

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-third Session
May 20, 2005**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:11 a.m. on Friday, May 20, 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 Bernice Mathews
Senator Dina Titus

STAFF MEMBERS PRESENT:

Steven J. Abba, Principal Deputy Fiscal Analyst
Bob Atkinson, Senior Program Analyst
Mindy Braun, Education Program Analyst
Michael J. Chapman, Program Analyst
Joyce Garrett, Program Analyst
Gary L. Ghiggeri, Senate Fiscal Analyst
Bob Guernsey, Principal Deputy Fiscal Analyst
Janet Johnson, Program Analyst
Leslie Johnstone, Program Analyst
Mark Krmpotic, Senior Program Analyst
Cindy Clampitt, Committee Secretary

OTHERS PRESENT:

Bruce Bommarito, Executive Director, Division of Tourism, Commission on Tourism
Jolyn Laney, Development Specialist, Commission on Tourism
Timothy Horgan, Development Specialist, Commission on Tourism
Stephen Woodbury, Administrative Services Officer, Commission on Tourism
Dennis Colling, Chief, Administrative Services Division, Department of Motor Vehicles
Virginia (Ginny) Lewis, Director, Department of Motor Vehicles
George Togliatti, Director, Department of Public Safety

CHAIR RAGGIO:

We will consider Committee introduction of [Bill Draft Request \(BDR\) S-1470](#).

BILL DRAFT REQUEST S-1470: Makes appropriation to Department of Cultural Affairs for the purchase of state artifacts. (Later introduced as [Senate Bill 516](#).)

SENATOR COFFIN MOVED FOR COMMITTEE INTRODUCTION OF [BDR S-1470](#).

SENATOR RHOADS SECONDED THE MOTION.

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

* * * * *

CHAIR RAGGIO:

We will now consider Closing List No. 8 ([Exhibit C](#), original is on file at the [Research Library](#)) for the Commission on Tourism.

ECONOMIC DEVELOPMENT AND TOURISM

Commission on Tourism – Budget Page ECON DEV & TOURISM-21 (Volume II)
Budget Account 225-1522

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

Several items in this account were closed in an earlier hearing on this budget; however, five items were left open until additional information could be obtained from the agency. I will cover each of those decisions in detail.

Regarding the revenue projections and reserves, based upon the Committee's actions to date, surplus funds that could be utilized for onetime projects are \$2,582,178 in fiscal year (FY) 2006 and \$858,554 in FY 2007. Staff understands that in closing the Department of Wildlife budget, the final transfer was increased from \$200,000 each year to \$400,000 each year.

CHAIR RAGGIO:

Do the figures in [Exhibit C](#) reflect that change?

Ms. BRAUN:

The figures in [Exhibit C](#), page 3, do not reflect that change. An additional \$200,000 should be deducted in each year of the biennium.

CHAIR RAGGIO:

We can accept the revenue projections adjusted for the actions taken by this Committee in closing the Department of Wildlife budget.

SENATOR RHOADS MOVED TO ACCEPT THE REVENUE PROJECTIONS AND RESERVE BALANCE FOR BUDGET ACCOUNT 225-1522 AS INDICATED IN [EXHIBIT C](#) AND ADJUSTED BY A \$200,000 REDUCTION IN EACH YEAR TO REFLECT THE ADJUSTMENTS MADE BY THIS COMMITTEE IN CLOSING THE DEPARTMENT OF WILDLIFE BUDGET, BUDGET ACCOUNT 101-4452.

SENATOR BEERS SECONDED THE MOTION.

SENATOR COFFIN:

We have found a cash reserve to tap into and it is fitting the beneficiary should be the Department of Wildlife. However, we cannot continue cutting into the reserve for the Commission on Tourism in each Legislative Session.

Senate Committee on Finance
May 20, 2005
Page 3

SENATOR BEERS:

I easily find the nexus between the Commission on Tourism and the Department of Wildlife. Outside the major metropolitan areas, wildlife is a major component of tourism.

SENATOR CEGAVSKE:

Does the motion only address the \$200,000 in each year of the biennium?

CHAIR RAGGIO:

We are accepting the revenue projections made by the Commission on Tourism. No authorization for utilization of the reserve funds is being made except the adjustment by the action taken within the Department of Wildlife budget.

SENATOR BEERS:

As I understand the projections, the Commission is projecting increased revenues and reserves with the adjustment for the Department of Wildlife.

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

When the Committee previously reviewed this account, it chose to accept the Commission on Tourism's projections of revenue for FY 2005, FY 2006 and FY 2007. Additionally, the Committee made modifications to the *Executive Budget* for FY 2006 and FY 2007. Since that time, a recommendation was made in closing the budget for the Department of Wildlife to transfer \$400,000, each year, to the Department. This number reflects a net of all three actions.

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

BUDGET CLOSED.

MS. BRAUN:

The next issue begins on page 5 of [Exhibit C](#). The detailed information requested from the agency by the Committee is provided beginning on page 8 of [Exhibit C](#). The issues are contained within the enhancement unit component for Interactive Marketing.

E-175 Increase Non-gaming Business – Page ECON DEV & TOURISM-24

The first issue is to convert print collateral to an electronic version. The *Executive Budget* recommends \$137,038 in each fiscal year for this project. When asked why this program would be ongoing, the agency indicated the print collateral is revised yearly. Updated information provided by the agency indicates the conversion of these documents will not be a simple scan of existing brochures into PDF format. The agency will utilize sophisticated technology that allows for animated page flipping similar to manually turning the pages of a magazine. The first decision is whether the Committee wishes to approve funding of \$137,038 in each fiscal year to convert all print collateral to an electronic version each year?

CHAIR RAGGIO:

Are the Committee's concerns, discussed above, answered?

SENATOR RHOADS MOVED TO APPROVE FUNDING OF \$137,038 IN EACH YEAR OF THE BIENNIUM TO CONVERT THE PRINT COLLATERAL TO AN ELECTRONIC VERSION AS INDICATED.

SENATOR BEERS SECONDED THE MOTION.

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

MS. BRAUN:

The next item concerns e-mail blasts beginning on page 5 of [Exhibit C](#). The Governor recommends funding of \$260,000 in FY 2007 for submission of periodic electronic newsletters promoting selected themes, timely events and new attractions for Nevada. The cost is based on 1.5 million e-mail blasts at 13 cents each. An additional \$70,000 is recommended by the Governor for implementation of a comprehensive-tracking and data-cleansing component. This funding would be an ongoing expenditure. The Committee held this item at the earlier hearing.

There were previously two options for the Committee's consideration. The first option is to approve funding of \$330,000 in FY 2007, as recommended by the Governor. The second option the agency indicated would make this program is a Priority No. 2 project. A 50-percent reduction could be provided, and the program would still be effective. This would provide a reduction of \$165,000 in FY 2007.

BRUCE BOMMARITO (Executive Director, Division of Tourism, Commission on Tourism):

When the agency was compelled to prioritize its projects, none were submitted that did not have a return on investment and that would not positively impact revenue. I took the approach of providing options I would have taken to our board of directors. Priority No. 2 is an option, but it will not produce the same result as Priority No. 1. Priority No. 1 would provide the full amount and a full return on investment. If we reduced the amount by 50 percent, it would reduce the results by 50 percent.

SENATOR BEERS:

In previous hearings on this budget, I expressed my opinion of the software being used and my contention that 13 cents for each e-mail blast is outrageous.

MR. BOMMARITO:

The 13-cent figure is not only the cost for an e-mail blast. It includes the processes of gathering and sorting data. Our technology expert is present to provide further information.

CHAIR RAGGIO:

Beginning on page 10 of [Exhibit C](#) is detailed information concerning the e-mail blast project. I gather the 13-cent figure was derived from the \$130 per 1,000 for processing third-party information.

JOLYN LANEY (Development Specialist, Commission on Tourism):

This program does not simply send out e-mail blasts. It is a process through an Internet Customer Relationship Management program. Existing data is being used to search the database to identify customers with similar interests. The database company we have hired has access to Experian data resources. This is a new-customer search option.

SENATOR BEERS:

It is desirable to match e-mail addresses with physical addresses. What piece of the project gives an indication that individuals like vehicular travel?

