase in the number of students. If we have higher standards, we may not need additional staff.

CHAIR RAGGIO:

The proposals to fund the Millennium Scholarship contemplate some changes in requirements. The issue will be discussed next week.

MR. KROLICKI:

When this budget was created, there were 5.5 positions in it. Last session two positions were removed from this budget. Regardless of the changes that may be made, we need the position.

SENATOR BEERS:

What percentage of Millennium Scholars graduate at the end of their fourth year?

MR. KROLICKI:

About 10 percent graduated within the traditional four-year period. One of the suggested changes is to fund 12 units at the university and 6 units at the community-college level.

SENATOR BEERS:

Does that mean 90 percent of the recipients take five years to graduate?

MR. KROLICKI:

We will have the five-year statistics this year after graduation. We have students who have an eight-year window to use the program. The Legislature changed the available time to apply for the scholarship to six years last session.

SENATOR COFFIN MOVED TO CLOSE B/A 260-1088 AS RECOMMENDED BY STAFF AND GIVE STAFF AUTHORITY TO MAKE REQUISITE CHANGES DUE TO THE PASSAGE OF ANY LEGISLATION THAT AFFECTS THIS ACCOUNT AND WITH TECHNICAL ADJUSTMENTS FOR COST ALLOCATIONS AND COMPUTER COSTS.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Unclaimed Property – Budget Page ELECTED-144
Budget Account 101-3815

MR. FERGUSON:

Please refer to pages 22 through 24 of [Exhibit E](#). We have already discussed the major issue in this account. There was a \$7.6 million transfer from Unclaimed Property to the Millennium Scholarship trust fund in the *Executive Budget*. Initially it was to retire the \$100 million in bonds. However, the Governor's amendment changes that to transfer the \$7.6 million directly to the Millennium Scholarship program in addition to \$13.8 million in FY 2006 and \$20.27 million in FY 2007. Those were part of the Governor's modification to the budget.

CHAIR RAGGIO:

Can we close this budget consistent with the action taken on funding for the Millennium Scholarship?

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

The actions taken in this Committee will not impact the Millennium Scholarship or Unclaimed Property trust fund.

MR. FERGUSON:

The next item is the addition of an auditor III position. The Governor recommends Unclaimed Property receipts totaling \$106,680 over the biennium for a new auditor III and related costs.

SENATOR RHOADS MOVED TO CLOSE B/A 101-3815 AS RECOMMENDED BY THE GOVERNOR AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS FOR COST ALLOCATIONS AND COMPUTER COSTS.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Nevada College Savings Trust – Budget Page ELECTED-150
Budget Account 605-1092

MR. FERGUSON:

Please refer to pages 25 and 26 of [Exhibit E](#). The funds for General Fund payback in the Prepaid Tuition program are being transferred from this budget account to the Higher Education Tuition Administration account in accordance with what was presented.

SENATOR MATHEWS MOVED TO CLOSE B/A 605-1092 AS RECOMMENDED BY THE GOVERNOR AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS FOR COST ALLOCATIONS AND COMPUTER COSTS.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Municipal Bond Bank Revenue – Budget Page ELECTED-158
Budget Account 745-1086

MR. FERGUSON:

Please refer to page 27 of [Exhibit E](#). Staff has no closing issues with this budget. Staff recommends this budget be closed as recommended by the Governor.

SENATOR RHOADS MOVED TO CLOSE B/A 745-1086 AS RECOMMENDED BY THE GOVERNOR.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Municipal Bond Bank Debt Service – Budget Page ELECTED-160
Budget Account 395-1087

MR. FERGUSON:

Please refer to page 28 of [Exhibit E](#). Staff has no closing issues with this budget and recommends closing the budget as recommended by the Governor.

SENATOR COFFIN MOVED TO CLOSE B/A 395-1087 AS RECOMMENDED BY THE GOVERNOR.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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JUDICIAL BRANCH

Judicial Discipline – Budget Page COURTS-48 (Volume I)
Budget Account 101-1497

MR. GHIGGERI:

Please refer to pages 2 and 3 of Senate Committee on Finance Closing List #5 ([Exhibit F](#)). The only adjustment staff has to recommend for this budget is technical adjustments for computer pricing and a reduction in the number of out-of-state commissioners that will be traveling to a conference. When the budget was originally constructed, it was envisioned there would be a turnover of more of the commissioners during the 2005-2007 biennium. Updated information indicates there will be a minimum of three to five that will turnover during this biennium. That reduces the amount of out-of-state travel required by \$1,641 in FY 2007. Other than those two minor adjustments, staff recommends closing this budget as recommended by the Governor.

SENATOR BEERS MOVED TO CLOSE B/A 101-1497 AS RECOMMENDED BY THE GOVERNOR AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS FOR CHANGES IN OUT-OF-STATE TRAVEL AND COMPUTER COSTS.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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K-12 EDUCATION

Commission on Postsecondary Education – Budget Page K-12 ED-102
(Volume I)
Budget Account 101-2666

MINDY BRAUN (Education Program Analyst):

Please refer to pages 4 and 5 of [Exhibit F](#). There is one major closing issue in this account. The agency requested the reclassification of an administrative assistant to an executive assistant. This request was not recommended by the Governor. In discussing this issue with the Budget Division, it appears there were no specific reasons for not recommending the reclassification. Staff has reviewed the supporting information provided by the agency and concurs that the reclassification appears to be justified.

Although the agency originally requested state General Funds in the amount of \$8,733 in FY 2006 and \$8,698 in FY 2007 for the reclassification, the agency has recently indicated that U.S. Department of Veterans Affairs funds may be available to support the reclassification. Does the Committee wish to consider approving funds to support the reclassification of the agency's administrative assistant to an executive assistant? If so, the Committee may wish to approve state General Funds in the amount \$8,733 in FY 2006 and \$8,698 in FY 2007 to support the reclassification. In addition, the Committee may wish to issue a Letter of Intent to the agency indicating it is the intent of the Legislature that if the agency is able to obtain federal funds to support this position, the state General Fund support should be reverted.

SENATOR MATHEWS MOVED TO CLOSE B/A 101-2666 AS RECOMMENDED BY STAFF WITH A LETTER OF INTENT INDICATING THAT IF THE AGENCY IS ABLE TO OBTAIN ADDITIONAL FEDERAL FUNDS TO SUPPORT THE RECLASSIFICATION, THE STATE GENERAL FUND SUPPORT WILL BE REVERTED.

SENATOR CEGAVSKE SECONDED THE MOTION.

SENATOR BEERS:

Has the reclassification been approved by the Department of Personnel?

MR. GHIGGERI:

The budget can be closed prior to the Department of Personnel approving the reclassification. There will be a number of reclassifications included in the *Executive Budget*. The reclassification document is submitted to state personnel who do not review the positions until the funds are in place for the reclassification. If the Department of Personnel approves the reclassification, the agency has the funds available. If not, the agency should revert the funds.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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WICHE

W.I.C.H.E. Loan & Stipend – Budget Page WICHE-I (Volume I)
Budget Account 614-2681

MS. BRAUN:

The Committee has received a copy of the Western Interstate Commission for Higher Education (WICHE) Audit Highlights and WICHE's response to the audit

findings ([Exhibit G](#)). Please refer to pages 6 through 10 of [Exhibit F](#). There are several closing issues in this account. The 2003 Legislative Session authorized a pilot new dental federal matching program. For this project, the money committees appropriated \$27,000 in FY 2004 and \$54,000 in FY 2005 to establish and maintain two dental slots with the understanding these state funds would be matched with federal funds and two additional dental slots in each fiscal year of the biennium would be added.