MS. LANEY:

Profiles would be drawn from the data. For instance, the criteria for a person who likes to golf would be matched to someone who likes to travel to Nevada. The database company would identify customers within the profile and provide the agency with access to their information. The agency will send the customer an e-mail requesting response to an offer. Once the individual logs on to the agency Web site, they could opt in to receive further information and become a customer.

SENATOR BEERS:

What is the rate of conversion of prospects to customers? Is this an existing program?

MS. LANEY:

We have not begun the program.

MR. BOMMARITO:

Our rate of conversion, as provided by an outside source, for people who take a second level of interest is approximately 62 percent. The timeliness of the telephone enhancement has been increased. We cannot provide a conversion rate for e-mail blasts because this is a new program. Even if the conversion rate is 20 percent, I would consider that a success.

SENATOR BEERS MOVED TO APPROVE FUNDING OF \$330,000 AS INDICATED IN OPTION NO. 1 FOR THE E-MAIL BLAST PROGRAM.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

* * * * *

MS. BRAUN:

The next consideration is found on page 6 of [Exhibit C](#) for the e-subscription for Nevada Events and Shows module. The Governor recommends \$61,500 in FY 2006 and \$75,000 in FY 2007 to send the electronic version of the Nevada Events and Shows to subscribers. There is a \$1 charge to the agency for each document sent. The agency projects 61,500 requests for the Nevada Events and Shows brochures in FY 2006 and 75,000 in FY 2007. The backup information from the agency on this item is shown on page 13 of [Exhibit C](#). The agency notes the benefits of this program include a conversion study at the end of a six-month period.

Two options are offered for consideration by the Committee. The first option is to approve funding as recommended by the Governor of \$61,500 in FY 2006 and \$75,000 in FY 2007 to send an electronic version of the *Nevada Events and Shows* publication. The second option the agency indicated is designated as a Priority No. 2 project, and a 50-percent reduction could be provided. Funding under Priority No. 2 would be \$30,750 in FY 2006 and \$37,500 in FY 2007.

MR. BOMMARITO:

The e-subscription project is similar to the e-mail blast project. A reduction in funding would decrease the results proportionately.

CHAIR RAGGIO:

What are the advantages of the e-subscription project to the agency?

MS. LANEY:

The Commission on Tourism would partner with another company for a lead-generation program. The program would provide Internet advertising wherein customers would log on to a Web site to make purchases and they would be asked if they would like travel information based on their purchases. Nevada would be one of several states offering travel information. The agency is not charged until a customer requests information on Nevada travel and orders the visitor's guide.

MR. BOMMARITO:

The *Nevada Events and Shows* guide is the primary publication for the Commission on Tourism. It is the most-read guide worldwide because it is updated frequently and provides information on events in both urban and rural areas of the state.

SENATOR BEERS:

It is my understanding this project is located on another company's Web site that draws individuals interested in western states travel. Does the third-party company send out the e-mail with the attached *Nevada Events and Shows* guide?

MS. LANEY:

This is a third-party company that has the software for the e-version guides discussed earlier. It establishes relationships with various Internet publishers to make different offers on multiple Web sites. The Web site does not belong to the third-party company. Once customers order whatever the offer was, additional offers are sent to them. That is the point at which the *Nevada Events and Shows* guide is offered. We are not charged \$1 for the service until that point.

SENATOR BEERS:

What happens next?

MS. LANEY:

The customer orders the *Nevada Events and Shows* guide from the Commission on Tourism.

SENATOR BEERS:

Is that the point your agency is notified to provide the *Nevada Events and Shows* guide and billed for the \$1 service charge?

MS. LANEY:

That is correct. The customer becomes a part of our database. The company also offers a conversion study in the program.

MR. BOMMARITO:

Every customer for which the agency is charged \$1 is interviewed by the third party as part of the conversion study, which identifies whether or not they visited Nevada and the amount of their expenditures. This project has a good return on investment.

SENATOR BEERS MOVED TO FUND THE E-SUBSCRIPTION AT THE FUNDING LEVEL OF \$61,500 IN FY 2006 AND \$75,000 IN FY 2007 AS RECOMMENDED BY THE GOVERNOR.

SENATOR COFFIN SECONDED THE MOTION.

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

* * * * *

MS. BRAUN:

The next module is the Web Hosting, data tracking and cleansing and project development module on page 6 of [Exhibit C](#). The Governor recommends \$238,480 in FY 2006 and \$208,480 in FY 2007 to bring Web Hosting in-house for rural partners who do not currently have Web sites. This would assist in implementing an online reservation system for the State. When asked how these funds differ from the additional funds recommended for the Rural Matching Grants Program, the agency indicated it was not anticipating limiting the use of the Rural Matching Grants Program to Web site development.

In addition, the Governor recommends \$300,000 in FY 2007 to develop the online reservation system and \$90,000 in each fiscal year of the biennium to capture, cleanse and analyze data from the online reservation system. The agency indicates the online reservation system is a high-level conceptual idea where specific details are not available until project funding is authorized.

The Committee held this item in the previous hearing. It indicated that if funding is approved, the funds would be placed in a reserve category, and it would require the Commission to submit a plan for specific use of these funds to the Interim Finance Committee (IFC) before use. The question for the Committee is whether or not to approve funding for the development and implementation of an online reservation system.

SENATOR BEERS:

I am skeptical on this project. It would place the State in an unprecedented level of business partnership with third-party companies. I suspect if the agency added a page to its Web site to accomplish this, it would cost much less. Is there a better way to achieve more for the suggested appropriation of \$300,000 for development and \$100,000 annually to benefit tourism?

MR. BOMMARITO:

Our ultimate goal is to "become the funnel," rather than receive customers through competitors such as Expedia.com. The project is 100-percent focused

on rural Nevada. Our intent is not to exchange funds on the project. The third-party vendors would have the expense of compatible equipment to that of our agency. It is an ambitious project.

SENATOR BEERS:

The phrase, "become the funnel," is the most used phrase in development of Internet business plans. Companies that have developed similar programs have found themselves one of many funnels. It is not an achievable goal on the Internet.

Why do you not see an exchange of funds within this project request?

MR. BOMMARITO:

Our goal is that when a customer visits our Web site, they can search for information by category, city or other multiple criteria. Once a customer decides to buy a product or service, the Commission would send the customer to a particular vendor, which allows the Commission to track the transactions. It will be made clear that future transactions with the seller, such as cancellation of a hotel reservation, should be made directly with the seller. Criteria of reasonable standards and ethics will be a Commission requirement for participation.

SENATOR BEERS:

Your description is that of a standard Web site. They offer information, gather information and provide links to further details.

MR. BOMMARITO:

It is more than that, in my opinion. I will defer the question to the Commission's technical expert.

TIMOTHY HORGAN (Development Specialist, Commission on Tourism):

The goals of the plan are broad-based and include more than making reservations at various hotel properties.

SENATOR BEERS:

Mr. Bommarito's testimony was that the Commission was not making reservations for its customers.

MR. HORGAN:

The Commission Web site is a conduit to reservations for many properties. Many properties, especially in rural areas, do not have the infrastructure for accepting online reservations. One goal of the program would be to accept reservations for small properties, outfitters and others. It is a new plan; therefore, we would like to complete a feasibility study and business plan and present them to the IFC.

SENATOR BEERS:

Future generations will have the technology to set up accounts for those less technologically advanced to make offers, to set up credit card accounts online and charge 3- or 4-percent service charges. It is a simple matter to set up the accounts for the agency itself.

MR. HORGAN:

There are currently Web sites for travel, such as Travelhero.com, that allow a company to be included in the credit card systems of the provider.

Travelhero.com charges a 10-percent commission. One of our goals is not to charge our rural partners those commissions that may be preventing them from using such services.

SENATOR BEERS:

I believe, in 3 years, there will be approximately 50 companies, such as Travelhero.com, and the commission rate will be reduced to approximately 4 percent. They will have to pay 2 percent or 3.5 percent on the credit card in any case.

I am concerned that we have a clear case of the government competing with the private sector and doing so in an inefficient manner.

MR. BOMMARITO:

It is not our intent to charge for our services or enter into competition with private industry.

SENATOR BEERS:

Funds are collected for the services of the Commission on Tourism. Collections are made through payroll tax, sales tax and room tax.

MR. BOMMARITO:

Two years ago, none of our rural grants were derived from the Web. In a recently completed analysis, 80 percent of grant applications were received on the Web. It is an educational process. Rural areas are not likely to seek these kinds of services on their own.

SENATOR BEERS:

I think the rural communities are making more use of the Internet.

MR. BOMMARITO:

We want to have the ability to direct individuals to Nevada business-community Web sites through a Nevada Web site.

SENATOR BEERS:

I support that concept.

MR. BOMMARITO:

The intent is to have an interface between the varieties of Nevada Web sites for one-stop shopping.

SENATOR BEERS:

I do not support that concept. I do not believe it is achievable.

There are already at least four Nevada-based competitors with similar services. Links can be easily integrated to all rural partners and clients through your Web site for far less than \$300,000. That is simple Web site development.

SENATOR COFFIN:

As I read [Exhibit C](#), it speaks to rural entities that do not have Web sites. I gather this plan would help such entities develop Web sites. If that is true, the small properties are not yet at the stage of integrating existing Web sites that are being discussed.

MR. HORGAN:

Part of the project would be the hardware infrastructure for the Commission on Tourism to provide hosting for rural partners who do not have Web sites or are provided grants for their project through the Commission.

SENATOR COFFIN:

The Commission does not need a lesson on tax structure. The Commission is funded by tourist dollars through room taxes. It is not funded by the General Fund. This budget would stimulate a good return on investment. We have taken funds from this agency to stabilize the account for another agency, and yet, we would quibble over Web hosting? I think not. I support the project.

SENATOR BEERS:

The funding is not only from tourists, but Nevadans traveling within the state. We still have the obligation to help the agency spend its resources efficiently. This is a vague plan with few details, including the phrase, "We want to become the funnel." That ideology has repeatedly proven unsuccessful.

I will personally point the rural partners to the Web host I use, which costs \$100 each year for a domain. I will also provide them with the name of the publication that will teach them how to set up a Web site on their own. This request would duplicate the services and costs of the Department of Information Technology (DoIT).

I support the other Internet-marketing projects we have discussed, but I cannot support this project.

CHAIR RAGGIO:

Is there any desire to place a portion of the requested funding, full funding or no funding for this project in a reserve account and direct the agency to develop a business plan for presentation to the IFC before the reserve can be used?

SENATOR BEERS:

I have no objection with appropriating the funds to promote tourism. The funds can be placed in a reserve account and the IFC can hear justification and disburse the allocations. There are already private-sector purveyors of similar technology that are years ahead of the agency in technology, and the agency cannot compete. It is far simpler for the agency to connect to an existing service and use these funds on something that will make an impact. Perhaps, a grant program could be established to help rural partners develop their own Web sites. The government does not have a good record in this arena.

CHAIR RAGGIO:

The Chair would accept a motion.

SENATOR BEERS MOVED TO PLACE THE REQUESTED FUNDING IN A RESERVE ACCOUNT TO PROMOTE TOURISM IN RURAL NEVADA ON THE INTERNET, CONDITIONED UPON SUBMISSION OF A PLAN FOR APPROVAL BY THE IFC.

SENATOR CEGAVSKE SECONDED THE MOTION.

SENATOR COFFIN:

Is there already a conceptual plan in place and ready for implementation?

MR. BOMMARITO:

We have not been able to go out to bid to develop the plan at this point.

CHAIR RAGGIO:

The agency cannot request bids until the funding allocation is approved by the IFC.

SENATOR COFFIN:

The agency should be allowed to request bids so it can develop the amount of funding necessary.

CHAIR RAGGIO:

Requests for proposals could be made without going to bid.

MR. BOMMARITO:

That is what we would like to do.

SENATOR BEERS:

On page 13 of [Exhibit C](#), it states, "There are currently travel Web sites that offer services, but they all charge a commission to the end provider. We want to provide this service without charge to the entities."

We would do better to provide grants to the rural partners to allow them to pay commissions to Travelocity.com or Travelhero.com. The policy goal would be achieved with a more efficient use of the funds. The state would become one of many providers of such services.

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

* * * * *

MS. BRAUN:

There is one final item in this budget for consideration. It concerns the one new full-time equivalent (FTE) accounting position on page 7 of [Exhibit C](#). The detail information is found on page 15 of [Exhibit C](#).

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

The Governor recommends \$36,006 in FY 2006 and \$45,311 in FY 2007 to fund the position. It would replace a position that was reclassified in FY 2002. It would provide accounting support for the Office of the Lieutenant Governor. The Committee should note the agency assumed the accounting services for the Lieutenant Governor in FY 2000. Staff's review of the costs associated with the provision of accounting services, when provided by the Department of Administration, shows expenses of \$7,734 for completion of the accounting services during FY 2000.

The Committee should also note that the budget for the Office of the Lieutenant Governor is approximately \$550,000 per year, 75 percent of which is personnel services. It appears to staff that the information submitted, on page 15 of [Exhibit C](#), provides insufficient justification for the requested position at this time.

MR. BOMMARITO:

The Commission is a different agency than it was four years ago. The amount of productivity, efficiency and accountability has increased greatly during that time. I disagree with staff. We operate at a higher level of sophistication than that of other state agencies. We have tried to work within state accounting systems where only 50 categories are available. We might break one of those categories into 170 subcategories for appropriate tracking of the return on investment.

CHAIR RAGGIO:

Staff provided information that showed costs four years ago were approximately \$7,700.

MR. BOMMARITO:

Staff was referring to the work for the Office of the Lieutenant Governor. I am talking about the work I require to identify the return on investment and spend our appropriations wisely and efficiently. Our tracking system runs parallel to that of the State's. We have tried to fit our needs into the state system, but it does not have the sophistication we need. We run two accounting systems. One controls our costs and calculates the return on investment on each of the several hundred action steps annually.

SENATOR BEERS:

Has Stephen Woodbury, Administrative Services Officer, Commission on Tourism, ever met with Dave McTeer, Information Systems Manager for the Department of Administration?

STEPHEN WOODBURY (Administrative Services Officer, Commission on Tourism):
I have not met with Mr. McTeer.

SENATOR BEERS MOVED TO APPROVE FUNDING FOR ONE ACCOUNTING POSITION AS REQUESTED AND STIPULATE THE ADMINISTRATIVE SERVICES OFFICER SEEK ADVICE FROM DAVE McTEER, DEPARTMENT OF ADMINISTRATION.

Mr. Woodbury:

I have consulted members of the State's accounting teams for the Advantage program and the Integrated Financial System (IFS). We like the IFS system; however, it is limited in its functionality for our purposes. Part of the information we track is used internally, and some is provided to external sources that require specific information not available from the IFS system.

SENATOR BEERS:

A job-cost component has been funded in the *Executive Budget* for the IFS system. It is not specifically designed for the Commission. It is designed to track multi-year projects beyond year end. It may be adaptable for your purposes. I have concerns whenever I hear testimony that an agency is running multiple accounting systems.

MR. WOODBURY:

State agencies are required to reconcile to the IFS system, whether they are using Intuit Incorporated's QuickBooks or an agency-developed system to reconcile to the state system.

With due respect to staff, the focus of her report is on the provision of services to the Office of the Lieutenant Governor. That is only one component of the functions the position would perform. There is currently only one support staff person and me to perform these duties. The agency has grown and there are unfunded work requirements from other agencies.

SENATOR COFFIN SECONDED THE MOTION.

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

* * * * *

CHAIR RAGGIO:

The enhancement unit E-176 in the budget for the Reno-Tahoe Winter Games is of concern to the Chair and to Senator Mathews.

E-176 Increase Non-Gaming Business – Page ECON DEV & TOURISM-25

The *Executive Budget* requested \$75,000 in each year. The organizing committee is on a fast track and had requested an additional \$100,000 annually through an appropriations bill. The Chair suggests the budget be increased by \$50,000. That would provide \$125,000 annually and is more realistic. If the Committee approves, the action would obviate the necessity for passage of the legislation.

SENATOR BEERS MOVED TO INCREASE FUNDING IN ENHANCEMENT UNIT E-176 TO \$125,000 ANNUALLY AND NOT PASS THE PENDING LEGISLATION.