The Governor recommends continuation of the federal matching grant for two dental slots in each fiscal year of the biennium at a cost of \$54,800 in FY 2006 and \$55,600 in FY 2007. There is a professional slot matrix on page 10 of [Exhibit F](#). Does the Committee wish to approve federal matching grant program for dental slots as recommended by the Governor?

The second issue in this account concerns mental health. In addition to the dental matching program, the Governor is recommending the expansion of the program into the field of mental health. Five mental health slots are recommended for inclusion in the federal matching program instead of the regular Health Care Access Program (HCAP). Although five slots were authorized for mental health in FY 2004, none of them were filled. The agency indicates the restructuring of the program with active recruitment efforts by both WICHE and the Division of Mental Health and Developmental Services will assure the five slots are filled in each year. Does the Committee wish to approve the federal matching-grant program for mental health slots as recommended by the Governor?

The third issue in this account is the University Medical Center (UMC) Matching Grant Program. The Governor is recommending a new pilot program for nurses, and in this case the UMC will match state funds in return for a two-year commitment for nurses. Staff has received a memorandum from the UMC indicating they are in support of this program. Does the Committee wish to approve the UMC matching-grant program for nursing slots as recommended by the Governor? The Committee may wish to have the agency report to the Interim Finance Committee (IFC) during FY 2006 to ensure this program is implemented if approved.

The fourth decision concerns an increase in support fees. The Governor is recommending funding at \$17,809 in FY 2006 and \$571 in FY 2007 to cover an increase for in-state support fees of 1.5 percent. These support fees for in-state slots have not been updated or increased since the 2001 Legislative Session.

The fifth closing issue concerns student fees. The Governor recommends revenue for student fees at \$45,000 in FY 2006 and \$18,800 in FY 2007, a 30.5 percent decrease in FY 2006 from the actual amount collected in FY 2004 which was \$64,763 and in addition, a 71 percent decrease in FY 2007. Does the Committee wish to issue a Letter of Intent to WICHE urging them to review the impact of placing more students in the HCAP program? In addition, as part of the Letter of Intent, should the Committee urge the commission to review and make recommendations regarding a potential fee for that program?

The next issue regards pharmacy slots. The Governor is recommending five new pharmacy slots in each year of the biennium. Only three slots were filled in FY 2005. According to the agency, two of the five pharmacy slots were not

filled due to applicants not being accepted into the pharmacy school. The agency now indicates the pharmacy pool has increased 55 percent and it is anticipated all five slots could be filled. Would the Committee wish to approve funding to continue the five pharmacy slots in each year of the biennium as recommended by the Governor and do you wish to issue a Letter of Intent to the WICHE commission urging them to review the newly accredited pharmacy school for possible inclusion in this program?

The seventh issue concerns physician assistant slots. The Governor recommends three new slots in each fiscal year of the biennium; however, only two slots were filled in the 2004-2005 biennium. The Committee requested justification for continuing the three slots. The agency indicated it was simply that a student could not accept the physician assistant program opening at the last moment, and they intend to fill all three slots in the upcoming biennium.

The last decision concerns veterinary slots. This was under items for special consideration and was not funded by the Governor. The agency requested \$24,900 in FY 2006 and \$50,800 in FY 2007 to fund one additional slot. The agency indicates that for FY 2006 there are currently 16 qualified applicants. The last decision would be does the Committee wish to consider approval of one additional slot for veterinary medicine?

The remaining issue is A.B. 109, to pay a stipend to teachers who agree to work in areas of critical need.

ASSEMBLY BILL 109 (1st Reprint): Revises provisions governing regional training programs for professional development of teachers and administrators and makes appropriations. (BDR 34-479)

CHAIR RAGGIO:

Can you describe A.B. 109?

MS. BRAUN:

The Assembly Committee on Education considered this bill. The bill appropriates \$26,000 in FY 2006 and \$52,000 in FY 2007 to pay a \$2,600 stipend to ten students in a University and Community College System of Nevada (UCCSN) teacher program. Recipients would be required to teach in Nevada in areas of critical need which could include geographic areas or subject area.

SENATOR TITUS:

Why are we funding dental school slots?

RON W. SPARKS II (Director, Western Interstate Commission for Higher Education):

All of the dental school slots have been moved in the last four years to the in-state program with the requirement that recipients commit to help underserved people.

SENATOR TITUS:

Do they have to serve in rural Nevada?

MR. SPARKS:

The underserved can be in urban or rural areas of the state.

SENATOR TITUS:
Are any of the graduates going to rural Nevada?

MR. SPARKS:
They are going to rural Nevada.

SENATOR TITUS:
Are there empty slots in the program?

MS. BRAUN:
There are empty slots for physician assistants, pharmacy and mental health.

SENATOR TITUS:
Are all of the dental slots filled?

MR. SPARKS:
Yes, they are.

SENATOR TITUS:
Are the dental slots filled with people going to school in Nevada who will serve in Nevada? We need the mental health people. Why would we send people out-of-state to a pharmacy school if there is one in Nevada?

MR. SPARKS:
This is one of the ways the underserved people in Nevada get dental care. The new pharmacy school just became accredited. We will be contacting them to see if they can fit into the WICHE program. The WICHE program is sometimes the only reason Nevadans get into out-of-state schools. These out-of-state schools are saving spots specifically for Nevada residents.

SENATOR TITUS:
How many WICHE dentists are serving in rural Nevada?

MR. SPARKS:
There are five or six WICHE dentists in rural Nevada.

SENATOR TITUS:
Are nurses required to practice in underserved areas of Nevada?

MR. SPARKS:
Nurses are not required, because of the nursing shortage, to work in underserved communities. These nurses will work with the underserved at the University Medical Center.

SENATOR TITUS:
What would happen if we do not approve the pharmacy slots?

MR. SPARKS:
We will reduce the opportunity for Nevada residents to get into pharmacy schools. It is difficult to get into a pharmacy school. We have an applicant pool that is large enough to fill these slots. There is a significant need in this state for pharmacists.

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SENATOR TITUS:

Do these people have to serve in Nevada?

MR. SPARKS:

Yes, they do.

SENATOR RHOADS:

How many veterinary slots are there and how many are on the waiting list?

MR. SPARKS:

There are 4 veterinary slots with 14 on the waiting list.

SENATOR RHOADS:

I recommend we approve the one additional slot. There are many veterinarians getting ready to retire.

SENATOR BEERS:

If we have dental slots that are not filled and a significant above-average number of dentists per capita in this state according to the Census Bureau, why not reduce the number of dental slots and increase the number of veterinary slots?

MR. SPARKS:

All of the regular dental slots are filled. The only two not filled are the federal matching slots that opened in FY 2004. It took us time to develop the federal matching program and then fill the slots. Half of the money for the dental slots comes from the federal government. I am not saying we do not need more veterinary slots. Veterinary slots do not use matching funds, but are 100-percent state funded.

SENATOR CEGAVSKE:

Where do we need the veterinarians? There are many veterinarians in Las Vegas.

SENATOR RHOADS:

We need veterinarians in the rural areas.