SENATOR TITUS:

I will second the motion if we can build in accountability to prevent running the risk of a situation similar to that experienced by Utah.

CHAIR RAGGIO:

I would suggest a Letter of Intent be issued to require full accountability for the use of the allocation to the IFC.

SENATOR BEERS AMENDED HIS MOTION TO INCLUDE A LETTER OF INTENT BE ISSUED REQUIRING FULL ACCOUNTABILITY FOR THE USE OF THE ALLOCATION TO THE IFC.

SENATOR TITUS SECONDED THE MOTION.

SENATOR COFFIN:

I do not recall whether the bill requested an appropriation from the General Fund or from the room-tax revenues.

CHAIR RAGGIO:

It is my recollection the bill requested an appropriation from the room-tax revenue.

MR. BOMMARITO:

The Commission on Tourism is involved in the coalition sponsoring the Winter Games. We could have accountability and financial control through our agency for this project.

CHAIR RAGGIO:

If the Commission is involved, you will have accountability for the funds.

SENATOR COFFIN:

We want to ensure that the Commission is not made responsible for the actions of others in the coalition.

CHAIR RAGGIO:

We are interested in accountability for tourism funds being allocated to this category.

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

* * * * *

Chair Raggio:

We will now consider the Department of Taxation, Budget Closing Action Detail Report ([Exhibit D](#)).

TAXATION

Department of Taxation – Budget Page TAXATION-1 (Volume I)
Budget Account 101-2361

MR. GHIGGERI:

The Joint Subcommittee on General Government has completed the review of the Department of Taxation's budget for the 2005-2007 biennium. The General Fund impact on the recommendations, as presented for consideration by the Senate Committee on Finance, result in an additional General Fund cost of \$670,102 in FY 2006 and General Fund savings of \$2,233,753 in FY 2007.

In reviewing the Department's budget for the 2005-2007 biennium, the Subcommittee noted the following major issues: Base Budget adjustments-General Fund savings of \$137,818 in FY 2006 and \$336,122 in FY 2007; continued development and implementation of the Unified Tax System (UTS)-increase in General Fund costs of \$420,507 in FY 2006 and General Fund savings of \$2,138,739 in FY 2007; new and replacement equipment-increase in General Fund costs of \$365,526 in FY 2006 and \$216,547 in FY 2007; increased rent for the Carson City office-increase in General Fund costs of \$40,324 in FY 2006 and \$41,540 in FY 2007.

Base Budget adjustments as recommended include, but are not limited to, the following: A reduction in vacancy savings from the \$991,969 in each year of the 2005-2007 biennium to \$752,205 in FY 2006 and \$780,775 in FY 2007 in the *Executive Budget*. Elimination of Master Service Agreement programmer costs from the information-services category that are funded in the UTS project funding; \$346,706 in each year of the 2005-2007 biennium. Increased funding of \$28,217 in each year of the 2005-2007 biennium by the Subcommittee for

lock-box services based on revised cost estimates provided by the Treasurer's Office for that service; annual cost of \$384,000 per fiscal year.

The estimated cost of the development and implementation of the UTS is \$40.5 million over 5 fiscal years. The recommended adjustment to funding in the *Executive Budget* reduces the cost of this project by approximately \$1.7 million over the 2005-2007 biennium. This adjustment is predicated on the latest contract amendment approved by the State Board of Examiners at their May 6, 2005, meeting. This adjustment aligns the funding over the 2005-2007 biennium with the payment schedule included with the contract amendment. The Governor recommended, and the Subcommittee concurred with the recommendation, providing funding for the UTS project in either year of the biennium, with the recommendation by the Governor and approval of the IFC.

CHAIR RAGGIO:
Are you speaking to the Unified Tax System?

MR. GHIGGERI:
That is correct.

CHAIR RAGGIO:
Is that projected to be complete within five years?

MR. GHIGGERI:
That is correct.

CHAIR RAGGIO:
At what stage is the agency in the implementation process of this system?

MR. GHIGGERI:
The first phase is scheduled for rollout in the next few days. It began with four phases. It has been reduced to three phases. The last two phases were combined.

CHAIR RAGGIO:
What company has the contract for this project?

MR. GHIGGERI:
The company, Accenture, LLP, was approved by the Board of Examiners.

CHAIR RAGGIO:
I recall the debacle of the Nevada Operations Multi-System Automated Data System (NOMADS) rollout. We are not in a similar situation with the UTS, are we?

MR. GHIGGERI:
It appears the project is going relatively smoothly. There was a delay in the first delivery date, but at this point, it seems to be on course.

SENATOR BEERS:
I was not a Legislator during the NOMADS rollout, but I believe a part of the cause was the multiple rule changes made during welfare reform approximately halfway through the project.

CHAIR RAGGIO:

Those changes were made at the federal level. We had also received multiple assurances during that period that did not materialize.

SENATOR TITUS:

I have concerns about the Accenture contract. I recall they outsourced certain jobs. Are you familiar with that situation?

MR. GHIGGERI:

I cannot answer that historical question. The Board of Examiners approved the contract with Accenture in August 2004. The IFC approved an allocation from the Contingency Fund from the special appropriation provided by the 20th Special Session at their September 2004 meeting to allow the project to be initiated.

SENATOR TITUS:

I believe this is a company where, if a problem is experienced, when you place a help call, you are connected to an individual in a foreign country. I am not sure that bodes well for the project.

MR. GHIGGERI:

I cannot answer that question. I believe their home office is in Indiana.

SENATOR BEERS:

We have already approved a contract with this company. Perhaps we should be concentrating on their good features.

MR. GHIGGERI:

The budget, as recommended by the Governor, did not include funding for replacement and new computer equipment. Budget Amendment No. 14 was submitted by the Budget Division recommending funding for replacement equipment in the amount of \$353,756 in FY 2006 and \$199,905 in FY 2007; no amendment was submitted by the Budget Division for the acquisition of new equipment. The Subcommittee is recommending funding, based on updated pricing from the Purchasing Division, for replacement equipment of \$338,526 in FY 2006 and \$186,712 in FY 2007. The Subcommittee also recommended funding in fiscal years 2006 and 2007 for the acquisition of two additional document scanners for the Department's Document Management Section of their Information Technology Division.

Finally, summary information was provided to the Subcommittee concerning additional costs related to the implementation of Assembly Bill (A.B.) 489. Funding of \$869,827 has been identified as a potential need; \$537,827 for county assessors; \$311,000 for county treasurers; and \$20,000 for the Department of Taxation.

ASSEMBLY BILL 489 (4th Reprint): Provides for partial abatement of ad valorem taxes imposed on property. (BDR 32-1383)

Staff has no detail concerning this funding need. I was assured of its necessity by the Department of Taxation.

CHAIR RAGGIO:

Was A.B. 489 the bill for an appropriation that was discussed when we implemented the measure? Is the Senate Committee on Taxation taking any action concerning this need?

MR. GHIGGERI:

There has been discussion of placing funding in the trailer bill, S.B. 509. That bill has passed to the Assembly.

SENATE BILL 509: Revises provisions governing property taxes.
(BDR 32-1452)

CHAIR RAGGIO:

Were the salaries of the Nevada Tax Commission approved separately?

MR. GHIGGERI:

The Tax Commission salaries were approved in S.B. 392. The chairman's salary was increased from \$80 each day to \$27,500 annually. The other members were each set at \$20,000 annually.

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

CHAIR RAGGIO:

The question is whether or not those salaries must be placed in this budget account (B/A).

MR. GHIGGERI:

It does not have to be included in this budget. The funding was placed in the legislation at a net of what has already been included in the budget. Included in this budget is recommended funding, using the assumption the legislation is not approved, of \$14,000 annually. If the legislation is approved, funding is provided with what is in the budget to cover the cost.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-2361 AS RECOMMENDED BY THE SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR TITUS VOTED NO. SENATOR MATHEWS WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

SENATOR TITUS:

I still have a question on the outsourcing practices of Accenture. I may change my vote after I have discussed my concern with the Department of Taxation.

CHAIR RAGGIO:

We will now hear the Subcommittee closing recommendations for the Department of Human Resources, Division of Mental Health and Developmental Services.

SENATOR COFFIN:

I would like a brief overview of the progress of the agency in each of these budgets.

CHAIR RAGGIO:

Staff has provided detail in each closing packet for our review.

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

The Joint Subcommittee for Human Resources/K-12 developed recommendations for the budgets within the Division of Mental Health and Developmental Services (MHDS), including MHDS Administration, Northern Nevada Adult Mental Health Services (NNAMHS), Lake's Crossing facility for the mental offender, Rural Clinics, Southern Nevada Adult Mental Health Services (SNAMHS), Southern Nevada Food Services, Sierra Regional Center (SRC), Desert Regional Center (DRC), Family Preservation Program, Rural Regional Center (RRC), and Mental Health Information Systems.

MENTAL HEALTH AND DEVELOPMENTAL SERVICES

The Subcommittee's recommendations for the Division of Mental Health and Developmental Services result in General Fund increases of \$1,070,000 in FY 2006 and \$3,880,000 in FY 2007. A summary is attached to the Department of Human Resources, Division of Mental Health and Developmental Services, Budget Closing ([Exhibit E](#), original is on file at the Research Library).

There are four decision modules that affect several accounts within the Division:

The Subcommittee approved a variety of deferred maintenance projects to the NNAMHS, SNAMHS, Lake's Crossing and DRC campus facilities. The Subcommittee reduced the Governor's recommended funding by \$549,528 which eliminates a number of projects associated with buildings to be secured at NNAMHS, and reflects adjustments for incorrect project estimate or projects deemed unnecessary.

The Subcommittee concurred with the Governor's recommendation to fund a 3-percent rate increase in FY 2006 and an additional 5-percent increase in FY 2007 to supported living arrangement and community training center service providers. This increase is in addition to the rate increases of 7 percent in FY 2004 and 8 percent in FY 2005 derived from the strategic plan that was developed in response to A.B. No. 513 of the 71st Session.

The Subcommittee approved fiscal staff's recommendation to adjust the Federal Medical Assistance Percentage (FMAP) in FY 2007 as projected by the Federal Funds Information for States (FFIS). The FFIS projection decreases the amount of Medicaid Title XIX funds available to the Division by approximately \$700,000, based upon the Subcommittee's closing actions in the agency's budgets with a corresponding increase in General Fund appropriations.

The Subcommittee concurred with the Governor's recommendation to fund a two-grade salary increase for the Division's nursing staff in order to reduce the compensation gap between public- and private-sector nurses.

Moving on into the mental health agencies, the Subcommittee took action on two issues that affect them across the Division.

The Subcommittee approved inflation increases for medications of 11.4 percent in FY 2005, 11.6 percent in FY 2006 and 10.7 percent in FY 2007 based upon updated information provided by the Center for Medicare and Medicaid Services (CMS). These revised rates generated General Fund savings of \$304,865 in FY 2006 and \$564,482 in FY 2007.

The Subcommittee concurred with the Governor's recommendation to support caseload increases in the medication clinics, residential placements, outpatient counseling services, psychiatric ambulatory services, service coordination and psychosocial rehabilitation services. The increase in caseload services results in an additional 159 FTE positions statewide and will significantly increase services for medication clinics and residential placements, especially in southern Nevada. Page 5 of [Exhibit E](#) gives a breakdown of the number of individuals to be served and the FTEs required, along with the accompanying funding.

CHAIR RAGGIO:

I will accept a motion to approve the Subcommittee recommendations on the Division-wide issues including the common issues on the mental health agencies.

SENATOR CEGAVSKE MOVED TO CLOSE THE BUDGET COMPONENTS AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12 FOR THE DIVISION-WIDE ISSUES AND THE COMMON ISSUES ON THE MENTAL HEALTH AGENCIES.

SENATOR TITUS SECONDED THE MOTION.

SENATOR COFFIN:

The narrative on Division-wide issues indicated the Subcommittee eliminated a number of projects associated with buildings.

CHAIR RAGGIO:

A number of buildings at the NNAMHS have not been utilized resulting in no reason to approve maintenance funds for those structures, except for stabilization.

SENATOR COFFIN:

Are these the oldest buildings on the campus?

MR. CHAPMAN:

Page 3 of [Exhibit E](#) provides examples of items eliminated. A number of buildings at Northern Nevada Adult Mental Health Services are scheduled to be secured. That entails stopping the utilities and boarding up the buildings. Certain deferred-maintenance projects associated with those structures are no longer needed.

In addition, some projects on the Southern Nevada Adult Mental Health Services campus resulted in the largest reduction in funding needs. They were directed to projects the State Public Works Board (SPWB) reviewed and determined had been overestimated.

SENATOR COFFIN:

I recall discussion in the Joint Subcommittee on Higher Education and Capital Improvements on the issues. The intent was to preserve the oldest buildings, and every time a maintenance charge is deferred, even in securing buildings, it increases the deterioration. Was that discussed by the Joint Subcommittee on Human Resources/K-12?

MR. CHAPMAN:

The issues for the buildings being discussed, in which maintenance funding was reduced, were for exterior painting. A plan for preservation is being developed through the Capital Improvement Program for preservation for Building Nos. 6, 7, 9, 10, 11 and 24.

SENATOR COFFIN:

I can support the motion if those buildings are preserved.

MR. CHAPMAN:

I believe you are referring to the buildings of historical significance. Funding for deferred maintenance on those structures is being retained.

THE MOTION CARRIED. (SENATORS MATHEWS AND BEERS WERE ABSENT FOR THE VOTE.)

THE DIVISION-WIDE BUDGET COMPONENTS WERE CLOSED.

CHAIR RAGGIO:

We will now consider closing the Division of Mental Health Developmental Services Administration budget. The detail information is found on page 6 of [Exhibit E](#).

HR, MHDS Administration – Budget Page-MHDS-1 (Volume II)
Budget Account 101-3168

MR. CHAPMAN:

The Subcommittee recommended approval of a management analyst II position resulting from the submittal of Amendment No. 29 by the Budget Office. The new position is needed to oversee the new centralized client-billing system implemented during the current biennium. The Subcommittee added General Fund appropriations of \$180,048 in FY 2006 and \$250,574 in FY 2007 to support 4 FTE residents in establishing a psychiatric residency program in southern Nevada. The Governor's Base Budget continues the residency program in northern Nevada. The Subcommittee recommended closure of the remaining items in the budget as recommended by the Governor with minor technical adjustments noted by staff.

CHAIR RAGGIO:

Was the primary change the addition of four psychiatric residency positions in southern Nevada?

MR. CHAPMAN:

That is correct.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-3168 WITH THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12 RECOMMENDATIONS.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS MATHEWS AND BEERS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

HR, Nevada Mental Health Institute – Budget Page-MHDS-8 (Volume II)
Budget Account 101-3162

MR. CHAPMAN:

The detail for this budget begins on page 9 of [Exhibit E](#).

The Subcommittee voted to approve Budget Office Amendment No. 34 that adds 2 full-time psychiatric caseworker positions and a 0.51 FTE administrative assistant in support of the Washoe County Mental Health Court. The amendment eliminates the current contract with Project ReStart that provides case management and independent-living skills training to individuals assigned to the Mental Health Court. The Subcommittee noted, during the budget closing, its desire to place a high priority on funding mental-health court programs in Clark County, with a General Fund impact of \$737,093 in FY 2006 and \$1,210,757 in FY 2007. The mental-health court program in Carson City would have a General Fund impact of \$100,000 each year. Expansion of the existing program in Washoe County would have a General Fund impact of \$382,643 in FY 2006 and \$816,236 in FY 2007. These appropriations were not added into the budget by the Subcommittee. It was placed as a high-priority recommendation if funding becomes available.

The Subcommittee approved the Governor's recommendation to eliminate a vacant health service coordinator position and utilize the funding to add two new consumer services assistants. The new positions are usually filled by former clients who assist individuals in accessing services and enhance the agency's drop-in center/clubhouse program.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-3162 WITH THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12 RECOMMENDATIONS INCLUDING THE PLACEMENT OF THE FUNDING FOR THE MENTAL HEALTH COURT PROGRAMS ON THE HIGH PRIORITY LIST.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS MATHEWS AND BEERS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

Senate Committee on Finance
May 20, 2005
Page 22

SENATOR BEERS:

Please show me as voting in favor on the budgets I have missed.