SENATOR CEGAVSKE:

We need nurses and teachers who train other teachers. I have been here ten years and we still have not solved the problem.

MR. SPARKS:

We have a severe dental shortage for underserved people. We are trying to improve the teaching situation with A.B. 109.

SENATOR CEGAVSKE:

The problem is lack of dental insurance because it is too expensive. I have to budget dental work. I do not believe we do not have enough dentists.

SENATOR RHOADS:

I met with constituents in Elko early in the session who are familiar with the Miles for Smiles dental program. Miles for Smiles was going to Wendover, Jackpot, Tuscarora and other isolated places, working on teeth. Some of the people had never seen a dentist before.

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MR. SPARKS:
Miles for Smiles is a WICHE dental program.

CHAIR RAGGIO:
Why did WICHE request the additional veterinary slot?

MR. SPARKS:
The UCCSN requested the addition. It is difficult for Nevadans to get into a veterinary school if we do not have a slot for them.

CHAIR RAGGIO:
Historically, it has been difficult to get into a veterinary school.

SENATOR MATHEWS MOVED TO CLOSE B/A 614-2681 AS
RECOMMENDED BY THE GOVERNOR WITH ONE ADDITIONAL
VETERINARY SLOT AND TECHNICAL ADJUSTMENTS RECOMMENDED
BY STAFF.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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W.I.C.H.E. Administration – Budget Page WICHE-5 (Volume I)
Budget Account 101-2995

MS. BRAUN:
Please refer to pages 11 through 13 of [Exhibit F](#). There are two major closing issues in this budget account.

E-401 Access to Health Care and Health Insurance — Page WICHE-7

The Governor recommends \$14,377 in FY 2006 and \$12,378 in FY 2007 to support a Volunteers in Service to America (VISTA) volunteer in Las Vegas with related costs. For the current biennium, VISTA volunteer services for WICHE were paid by the Great Basin Primary Care Association (GBPCA). According to the agency, when all the costs were paid by the GBPCA, only 50 percent of the VISTA volunteer's time was spent on WICHE projects. If the Agency is able to fund a portion of the costs, the VISTA volunteer would work full time on WICHE issues.

Several options are provided for the Committee's consideration. The first option would be to approve the VISTA volunteer, as recommended by the Governor, with technical adjustments for equipment. The revised costs for option 1 would provide a savings to the state's General Fund of \$5,868 in FY 2006 and \$5,568 in FY 2007.

In the second option, the GBPCA indicated their willingness to assign an individual who would be dedicated to working on issues related to WICHE at a cost of \$6,000 a year in rent (\$500 each month). All the other costs associated

with the position, including the salary, operating costs and state travel would be picked up by GBPCA. The cost for option 2 in FY 2006 would be \$7,699, which includes an LCD projector at \$1,699, and \$6,000 in FY 2007. This option would provide a savings to the General Fund of \$6,678 in FY 2006 and \$6,378 in FY 2007. Staff recommends this option because it provides a person who would be dedicated to WICHE issues and a presence in southern Nevada.

Option 3 would be to not approve funding for WICHE to obtain outreach assistance from a VISTA volunteer or through GBPCA. Instead, approve additional in-state travel of \$1,338 in each fiscal year to provide the WICHE staff with 6 additional 1-day trips to Las Vegas. The savings to the General Fund in this option would be \$11,340 in FY 2006 and \$11,040 in FY 2007.

E-400 Access to Health Care and Health Insurance — Page WICHE-7

The second major issue in this account concerns in-state travel. Decision unit E-400 recommends an increase of \$2,371 in each fiscal year of the biennium for in-state travel. If this is approved, in-state travel would total \$5,983 in each fiscal year of the biennium. This would represent an 89.2 percent increase over the actual amount spent in FY 2004 and about a 21-percent increase over the work program amount of \$4,950. Based upon questions from the Committee concerning the need for the additional in-state travel, staff worked with the agency regarding its travel needs. The agency has indicated that if either option 1 or option 2 are approved by the Committee, only six additional one-day trips to Las Vegas would be needed instead of the ten recommended in decision unit E-400. If option 3 is approved by the Committee, none of the in-state travel in decision unit E-400 would be necessary.

The only other closing issue in this account concerns A.B. 104 which includes an appropriation of \$67,900 for an upgraded computer system.

ASSEMBLY BILL 104: Makes appropriation to Western Interstate Commission for Higher Education for upgrades in information technology for accounting system. (BDR S-1221)

SENATOR RHOADS MOVED TO CLOSE B/A 101-2995 AS RECOMMENDED BY THE GOVERNOR EXCEPT REPLACE THE VISTA VOLUNTEER WITH STAFF'S OPTION 2, INCLUDING \$1,699 FOR AN LCD PROJECTOR IN FY 2006, AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS FOR IN-STATE TRAVEL AND EQUIPMENT COSTS.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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TRANSPORTATION

CHAIR RAGGIO:

The Committee has received copies of the Joint Subcommittee on Public Safety, Natural Resources and Transportation Closing Report for the Department of

Transportation ([Exhibit H](#)). Does this now reflect the Joint Subcommittee closures?

SENATOR RHOADS:
Yes.

Transportation Administration – Budget Page NDOT-1 (Volume III)
Budget Account 201-4660

MARK KRMPOTIC (Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Joint Subcommittee on Public Safety, Natural Resources and Transportation has completed its review of the budget for the Nevada Department of Transportation. The Subcommittee concurs with the Governor's recommendation to add 22 positions to address construction, maintenance and administrative needs throughout the Department. The Subcommittee supports the Governor's recommendation to add bond authority of \$200 million in FY 2007 to finance major construction projects throughout the state such as the Carson City freeway, the I-580 extension in northern Nevada and the U.S. 95 widening in southern Nevada. The Subcommittee did not concur with the Governor's recommendation to add bond authority in FY 2006 since the Interim Finance Committee approved \$200 million in bond authority in advance in FY 2005 which will be carried forward and issued in FY 2006..

CHAIR RAGGIO:
What is the significance of that?

MR. KRMPOTIC:
The Governor's recommended budget included \$200 million in bond authority in each year of the biennium. The agency approached the Interim Finance Committee last year to ask for authority in advance to continue with some major construction projects.

CHAIR RAGGIO:
Is this not diminishing the commitment?

MR. KRMPOTIC:
No, it is not.

The Subcommittee concurs with the Governor's recommendation to add Highway Funds of \$1.9 million in FY 2006 and \$3.9 million in FY 2007 to continue phases five and six of the Integrated Right-of-Way Information Network project in order to automate the document-retrieval process to manage the Department's records on property rights, property acquisitions, permit status and location of utilities that will be used by the Department's right-of-way division. Based on information provided by the Department regarding the likelihood that amounts recommended by the Governor would decrease once the project cost estimates were determined by July 2005, the Subcommittee directed the agency to report back to the Interim Finance Committee when accurate cost estimates are determined. If revised cost estimates reflect amounts which are lower than budgeted, the agency should submit work program revisions to reduce funding levels to reflect the project costs.

SENATOR RHOADS MOVED TO CLOSE B/A 201-4660 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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PEACE OFFICERS STANDARDS AND TRAINING

Peace Officers Standards & Training Commission – Budget Page POST-1
(Volume III)

Budget Account 101-3774

MR. KRMPOTIC:

Please refer to the Joint Subcommittee on Public Safety, Natural Resources and Transportation Closing Report for the Peace Officer Standards and Training Commission ([Exhibit I](#)). The Subcommittee concurs with the Governor's recommendation to increase from part time to full time the existing facility manager position. This recommendation was made in response to increased time spent by the position in overseeing the maintenance and upkeep of facilities and equipment at the agency's location at the Stewart Complex.