CHAIR RAGGIO:

Please show Senator Beers as in favor of closing the budgets as recommended on which he was absent.

We will now consider the budget for Lake's Crossing Center. Detailed information begins on page 12 of [Exhibit E](#). Before the advent of the 120-day Legislative Sessions, we had the opportunity to visit a number of the facilities. That is no longer possible unless we make visits during the interim. The Chair is considering scheduling a few such tours for the Committee during the interim.

SENATOR CEGAVSKE:

I concur.

HR, Facility for the Mental Offender – Budget Page-MHDS-21 (Volume II)
Budget Account (101-3645)

MR. CHAPMAN:

The facility is located at Lake's Crossing Center in Washoe County.

The Subcommittee voted to approve a 2-grade salary increase for the agency's 5 correctional officer positions and 38 forensic specialist positions that was not included in the *Executive Budget* at a General Fund cost of \$204,750 in FY 2006 and \$212,333 in FY 2007. The increase for correctional officers is consistent with those recommended for the Department of Corrections, while the increase for the forensic specialists is intended to keep pace with the correctional officers for similar duties performed.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-3645 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR TITUS SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will now consider the Rural Clinics budget. Detail information begins on page 15 of [Exhibit E](#).

HR, Rural Clinics – Budget Page-MHDS-28 (Volume II)
Budget Account 101-3648

MR. CHAPMAN:

The Subcommittee concurred with the Governor's recommendation to establish a new clinic in Laughlin including 7.51 new FTE positions and associated

staffing costs. The office space and janitorial services will be provided by Clark County and the City of Laughlin at no charge in the FY 2005-2007 biennium. However, the Subcommittee noted future biennial budget requests will include office-rent expenditures currently estimated at \$43,000 per year.

The Subcommittee approved full-funding support that includes 22.51 FTE positions to reduce staffing ratios for outpatient counseling services from 75:1 to 30:1 and service coordination from 35:1 to 12:1 for youth and adolescents who are severely emotionally disturbed (SED). The agency identified a current caseload of 616 SED youth/adolescents, with an additional 31 SED youth/adolescents on waiting lists for services. The Governor's recommendation called for 23.01 FTE positions this biennium with an additional 21.42 FTE positions recommended in the 2007-2009 biennium in order to "phase-in" the reduction in staffing ratios over two biennia. However, due to calculation errors noted in developing the Governor's recommended staffing proposal, the Subcommittee was able to fully fund the reduced staffing ratios in the 2005-2007 biennium with additional General Fund appropriations of \$26,693 in FY 2006 and \$36,771 in FY 2007.

The Subcommittee did not approve the Governor's recommendation to eliminate \$79,200 each year in contract psychiatrist travel costs initially anticipated to occur as a result of the tele-mental-health videoconferencing system recommended in the Information Technology Projects account. During the budget hearing and work session, the Division stated the reduction in psychiatrist travel time was overestimated as the videoconferencing system, if approved, would need to be phased in over the biennium and was intended to serve as an enhancement to existing services for clients in rural Nevada.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-3648 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR TITUS SECONDED THE MOTION.

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

BUDGET CLOSED.

CHAIR RAGGIO:

We will now consider the Southern Nevada Adult Mental Health Services budget. Detail information begins on page 20 of [Exhibit E](#).

HR, Southern Nevada Adult Mental Health Services — Budget Page-MHDS-41
(Volume II)
Budget Account 101-3161

MR. CHAPMAN:

In addition to the caseload increases noted earlier, the Subcommittee approved the Governor's recommendation to increase acute inpatient capacity from 131 beds to 217 beds, including 256.33 new FTE positions. A total of 150 beds, 30 psychiatric observation unit beds and 120 inpatient beds, are

located in the new hospital currently under construction and anticipated to open May 2006. The Subcommittee reduced the Governor's recommended funding by \$263,396 in the 2005-2007 biennium as a result of adjustments eliminating duplicate custodial/maintenance positions, maintenance and utility costs and reducing utility inflation rates for the new facility.

The Subcommittee voted to approve a new unclassified medical-director position that was not included in the *Executive Budget*. The new position will begin at the time the new hospital is scheduled to open, in May of 2006, and is intended to relieve the current statewide medical director of the dual duties currently performed for both positions.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-3161 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR TITUS SECONDED THE MOTION.

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

BUDGET CLOSED.

CHAIR RAGGIO:

We will now consider the Southern Nevada Food Service budget. Detail information is on page 26 of [Exhibit E](#).

HR, Southern Food Service – Budget Page-MHDS-56 (Volume II)
Budget Account 101-3159

MR. CHAPMAN:

The Subcommittee recommended closing the food-service budget as recommended by the Governor, and authorizing staff to make any technical adjustments necessary based upon the closing actions taken in other accounts that are provided food service from this account.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-3159 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR TITUS SECONDED THE MOTION.

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

BUDGET CLOSED.

CHAIR RAGGIO:

We will now consider the common issues for the developmental services agencies found in [Exhibit E](#).

MR. CHAPMAN:

The detail for the common issues begins on page 28 of [Exhibit E](#).

The Subcommittee addressed six issues that are common to the Division's developmental services agencies:

The Subcommittee voted to approve additional caseload increases based upon revised projections provided by the Division beyond the Governor's recommendations. The service-coordination caseload increases from 282 clients as recommended by the Governor to 604 clients as approved by the Subcommittee. Additional General Fund appropriations totaling \$5.2 million in the 2005-2007 biennium support the additional caseload as revised.

The Subcommittee approved two new full-time quality-assurance positions instead of the four positions recommended by the Governor. The positions will conduct annual reviews for each person receiving waiver services to ensure no incidents of client neglect or abuse have occurred as directed by the Center for Medicare and Medicaid Services and the Division of Health Care Finance and Policy.

The Subcommittee concurred with the Governor's recommendation to reallocate Temporary Assistance for Needy Families (TANF) funds totaling \$470,400 each year from the Family Preservation Program (FPP) budget to the 3 regional center budgets, and to reallocate General Fund appropriations in the same amount from the 3 regional center budgets to the FPP budget. The reallocation is intended to serve all families in the FPP consistently, simplify administration of the program for both MHDS and the Welfare Divisions and standardize monthly payments.

The Subcommittee agreed with the Governor's recommendation to eliminate 10 Intermediate Care Facility/Mental Retardation (ICF/MR) beds at the Sierra Regional Center (SRC) and 6 beds at Desert Regional Center (DRC), with funding provided to support 16 additional community residential placements. The ICF/MR bed reductions continue the Division's efforts at complying with the U.S. Supreme Court's *Olmstead v. L.C. and E.W.* decision that provides for the placement of individuals in less-restrictive community settings. This action will leave the SRC staffed for 30 beds and DRC staffed for 54 beds in the 2005-2007 biennium.

The Subcommittee also agreed with the Governor's recommendation to transition 60 individuals currently residing in privately owned institutional care facilities, with funding support provided through the Medicaid budget, to community residential placements supported by the 3 regional center budgets. Similar to the State-owned ICF/MR beds, this action continues the Division's efforts in complying with the Olmstead decision.

The Subcommittee received testimony during the Division's budget hearing regarding the provision of services for individuals and families of individuals with autism. The Division submitted an item for special consideration requesting General Fund appropriations of \$1 million in FY 2006 and \$3.5 million in FY 2007, including 3.76 new FTE positions to provide service coordination for self-directed services and intensive early-intervention services. Additional Medicaid funds of \$67,954 in FY 2006 and \$1.3 million in FY 2007 were also requested. The Governor did not recommend this funding in the *Executive Budget*. The Subcommittee noted, during the budget closing, its desire to place

Senate Committee on Finance
May 20, 2005
Page 26

a high priority for funding autism services suggested by the Division should additional funding be available.

SENATOR CEGAVSKE:

We heard compelling testimony concerning autism. The priority for autism was supported overwhelmingly by the Subcommittee.

SENATOR CEGAVSKE MOVED TO CLOSE THE BUDGET COMPONENTS FOR DEVELOPMENTAL SERVICES COMMON ISSUES AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

CHAIR RAGGIO:

Staff is preparing the high-priority list. The additional autism funding is Priority No. 1. The priority list will be provided shortly.