The Subcommittee supports the Governor's recommendation to add court assessments of \$45,575 in FY 2006 and \$86,650 in FY 2007 for technology upgrades including additional software to allow for completion of the Commission's micro-imaging project, additional software to enable online access to peace officer records by state and local police agencies, an interactive training program for prospective reserve officers throughout the state and upgraded equipment and software to enhance use-of-force training for new and existing law enforcement officers.

The Subcommittee did not concur with the Governor's recommendation to purchase new vehicles for emergency vehicle training, but approved the purchase of surplus vehicles with police equipment as presently used by the Commission.

Police Corps Program – Budget Page POST-9 (Volume III)
Budget Account 101-3772

The Police Corps Program budget account is included on page 6 of [Exhibit I](#). There were no major issues associated with this budget account.

CHAIR RAGGIO:

What is the Police Corps Program?

MR. KRMPOTIC:

The Police Corps Program is a federally-funded program established to create incentives to attract individuals to law enforcement. It provides training,

reimbursement of tuition and a stipend to law enforcement agencies that employ those individuals. The program has been scaled back by the federal government over a number of years and may be eliminated in the near future.

SENATOR RHOADS:

The P.O.S.T. is attractive throughout the state and is a good program.

SENATOR RHOADS MOVED TO CLOSE B/A 101-3774 AND B/A 101-3772 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION TO INCLUDE STAFF'S RECOMMENDATIONS.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGETS CLOSED.

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AGRICULTURE

MR. FERGUSON:

The Joint Subcommittee on General Government has completed its review of the budget accounts for the Department of Agriculture and the Division of Minerals. The Senate Committee on Finance has received copies of the Joint Subcommittee on General Government's Closing Report for the Department of Agriculture and Division of Minerals, dated May 13, 2005 ([Exhibit J, original is on file at the Research Library](#)). The closing actions of the Subcommittee have resulted in General Fund savings totaling \$115,285 in FY 2006 and \$147,591 in FY 2007 when compared to the Governor's recommended budget.

AGRI, Administration – Budget Page AGRI-1 (Volume I)
Budget Account 101-4554

MR. FERGUSON:

As represented in the *Executive Budget*, the Department of Agriculture's cost-allocation plan did not conform to standard cost-allocation principles. Accordingly, Senator Beers and staff worked with the Department and the Budget Division to completely revise the Department's cost-allocation plan using standard cost-allocation principles. The Subcommittee approved the revised cost-allocation plan which is based on both full-time equivalency (FTE) counts and transfers of indirect costs from budget accounts that are funded with federal funds. The Department's revised cost-allocation methodology is clearly identifiable, as are the transfers of funds from non-administration budgets into the administration budget. The revised cost-allocation plan requires the addition of General Funds totaling \$2,835 in FY 2006 and a reduction in General Funds totaling \$6,730 in FY 2007.

The Subcommittee approved the Governor's recommendation to provide cost-allocation funds totaling \$1,000 in each year of the biennium to establish a host fund for the Department. However, prior to the Department utilizing any of these funds, the Subcommittee directed the Department to develop written

guidelines detailing appropriate use of the host fund and requested that these guidelines be approved by the Budget Division, the Division of Internal Audits and LCB Fiscal Division staff prior to being used by the Department. The Subcommittee also approved cost-allocation funds totaling \$1,307 in each year of the biennium to continue a pilot program approved by the 2003 Legislature to provide job-related awards to employees for more efficient operations.

SENATOR MATHEWS:

I would like additional information on the host fund.

SENATOR RHOADS:

The Department of Agriculture hosts conventions throughout the state, and the fund is intended for use by the host committee.

SENATOR BEERS:

The administration and staff have done a significant amount of extra work to clean up their administration allocations.

SENATOR BEERS MOVED TO CLOSE B/A 101-4554 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT TO GIVE STAFF AUTHORITY TO MAKE CORRECTIONS FOR THE REVISED COST-ALLOCATION PLAN AND COMPUTER HARDWARE COSTS.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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AGRI, Plant Industry – Budget Page AGRI-16 (Volume I)
Budget Account 101-4540

MR. FERGUSON:

At the Subcommittee's direction, the Department of Agriculture worked with Legislative Counsel Bureau staff to re-project the fee revenues in the plant industry account because the revenues stated in the *Executive Budget* were based on a three-year average of collected revenues rather than on a growth trend of collected revenues. Accordingly, the Subcommittee approved new fee projections which provide additional fee revenues totaling \$91,162 in FY 2006 and \$112,288 in FY 2007, with corresponding General Fund reductions.

SENATOR RHOADS MOVED TO CLOSE B/A 101-4540 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT TO GIVE STAFF AUTHORITY TO MAKE CORRECTIONS FOR THE REVISED COST-ALLOCATION PLAN, NEW REVENUE PROJECTIONS AND COMPUTER HARDWARE COSTS.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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AGRI, Livestock Inspection – Budget Page AGRI-39 (Volume I)
Budget Account 101-4546

MR. FERGUSON:

The Subcommittee approved the elimination of 5.03 FTE seasonal positions from the position control portion of the *Executive Budget*. The loss of the seasonal positions is offset somewhat with seasonal salary expenditure authority totaling \$157,581 in each year of the biennium. The net result is a reduction to personnel costs of \$131,671 over the biennium and a corresponding increase in reserves. The Subcommittee took exception with the Department's budgeting methodology because the increase in seasonal salary costs was improperly placed in the adjusted base portion of the budget rather than in a decision module for the Legislature's consideration. Accordingly, the budget approved by the Subcommittee removed the seasonal salary costs from base and moved them to a decision module where they could be properly considered. The Subcommittee cautioned the Department to not repeat this practice in the future. The Subcommittee also approved reserve reductions totaling \$27,493 over the biennium to convert two seasonal positions to full-time positions.

SENATOR BEERS MOVED TO CLOSE B/A 101-4546 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT AND TO GIVE STAFF AUTHORITY TO MAKE CORRECTIONS FOR THE REVISED COST-ALLOCATION PLAN AND TO CORRECT THE RECORDING OF SEASONAL SALARY.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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AGRI, Veterinary Medical Services – Budget Page AGRI-49 (Volume I)
Budget Account 101-4550

MR. FERGUSON:

Please refer to pages 3, 15 and 16 of [Exhibit J](#). The Subcommittee did not approve the transfer of \$46,762 over the biennium from the Department of Wildlife (DOW) to fund training for the senior diagnostician in the Department's Elko office to attend training courses related to wildlife issues. The Budget Division, with concurrence from the DOW and the Department of Agriculture, requested that this decision module be removed from the budget due to funding concerns within the DOW. The Subcommittee approved the Base Budget recommendation to provide General Funds totaling \$80,397 in each year of the biennium to continue funding for the management of wild horses in the Virginia Range.

SENATOR COFFIN MOVED TO CLOSE B/A 101-4550 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT AND TO GIVE STAFF AUTHORITY TO MAKE CORRECTIONS FOR THE REVISED COST-ALLOCATION PLAN AND TO MAKE ADJUSTMENTS FOR REMOVAL OF THE DOW TRANSFER.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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AGRI Weights & Measures – Budget Page AGRI-57 (Volume I)
Budget Account 101-4551

MR. FERGUSON:

Please refer to pages 3 and 17 through 19 of [Exhibit J](#). The Subcommittee approved General Funds totaling \$209,443 over the biennium to fund the purchase of replacement equipment, including seven specially-equipped two-wheel-drive pickup trucks in Sparks and Las Vegas used for weights and measures activities (the existing pickups are beyond scheduled replacement and require significant repair costs) and the replacement of two metrology balances. The Subcommittee also approved \$56,000 over the biennium to fund deferred maintenance for the Department's Sparks and Las Vegas facilities. Funds for the Sparks facility would pay for the replacement of worn flooring, asbestos abatement, a new HVAC system, duct cleaning, window replacement and insulation upgrades. Funds for the Las Vegas facility would pay for deep cleaning restrooms, a new swamp cooler, HVAC system duct cleaning, parking-lot paving and sprinkler-system improvements. Because all revenues are accounted for in the Base Budget and because this budget does not carry a reserve balance, General Funds were approved to fund the proposed enhancements as recommended by the Governor. The Subcommittee also directed the Department to report to the IFC, at its first meeting after January 1, 2006, regarding the progress of a proposed fee study including whether any fee increases have been or will be implemented by the Department.

CHAIR RAGGIO:

Do they have the authority to increase fees?

Mr. Ferguson:

Yes, they do. That is in the *Nevada Administrative Code*.

SENATOR RHOADS MOVED TO CLOSE B/A 101-4551 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT AND TO GIVE STAFF AUTHORITY TO MAKE CORRECTIONS FOR REVISED COST ALLOCATIONS.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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AGRI, Predatory Animal & Rodent Control – Budget Page AGRI-76 (Volume I)
Budget Account 101-4600

MR. FERGUSON:

Please refer to pages 4 and 20 through 22 of [Exhibit J](#). Subsequent to the budget hearing, the Department of Agriculture received notification from the U.S. Government concerning additional costs related to predatory animal- and rodent-control activities. The Department was notified that a fuel surcharge will be added to the mileage driven by vehicles leased by the federal government (11 field staff in this budget use these leased vehicles). The fuel surcharge will cost an additional \$5,817 in each year of the biennium. In addition, the federal position contractually supported by the Department received a 3.26-percent cost-of-living adjustment on January 1, 2005, thereby requiring an additional \$8,556 in each year of the biennium. The Subcommittee approved General Funds totaling \$14,383 in each year of the biennium to fund these items which were not originally included in the *Executive Budget*.

CHAIR RAGGIO:

Do we contract for the federal position?

MR. FERGUSON:

That is correct. Historically, the state has had a difficult time finding a qualified individual to work this position in Ely. The Department has a contract with the federal government to perform the required duties.

SENATOR BEERS MOVED TO CLOSE B/A 101-4600 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT AND TO GIVE STAFF AUTHORITY TO MAKE CORRECTIONS FOR THE INCREASED FUEL SURCHARGE AND COST-OF-LIVING ADJUSTMENT.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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MINERALS

Minerals – Budget Page MINERALS-1 (Volume I)
Budget Account 101-4219

MR. FERGUSON:

Please refer to pages 4, 23 and 24 of [Exhibit J](#). The Subcommittee approved the addition of one new field inspector position for the Division of Minerals, funded through reserve reductions totaling \$158,387 over the biennium. This position was not originally included in the *Executive Budget*; however, during the budget hearing the Division made a compelling case for the position, indicating it would allow for more field inspections. This is an area in which the

Division has been falling short due to the recent increase in oil, gas and geothermal exploration. With the addition of the new field inspector position, the Division's reserve level at the end of FY 2007 is projected to be \$306,738 which is an adequate reserve level for this account.

SENATOR BEERS MOVED TO CLOSE B/A 101-4219 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT AND TO GIVE STAFF AUTHORITY TO MAKE ADJUSTMENTS FOR THE ADDITIONAL POSITION AND REDUCED COMPUTER COSTS.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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AGRICULTURE

Agri, Gas Pollution Standards – Budget Page AGRI-9 (Volume I)
Budget Account 101-4537

Agri Grade & ID of Agricultural Products – Budget Page AGRI-26 (Volume I)
Budget Account 101-4541

Agri, Agriculture Registration/Enforcement – Budget Page AGRI-32 (Volume I)
Budget Account 101-4545

Agri, Noxious Weed & Insect Control – Budget Page AGRI-66 (Volume I)
Budget Account 101-4552

Mormon Cricket & Grasshoppers – Budget Page AGRI-73 (Volume I)
Budget Account 101-4556

Agri, Nevada Junior Livestock Show Board – Budget Page AGRI-80 (Volume I)
Budget Account 101-4980

CHAIR RAGGIO:

Budget accounts 101-4537, 101-4541, 101-4545, 101-4552, 101-4556 and 101-4980 are included on pages 5 and 25 through 34 of [Exhibit J](#). These budget accounts have only minor and technical adjustments.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNTS 101-4537, 101-4541, 101-4545, 101-4552, 101-4556 AND 101-4980 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT AND TO GIVE STAFF AUTHORITY TO MAKE ADJUSTMENTS FOR THE REVISED COST-ALLOCATION PLAN, REDUCED COMPUTER COSTS AND TECHNICAL ADJUSTMENTS.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGETS CLOSED.

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EMPLOYMENT, TRAINING AND REHABILITATION

TRACY RAXTER (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Committee has received copies of the Joint Subcommittee on General Government Closing Report for the Department of Employment, Training and Rehabilitation ([Exhibit K](#), original is on file at the Research Library). The Joint Subcommittee on General Government has completed its review of the budgets for the Department of Employment, Training and Rehabilitation (DETR) and has made the following recommendations for the Department's FY 2005-2007 biennium budget. The Subcommittee's recommendations result in a General Fund savings of \$152,251 in FY 2006 and \$153,057 in FY 2007. The total amount of General Fund savings is contingent on the final administrative cost allocations for the Department.

One major Department-wide issue is the reduction in federal funding. The Department submitted a budget amendment through the Budget Division requesting budget reductions totaling approximately \$4.9 million in FY 2006 and \$5.1 million in FY 2007. This was due to expected reductions in federal funding received through the U.S. Department of Labor for the administration of the unemployment insurance program and to align expected revenue and expenditure authority for the other federally-funded programs administered by the Employment Security Division. The Subcommittee approved the budget reductions which included the elimination of 50 positions and the associated operating, equipment and training costs.

DETR, Administration – Budget Page DETR-1 (Volume II)
Budget Account 101-3272

Please refer to pages 1 and 8 through 11 of [Exhibit K](#). The Subcommittee approved the recommended elimination of nine vacant positions to reduce the administrative cost allocation to the Employment Security Division as part of the budget reductions requested by the Department. The positions recommended for elimination include a deputy director, personnel technician, accountant, auditor and five administrative support positions. The Subcommittee also approved the addition of two new positions, a maintenance repair worker and a supply technician, as recommended by the Governor, to support the southern Nevada operations of the Department including servicing the new Las Vegas administrative building. The new administrative building is projected to be completed in April 2006.