SENATOR TITUS SECONDED THE MOTION.

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

BUDGETS CLOSED.

* * * * *

CHAIR RAGGIO:

We will next consider the budget closures of the three regional centers.

MR. CHAPMAN:

The detail information for the SRC is found on page 34 of [Exhibit E](#), the DRC detail is on page 36 of [Exhibit E](#) and the Rural Regional Center detail is on page 38.

HR, Sierra Regional Center — Budget Page MHDS-62 (Volume II)
Budget Account 101-3280

HR, Desert Regional Center — Budget Page MHDS-72 (Volume II)
Budget Account 101-3279

HR, Rural Regional Center — Budget Page MHDS-86 (Volume II)
Budget Account 101-3167

MR. CHAPMAN:

The Subcommittee recommended closing the remainder of the three regional center budgets as recommended by the Governor with minor or technical adjustments.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNTS 101-3280, 101-3279 AND 101-3167 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR TITUS SECONDED THE MOTION.

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

BUDGETS CLOSED.

* * * * *

CHAIR RAGGIO:

We will now consider the Family Preservation Program (FPP) budget for closure.

MR. CHAPMAN:

The detail information for this budget begins on page 40 of [Exhibit E](#).

HR, Family Preservation Program – Budget Page MHDS-82 (Volume II)
Budget Account 101-3166

The Subcommittee approved the Governor's recommendation to serve an additional 30 families in the FPP during the 2005-2007 biennium. A total of 466 families are projected to be served. The Subcommittee also approved the Governor's recommendation to increase the monthly payment to \$350 per family for 466 families, including the 112 families currently funded with TANF. The recommendation came with the understanding the monthly payment will be capped at that amount. Should the actual number of families served exceed the budgeted 466, the Division has the option to approach the IFC for an allocation from the Contingency Fund.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-3166 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR COFFIN SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will now consider closing the Mental Health Information System budget.

MR. CHAPMAN:

This is the final budget for the Division. Detail information begins on page 42 of [Exhibit E](#).

HR, Mental Health Information System – Budget Page MHDS-95 (Volume II)
Budget Account 101-3164

The Subcommittee approved 2 new full-time agency program information specialist positions, but not the 0.51 FTE administrative assistant, as recommended by the Governor. One of the new positions will be located at NNAMHS with the other position located at SNAMHS and will provide on-site support for the new statewide client-information and billing system (AVATAR).

Phase III of AVATAR will incorporate the remainder of the clinician workstation module and add the prescription-order entry module. Temporary employment services totaling \$34,135 each year in support of phase III were eliminated. The Subcommittee also approved the Governor's recommendation to fund a gap-analysis study between the Division's various developmental services information systems and the AVATAR suite of products.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-3164 WITH THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12 RECOMMENDATIONS.

SENATOR TITUS SECONDED THE MOTION.

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

BUDGET CLOSED.

CHAIR RAGGIO:

The Chair commends the efforts of all the members of the Subcommittees of the Senate Committee on Finance for their diligent work.

We will now consider the budgets of the Department of Human Resources, Health Division, Budget Closing Actions ([Exhibit F](#), original is on file at the Research Library).

HEALTH

BOB ATKINSON (Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Joint Subcommittee on Human Resources/K-12 reviewed 22 budgets of the State Health Division. The Subcommittee recommendations result in a reduction of General Fund in those accounts in the amount of \$894,540 for FY 2006 and \$562,066 in FY 2007. You will note later, as the Early Intervention Services account is presented, that a portion of the reduction will be added back to other budget accounts outside the Health Division, so the net General Fund savings is \$655,992 in FY 2006 and \$89,263 in FY 2007. I will review highlights of the more significant closing recommendations of the Subcommittee. Detail of the administration budget is located on page 2 of [Exhibit F](#).

HR, Office of Health Administration – Budget Page HEALTH-1 (Volume II)
Budget Account 101-3223

The *Executive Budget* recommended nine new positions in this account to address the growth in the agency primarily related to the increase in federal grant activity. The positions were recommended to be funded with indirect costs assessed on federal grants. Recent complications with the indirect-cost methodology resulted in the Health Division requesting that four of the nine positions be delayed until the second year of the upcoming biennium. The Subcommittee approved the modified request, subject to the availability of indirect-cost revenue sufficient to support the positions.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-3223 WITH THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12 RECOMMENDATIONS.

SENATOR TITUS SECONDED THE MOTION.

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

BUDGET CLOSED.

CHAIR RAGGIO:

We will now turn our attention to the Vital Statistics budget, on page 4 of [Exhibit F](#).

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

HR, Vital Statistics – Budget Page HEALTH-9 (Volume II)
Budget Account 101-3190

The Subcommittee recommends eliminating a new *Executive Budget* administrative services officer position to provide financial management support for the Bureau of Health Planning and Statistics. In reviewing this recommendation, the Subcommittee determined the Bureau of Health Planning and Statistics is one of the smallest bureaus within the Division, and no new programs or significant expansion of existing programs is recommended. Also, the 2003 Legislative Session approved new fiscal positions for the Office of Health Administration for support of the entire Division, and two additional fiscal positions are recommended for the upcoming biennium. Based on these factors, the Subcommittee recommends eliminating this suggested new position, which will provide a General Fund savings of approximately \$114,000 over the 2005-2007 biennium

CHAIR RAGGIO:

As the Committee reviews budget closures, if the agency or the Budget Division has any concerns, we will need to hear their testimony.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-3190 WITH THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12 RECOMMENDATIONS.

SENATOR TITUS SECONDED THE MOTION.

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

BUDGET CLOSED.

Senate Committee on Finance
May 20, 2005
Page 30

SENATOR RAGGIO:

We will consider closure of the Consumer Health Protection Budget.

MR. ABBA:

The detail for this budget begins on page 9 of [Exhibit F](#).

HR, Consumer Health Protection – Budget Page HEALTH-25 (Volume II)
Budget Account 101-3194

The Subcommittee recommends approving the transfer of the remaining portions of the Safe Drinking Water Program and related components of the Public Health Engineering Section to the Division of Environmental Protection (DEP), State Department of Conservation and Natural Resources. The transfer includes 17.5 existing positions and completes the transition to DEP of total responsibility for the Safe Drinking Water Program. Senate Bill 395 formalizes the proposed transfer in statute.

SENATE BILL 395 (1st Reprint): Transfers responsibility for operation of certain programs from Health Division of Department of Human Resources to Division of Environmental Protection of State Department of Conservation and Natural Resources. (BDR 40-660)

The Subcommittee recommends approving a new environmental health specialist position to oversee the Las Vegas office and to provide supervisory support for the branch offices located in Ely and Tonopah. The Health Division provided testimony that administrative oversight for the southern part of the State is currently provided through the Carson City office. According to the Division, the distance between these offices and lack of consistent oversight have impacted the quality and timeliness of regulatory services provided. The Subcommittee concurs with the Division's assessment and recommends approving this position contingent on the Health Division ensuring the salary costs will be supported by fees and not become a General Fund obligation in the future.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-3194 WITH THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12 RECOMMENDATIONS.

SENATOR TITUS SECONDED THE MOTION.

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

BUDGET CLOSED.

CHAIR RAGGIO:

We will now consider the Sexually Transmitted Diseases budget closing.

MR. ABBA:

The detail information for this budget can be found on page 12 of [Exhibit F](#).

HR, Sexually Transmitted Disease Control – Budget Page Health-66 (Volume II)
Budget Account 101-3215

The *Executive Budget* recommends maintaining General Fund support for the Acquired Immunodeficiency Syndrome (AIDS) Drug Assistance Program (ADAP) at approximately \$1.35 million for each fiscal year of the 2005-2007 biennium, the same level as FY 2004. The General Fund supplements federal funding for AIDS medications, including protease inhibitors, through the ADAP program. During the hearing process, the Health Division presented information which indicates a waiting list for the ADAP program is likely to occur sometime during FY 2006 if additional funding is not made available. The Subcommittee reviewed a number of options, including the Governor's recommendation to maintain a status quo budget. However, the Subcommittee did not consider establishing a waiting list for AIDS medications a viable option. To address this concern, the Senate members of the Subcommittee recommended issuing a Letter of Intent inviting the Health Division, if a waiting list occurs during the interim, to request an IFC Contingency Fund allocation in the event that caseload growth for AIDS Drug Assistance Program (ADAP) medications increases beyond available resources and a waiting list for services becomes a necessity.