SENATOR COFFIN MOVED TO CLOSE B/A 101-3272 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT INCLUDING BUDGET AMENDMENTS 48 AND 51 AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS FOR REVISED COST ALLOCATIONS, DUPLICATE EXPENDITURES, REDUCED EQUIPMENT AND COMPUTER COSTS.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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DETR, Information Development and Processing – Budget Page DETR-9
(Volume II)
Budget Account 101-3274

MR. RAXTER:

Please refer to pages 2 and 12 through 14 of [Exhibit K](#). The Subcommittee approved the recommended elimination of seven vacant positions to reduce the administrative cost allocation to the Employment Security Division as part of the budget reductions requested by the Department. In addition, the Subcommittee approved funding of \$138,315 over the biennium for an additional computer server to accommodate growth in data warehousing applications and to serve as a test and backup host machine for the unemployment insurance data verification system and the one-stop operating system applications.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-3274 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT INCLUDING BUDGET AMENDMENTS 48 AND 51 AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS FOR REVISED COST ALLOCATIONS, DUPLICATE EXPENDITURES, REDUCED EQUIPMENT AND COMPUTER COSTS.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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DETR, Equal Rights Amendment – Budget Page DETR-22 (Volume II)
Budget Account 101-2580

MR. RAXTER:

Please refer to pages 2 and 15 through 17 of [Exhibit K](#). The Subcommittee approved the recommendation of the Governor for accepting funding from the U.S. Department of Housing and Urban Development (HUD) for the Nevada Equal Rights Commission to accept and investigate HUD housing discrimination complaints. The Commission indicated that due to a reduction in its employment discrimination case inventory as a result of legislation approved in the 2003 Session, it was able to dedicate 1.5 FTE positions to investigate housing discrimination complaints. Although not included in the *Executive Budget*, the Subcommittee approved including a General Fund vacancy savings amount of \$25,201 in FY 2006 and \$24,261 in FY 2007. In approving this action, the Subcommittee noted that this budget account was budgeted for vacancy savings in the 2003-2005 biennium. The Subcommittee also supported the Governor's recommendation for the reclassification of all 15 investigator positions within the agency to address inequity with positions in other state agencies.

SENATOR RHOADS MOVED TO CLOSE B/A 101-2580 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT INCLUDING BUDGET AMENDMENT 48, VACANCY SAVINGS AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS FOR REVISED COST ALLOCATIONS AND REDUCED EQUIPMENT AND COMPUTER COSTS.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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DETR, Employment Security – Budget Page ESD-1 (Volume II)
Budget Account 205-4770

MR. RAXTER:

Please refer to pages 3 and 18 through 20 of [Exhibit K](#). The Subcommittee approved the elimination of 33.53 FTE vacant positions as part of the budget reductions to address expected reductions in federal funding. In addition, the Subcommittee concurred with the budget amendment to reduce the funding for intermittent positions by \$1,250,000 in each year of the biennium. The Subcommittee approved the recommendation to transfer approximately \$1.1 million over the biennium from the Employment Security Special Fund into the Employment Security Division account for the purchase of recommended replacement equipment in lieu of additional budget reductions due to the decrease in federal funds.

CHAIR RAGGIO:

Is everything in this budget federally funded?

MR. RAXTER:

The Employment Security Division is federally funded. There are four budget accounts within the Department that have a General Fund component.

SENATOR COFFIN MOVED TO CLOSE B/A 205-4770 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT INCLUDING BUDGET AMENDMENTS 48 AND 51 AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS FOR REVISED COST ALLOCATIONS, REDUCED EQUIPMENT AND COMPUTER COSTS.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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DETR, Career Enhancement Program – Budget Page ESD-12 (Volume II)
Budget Account 205-4767

MR. RAXTER:

Please refer to pages 3 and 21 through 24 of [Exhibit K](#). The Subcommittee approved the addition of ten positions in this account to provide employment and training services to address projected increases in the number of skilled workers needed in Nevada. As part of the recommendation, the Subcommittee approved an additional \$1 million annually for skills enhancement training for employed and unemployed workers. Due to the savings generated for the Unemployment Trust Fund, the Subcommittee concurred with the Governor's recommendation to provide funding from reserves of \$400,000 in each year of the biennium for ten intermittent positions to continue the reemployment services program upon the expiration of the existing federal funding for the program at the end of FY 2005.

CHAIR RAGGIO:

Is this the program where workers are retrained with new skills?

MR. RAXTER:

Yes, it is.

SENATOR COFFIN MOVED TO CLOSE B/A 205-4767 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT INCLUDING BUDGET AMENDMENTS 48 AND 51 AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS FOR REVISED COST ALLOCATIONS, REDUCED EQUIPMENT AND COMPUTER COSTS.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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DETR, Employment Security – Special Fund – Budget Page ESD-20 (Volume II)
Budget Account 235-4771

MR. RAXTER:

Please refer to pages 4 and 25 through 27 of [Exhibit K](#). The Subcommittee approved funding of approximately \$1.3 million for furnishings and equipment for the new Las Vegas administrative building for the Department and funding of \$150,475 for moving staff, communications and equipment into the new building as recommended by the Governor. The Subcommittee also approved \$919,000 over the biennium for building maintenance of agency-owned buildings. This reduced the Governor's recommended funding for maintenance by \$35,600 to delete maintenance projects for the Incline Village building the Department is proposing to sell. In response to a budget amendment submitted by the Department through the Budget Division, the Subcommittee did not approve funding of approximately \$1.5 million as originally recommended by the Governor for completion of phase two of the rewrite of the Unemployment Insurance Contributions Automated Reporting System. The Department indicated it has decided to suspend the balance of phase two of this project after deployment of the Internet employer registration and tax and wage reporting modules in July 2005. The Department indicated that during the

biennium, it will review options for completion of the system including the planned accounting module. The Department will submit any proposed enhancements to the 2007 Legislature for funding. The Subcommittee's actions result in a reserve in this account of \$4.6 million at the end of the biennium.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 235-4771 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT INCLUDING BUDGET AMENDMENT 51, AN ADJUSTMENT TO MAINTENANCE COSTS AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS FOR REVISED COST ALLOCATIONS.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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DETR, Rehabilitation Administration – Budget Page REHAB-1 (Volume II)
Budget Account 101-3268

MR. RAXTER:

Please refer to pages 4 and 28 through 31 of [Exhibit K](#). The Subcommittee approved the reclassification of the two bureau chiefs of the Bureau of Services to the Blind and Visually Impaired and the Bureau of Vocational Rehabilitation to the classification of deputy administrators for the Rehabilitation Division, as recommended by the Department of Personnel. In addition, the Subcommittee approved the transfer of these two positions to the Rehabilitation Administration account to recognize the responsibilities each of the deputy administrators would have for managing the program services and operations functions within both bureaus.

SENATOR RHOADS MOVED TO CLOSE B/A 101-3268 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT TRANSFERRING TWO DEPUTY ADMINISTRATOR POSITIONS, REDUCING THE DISABILITY ACCOMMODATIONS AND OUT-OF-STATE TRAVEL BUDGETS AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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DETR, Disability Adjudication – Budget Page REHAB-8 (Volume II)
Budget Account 101-3269

MR. RAXTER:

Please refer to pages 5 and 32 through 35 of [Exhibit K](#). The Subcommittee approved the addition of 17 new positions, funded by the federal Social Security Administration, to address increases in the projected caseloads for disability determinations. The Subcommittee recommended one existing clerical position be eliminated from the budget. This position was approved by the Interim Finance Committee in September 2002 but has never been filled. The costs for contract medical consultants and medical examination records related to the additional caseload was reduced by \$119,787 in FY 2006 and \$235,466 in FY 2007 to reflect an adjustment in the average caseload for the new adjudicator positions of 560 cases per year. This aligns with the actual average caseload experienced in FY 2004. The Subcommittee approved the Governor's recommendation for additional funding for inflationary increases in medical consultants and medical examination costs but did not approve an inflationary increase in client medical travel costs.

CHAIR RAGGIO:

Is this the budget where a determination is made about disability eligibility? It takes a long time to get these adjudications. I understand there are 30,000 applications annually.

MR. RAXTER:

That is correct.

CHAIR RAGGIO:

Has the adjudication time been reduced?

SENATOR BEERS:

The Department had to convince the federal government that Nevada has a problem; that is why they are funding new positions.

SENATOR COFFIN MOVED TO CLOSE B/A 101-3269 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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DETR, Vocational Rehabilitation – Budget Page REHAB-16 (Volume II)
Budget Account 101-3265

MR. RAXTER:

Please refer to pages 5 and 36 through 39 of [Exhibit K](#). Due to concerns relative to the agency's historical utilization of federal section 110 grant funding in this account, the Subcommittee approved increasing the revenue authorization for receipt of these funds as recommended by the Governor. The Subcommittee recommended that the General Fund matching funds of \$427,510 be appropriated to the IFC in the General Appropriations Act. The Subcommittee felt the IFC should allocate these funds only upon expenditure of all matching

funds within the Bureau's Base Budget. Although not included in the *Executive Budget*, the Subcommittee approved including a vacancy savings amount of \$78,244 in FY 2006 and \$79,072 in FY 2007. In approving this action, the Subcommittee noted that this budget account included an amount for vacancy savings in the current biennium. The Subcommittee recommended including additional funds in the amount of \$117,043 in FY 2006 and \$110,208 in FY 2007 for the costs of a Occupational Group Study of Rehabilitation Positions performed by the Department of Personnel. These costs were omitted from the *Executive Budget*.

SENATOR RHOADS MOVED TO CLOSE B/A 101-3265 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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DETR, Services to the Blind & Visually Impaired – Budget Page REHAB-37
(Volume II)
Budget Account 101-3254

MR. RAXTER:

Please refer to pages 6 and 40 through 44 of [Exhibit K](#). As similarly recommended in the Bureau of Vocational Rehabilitation account, the Subcommittee approved increasing the revenue authorization for receipt of federal section 110 grant funds as recommended by the Governor, but recommended that the General Fund matching funds of \$154,802 be appropriated to the IFC in the General Appropriations Act. The Subcommittee felt the Interim Finance Committee should allocate these funds only upon expenditure of all matching funds within the Bureau of Services to the Blind and Visually Impaired account that are included in the Base Budget.

CHAIR RAGGIO:

The allocation of matching funds by the IFC is recommended in B/A 101-3265 and B/A 101-3254. Is it permissible to use the federal funds before the General Funds are used?

MR. RAXTER:

This addresses the General Fund matching funds that are already in the Base Budget.

Although not included in the *Executive Budget*, the Subcommittee approved including a vacancy savings amount of \$45,176 in FY 2006 and \$45,535 in FY 2007 in this budget account. In approving this action, the Subcommittee noted that this budget account was budgeted for vacancy savings in the 2003-2005 biennium. The Subcommittee recommended including additional funds in this account in the amount of \$19,423 in FY 2006 and \$22,806 in FY 2007 for the costs of the Occupational Group Study of Rehabilitation

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Positions that was performed by the Department of Personnel during the interim. These costs were omitted from the *Executive Budget*.

SENATOR BEERS MOVED TO CLOSE B/A 101-3254 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED

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DETR, Blind Business Enterprise Program – Budget Page REHAB-45 (Volume II)
Budget Account 101-3253

MR. RAXTER:

Please refer to pages 7 and 45 through 47 of [Exhibit K](#). The Subcommittee approved funding of \$703,350 in FY 2006 and \$484,125 in FY 2007 for expansion of the Blind Business Enterprise Program as recommended by the Governor. The funding will provide for additional training for blind vendors, the remodel of three existing blind vendor facilities and the addition of four new blind vendor facilities during the 2005-2007 biennium.

CHAIR RAGGIO:

There has been some difficulty over the years with the vendors and administrators. Has that been resolved?

MR. RAXTER:

The Department indicated it has been working closely with a committee of blind vendors. A report was given at the November 2004 IFC meeting on the progress made with that committee and keeping the committee of blind vendors involved with the expansion of this program.

SENATOR BEERS MOVED TO CLOSE B/A 101-3253 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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DETR, Research & Analysis – Budget Page DETR-16 (Volume II)
Budget Account 101-3273

DETR, Office of Disability Employment Policy – Budget Page REHAB-25
(Volume II)
Budget Account 101-3156

DETR, Client Assistance Program – Budget Page REHAB-32 (Volume II)
Budget Account 101-3258

MR. RAXTER:

Please refer to pages 7 and 48 through 53 of [Exhibit K](#). The Subcommittee also reviewed the budgets for the Research and Analysis Bureau, Office of Disability Employment Policy and Client Assistance Program. The Subcommittee recommends that these budgets be closed as recommended by the Governor with minor technical adjustments.

SENATOR RHOADS MOVED TO CLOSE B/A 101-3273, B/A 101-3156, B/A 101-3258 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR BEERS SECONDED THE MOTION.

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

BUDGET CLOSED.

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PERSONNEL

Personnel – Budget Page PERSONNEL-1 (Volume I)
Budget Account 717-1363

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

The Senate Committee on Finance has received a copy of the Joint Subcommittee on General Government's Closing Report on the Department of Personnel ([Exhibit L](#)). The Subcommittee's recommendations and staff's adjustments to B/A 717-1363 are shown on pages 1 through 9 of [Exhibit L](#). The Department of Personnel's budget is funded through a payroll and personnel assessment charged as a percent of gross salaries for approved positions. The Governor's recommended budget includes a personnel assessment rate of 1.03 percent and a payroll assessment rate of 0.33 percent in FY 2006. In FY 2007, the Governor recommends a personnel assessment rate of 1 percent and a payroll assessment rate of 0.31 percent.

The Subcommittee concurred with the Governor's recommendation to implement the following technology solutions to the Nevada Employee Action Timekeeping System (NEATS): First, an update of the applicant-tracking system phases I and II at a cost of \$245,000 in FY 2006 and \$40,500 in FY 2007; addition of a pay clerk timesheet review module at a cost of \$50,050 in FY 2007; addition of an incident report tracking module at a cost of \$98,700 in FY 2007; and addition of an overtime/leave electronic pre-authorization module at a cost of \$54,075 in FY 2006.

The Subcommittee did not concur with the Governor's recommendation to implement the following additions to the NEATS system: Online central room

scheduling at a cost of \$97,475; and wait listing for training classes at a cost of \$40,075.

The Subcommittee did not approve the addition of one personnel analyst III position to the discrimination/sexual harassment unit due to the unit not having been in existence long enough to have sufficient historical caseload data to support a staffing increase. The Subcommittee concurred with the Governor's recommendation to add a program officer III position to staff the Integrated Financial System-Human Resources (IFS-HR) help desk.