The Subcommittee also recommends providing the Division added flexibility by including language in the General Appropriations Act to allow the Health Division to transfer the General Fund allocation for ADAP medications between fiscal years, with the approval of the IFC.

CHAIR RAGGIO:

The Senate members of the Subcommittee wanted to ensure the AIDS medications would be made available. There was some uncertainty about the waiting list. The Senate action was to issue a Letter of Intent to the Health Division with funding available in the Contingency Fund in the event these medication needs increase beyond the available resources.

SENATOR TITUS:

Senator Mathews and I disagreed with the decision for a Letter of Intent. We felt the funding should be provided. When a patient gets on the waiting list, goes through the application process and then has to wait to receive funding through the IFC, it may be too late. People need the medicine immediately.

My recollection is that the Senate vote on this budget was split. How is it that the Letter of Intent option has become the Subcommittee recommendation?

MR. ABBA:

The Senate Subcommittee members voted to approve the Letter of Intent with the flexibility for funding to be moved. The Assembly members approved adding additional General Fund for the projected caseload.

SENATOR TITUS:

Senator Mathews and I voted against what is indicated was the Senate recommendation. I want to ensure a recommendation from the Subcommittee is in accordance with the majority vote.

CHAIR RAGGIO:

I understand your point. There was uncertainty concerning the occurrence of a waiting list and we wanted to ensure there was access for this purpose.

SENATOR CEGAVSKE:

I recall two separate votes being taken for these budget-closing recommendations. I agree with Senator Titus that funding should be available when needed. That was the reason for the recommendation to issue a Letter of Intent and make funds flexibility available.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-3215 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12 INCLUDING THE LETTER OF INTENT AUTHORIZING ACCESS TO IFC.

MR. GHIGGERI:

Would it also include the language in the General Appropriations Act to allow funds to be moved between fiscal years?

SENATE CEGAVSKE MOVED TO ADD THE GENERAL APPROPRIATIONS ACT LANGUAGE TO THE BUDGET CLOSURE MOTION.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS MATHEWS AND COFFIN WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

* * * * *

SENATOR RAGGIO:

We will discuss closure of the Immunization Program.

MR. ABBA:

The detail for this budget can be found on page 15 of [Exhibit F](#).

HR, Immunization Program – Budget Page HEALTH-72 (Volume II)
Budget Account 101-3213

The Subcommittee recommends approving General Funds in the amount of approximately \$1.5 million for each fiscal year of the 2005-2007 biennium and transfers of Title XXI funds from the Nevada CheckUp Program in the amount of approximately \$3 million each fiscal year to supplement direct federal assistance for the purchase of vaccines. The use of Title XXI funds in this manner reduces the need for General Fund support for vaccines to immunize this population of children and covers vaccine utilization for the projected population increases for the upcoming biennium.

The Subcommittee recommends approving the same Letter of Intent historically issued that requires the Health Division to approach the IFC on all proposed modifications to the current immunization program prior to formal implementation. The Health Division anticipates a new vaccine, Menactra,

which protects against invasive meningococcal disease, will possibly be introduced during the interim.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-3213 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR TITUS SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will discuss the Early Intervention Services budget.

MR. ATKINSON:

The detail information for this budget can be found on page 18 of [Exhibit F](#).

HR, Early Intervention Services – Budget Page HEALTH-87 (Volume II)
Budget Account 101-3208

The account was formerly known as the Special Children's Clinics. The *Executive Budget* recommended, and the Subcommittee approved, additional General Fund support in the amount of \$2.8 million in FY 2006 and \$3.3 million in FY 2007 to address caseload issues at the clinics. The Health Division estimates that the increased funding will enable the clinics to serve an additional 360 children and reduce the waiting time for initial appointments to near the federally required 45-day limit.

The Subcommittee also approved the Governor's recommendation to provide additional General Fund support in the amount of \$2 million in FY 2006 and \$2.2 million in FY 2007 to provide services to youngsters referred through the Child Abuse and Prevention Treatment Act. The funding is intended to provide services to the clinics through that act. The Subcommittee requested that the Health Division provide information in its quarterly reports to the IFC regarding the referrals under this act.

The Governor's recommendations also included General Fund support in this account to address deferred maintenance issues at the clinics and to provide the Medicaid "match" for youngsters who qualify for Medicaid. In order to avoid maintenance of effort complications with the additional General Fund support, the Subcommittee approved the funding, but directed that it be removed from this account and added to appropriate accounts elsewhere in the budget.

The Subcommittee approved the Governor's recommendation to merge the State and Community Collaborations budget account into this account.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-3208 WITH THE RECOMMENDATIONS OF THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR TITUS SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Alcohol and Drug Rehabilitation account.

MR. ATKINSON:

The detail for this account is located on page 21 of [Exhibit F](#).

HR, Health Alcohol & Drug Rehabilitation – Budget Page HEALTH-121
(Volume II)

Budget Account 101-3170

The Subcommittee closed this account as recommended by the Governor. In addition, the Subcommittee recommended that this account be placed on the priority listing for \$1.5 million each year to address caseload issues, in the event additional funding becomes available.

CHAIR RAGGIO:

This is based on significant presentations that were made concerning the necessity for additional funding.

SENATOR CEGAVSKE:

This is an area that has not received a funding increase in quite some time. I am pleased the funding was added to the priority list.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-3170 WITH THE RECOMMENDATION OF THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12 INCLUDING PLACEMENT OF THIS ACCOUNT ON THE PRIORITY LIST.

SENATOR BEERS SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

Are there other accounts in this agency?

MR. ATKINSON:

The Subcommittee also reviewed the budgets for the Cancer Control Registry, the Environmental Public Health Tracking System, Health Aid to Counties, Radiological Health, Radioactive and Hazardous Waste, Health Facilities Hospital Licensing, Community Health Services, Communicable Disease Control,

Maternal Child Health Services, State and Community Collaborations, WIC Food Supplement, Emergency Medical Services, Health Alcohol Tax Program, Public Health Tobacco Fund and Public Health Preparedness Program.

HR, Cancer Control Registry – Budget Page HEALTH-15 (Volume II)
Budget Account 101-3153

Environmental Public Health Tracking System — Budget Page HEALTH-20
(Volume II)
Budget Account 101-3203

HR, Health Aid to Counties – Budget Page HEALTH-24 (Volume II)
Budget Account 101-3209

HR, Radiological Health – Budget Page HEALTH-33 (Volume II)
Budget Account 101-3101

HR, Health Radioactive & Hazardous Waste – Budget Page HEALTH-38
(Volume II)
Budget Account 251-3152

HR, Health Facilities Hospital Licensing – Budget Page HEALTH-41 (Volume II)
Budget 101-3216

HR, Community Health Services – Budget Page HEALTH-50 (Volume II)
Budget Account 101-3224

HR, Health Communicable Disease Control – Budget Page HEALTH-57
(Volume II)
Budget Account 101-3220

HR, Maternal Child Health Services – Budget Page HEALTH-78 (Volume II)
Budget Account 101-3222

HR, State and Community Collaborations – Budget Page HEALTH-101
(Volume II)
Budget Account 101-3276

HR, WIC Food Supplement – Budget Page HEALTH-109 (Volume II)
Budget Account 101-3214

HR, Emergency Medical Services – Budget Page HEALTH-115 (Volume II)
Budget Account 101-3235

HR, Health Alcohol Tax Program – Budget Page HEALTH-129 (Volume II)
Budget Account 101-3255

HR, Health Public Health Tobacco Fund – Budget Page HEALTH-131 (Volume II)
Budget Account 263-3212

Public Health Preparedness Program – Budget Page HEALTH-135 (Volume II)
Budget Account 101-3218

MR. ATKINSON:

The Subcommittee recommended these accounts be closed as recommended by the Governor, with minor technical modifications.

CHAIR RAGGIO:

Are there questions on any of those budgets?

SENATOR COFFIN:

Were any appeals made by the public or other interested parties that have not been reflected?

MR. ATKINSON:

The Subcommittee received testimony