The Subcommittee concurred with the Governor's recommendation to provide funding for the Certified Public Manager (CPM) program to instruct 80 participants over the biennium. The Subcommittee's approval was contingent upon Personnel reporting to the IFC in October or November 2005 regarding the results of the first class during the 2003-2005 biennium. Specifically, a report on the cost-savings projects undertaken by participants and the results of those projects is due as well as information about the materials and delivery cost of each level of training in the program.

CHAIR RAGGIO:
What is the CPM program?

MS. FREED:
The CPM program is designed to prepare incumbents for the vacancies in middle and upper management. The first class will be completed in September.

SENATOR BEERS:
The CPM program is exciting. Each of the participants spends time thinking of a specific project they can execute within state government with quantifiable savings or efficiencies. I look forward to hearing the reports from the first class.

CHAIR RAGGIO:
Is this program patterned after a certificated program?

MS. FREED:
The state is participating in this national program. Mississippi is Nevada's mentor state, assigned by the Certified Public Managers Consortium, which is the governing body for standards and accreditation purposes.

State Unemployment Compensation – Budget Page PERSONNEL-14 (Volume I)
Budget Account 101-1339

MS. FREED:
The Subcommittee approved the Unemployment Compensation budget as recommended by the Governor on page 10 of [Exhibit L](#).

SENATOR BEERS MOVED TO CLOSE B/A 717-1363 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT AND B/A 101-1339 AS APPROVED BY THE GOVERNOR AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGETS CLOSED.

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CHAIR RAGGIO:

We will open the hearing on S.B. 391. This bill was re-referred by the Senate Committee on Taxation. The bill deals with pawnshops and collection agencies. The reduction in General Funds are \$1.2 million in FY 2006 and \$1.4 million in FY 2007.

SENATE BILL 391: Revises provisions governing liability for tax on financial institutions. (BDR 32-716)

MR. GHIGGERI:

This bill refines some of the statute language. It removes pawnshops and collection agencies from the financial institutions' portion of the modified-business tax.

SENATOR TITUS:

I had some sympathy for removing pawnshops from the banking tax because I thought a pawnshop was a place a person could get some extra money for a short term. Since that time, the pawnshops asked to have restrictions removed on the amount of interest they can charge. I saw a pawnshop advertisement for same-day paycheck loans. Apparently pawnshops have moved from the traditional service to actually giving loans and advertising that service on television. I will vote against removing them from financial institutions.

SENATOR BEERS MOVED TO DO PASS S.B. 391.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR TITUS VOTED NO.)

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CHAIR RAGGIO:

We will open the hearing on S.B. 392, also re-referred from the Senate Committee on Taxation.

SENATE BILL 392 (1st Reprint): Makes various changes to state financial administration. (BDR 32-683)

MR. GHIGGERI:

This bill reduces General Funds by approximately \$7.8 million in FY 2006 and \$8 million in FY 2007. Additional General Funds will be required since the bill increases salaries for Tax Commissioners to be equivalent to the members of the Gaming Commission. The annual cost would be approximately \$55,000 for the chair of the Tax commission and \$40,000 for each commissioner. An amendment to the bill would be required if the salary increases are approved.

CHAIR RAGGIO:

Page 6 of S.B. 392 exempts people with four rentals or less.

MR. GHIGGERI:

That is correct.

SENATOR COFFIN:

There are several items in S.B. 392. This bill removes the tax on live entertainment and recommends equitable pay for the Tax commissioners.

SENATOR TITUS:

I am not sure the Tax commissioners should be paid the same as the Gaming commissioners. The Gaming Control Board is a more active body. I want to see how this bill affects the adult-entertainment tax.

CHAIR RAGGIO:

We can hold this bill until Monday if we want more information.

MR. GHIGGERI:

The fiscal note on this legislation does not address any change in revenues for the live-entertainment tax which may mean there is no change in that tax within this legislation. There is a pro rata reduction to General Fund revenue based on providing staggered renewal dates for business-license fees and a \$5.9 million reduction to the business-license tax based on the elimination of the payment of that tax by individuals with four or fewer dwelling rentals. There is an addition of tax revenue for business-license fees for the motion picture industry and convention facility operators.

CHAIR RAGGIO:

Page 3 of the fiscal note indicates the greatest loss of revenue is the removal of the tax on owners of four or fewer rental units. We would have to know the level of the Tax commissioners' salary for the amendment.

SENATOR RHOADS MOVED TO AMEND AND DO PASS S.B. 391.

SENATOR BEERS:

The Tax Commission members should never have another two years like they have just experienced. Once the work is done for the substantial changes in the tax regulations and laws, the commissioners would serve on a part-time basis.

CHAIR RAGGIO:

Can we find a compromise? Would you want to offer a percentage or a portion and sunset the salary at a certain time?

SENATOR COFFIN:

I do not see the Tax Commission workload decreasing. The appeals system, which has been set up for many of the taxes and the anxiety of the people who do appeal, means more work for the Commission. The commissioners have helped ease the tax changes over the last two years.

CHAIR RAGGIO:

At the present time, the tax commissioners do not get a salary, they get \$80 each day they meet. I do not know how often they meet.

MR. GHIGGERI:

Speaking from memory, I believe total salaries for all boards and commissions in FY 2004 was \$36,000.

CHAIR RAGGIO:

How many commissioners are there?

MR. GHIGGERI:

There are seven commissioners and a chair.

SENATOR TITUS:

I think paying the Tax Commission the same as the Gaming Commission costs too much for a part-time job.

SENATOR RHOADS:

I agree. I withdraw my motion.

CHAIR RAGGIO:

I would like to have some hard numbers. The Tax Commission does not work every day. The Gaming Control Board works every day. What do we pay the Gaming Commission?

MR. GHIGGERI:

The bill recommends paying the Tax Commission the same as the Gaming Commission.

CHAIR RAGGIO:

I think we are confused between the Gaming Commission and the Gaming Control Board. There are five Gaming commissioners versus the seven on the Tax Commission.

SENATOR RHOADS:

We should find out how many days a month the Tax Commission actually works before setting the salary.

SENATOR COFFIN:

Are days preparing for Commission meetings counted as days worked?

CHAIR RAGGIO:

There is no question that the workload for both commissions has increased over the years. They may meet two or three days each month, but they have information to analyze before each meeting. There is more responsibility and more revenue involved. We will get the information from staff on Monday.

SENATOR COFFIN:

The Subcommittee and the Nevada Taxpayers Association supported this bill.

CHAIR RAGGIO:

Does the fiscal note include the salary recommendation?

MR. GHIGGERI:

The \$335,000 in the fiscal note, on page 3, includes \$40,000 for each member and \$55,000 for the chair. Also included in the fiscal note is about \$500 each year for the Taxpayer's Bill of Rights the Department of Motor Vehicles has indicated it will require. The Department of Taxation has indicated, for FY 2005, it will have a cost of approximately \$86,000 to modify their computer system to accommodate changes referenced in this legislation.

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SENATOR TITUS:

The tax commissioners have been willing to serve for no salary. Did the Subcommittee look at the amount of revenue that would be lost if we reduced the number of rental properties to two rather than four?

CHAIR RAGGIO:

The interim committee dealing with tax policy recommended four or fewer rental units be exempt.

There being no further business at this time to come before the Committee, the meeting is adjourned at 4:39 p.m.

RESPECTFULLY SUBMITTED:

Sandra Small,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair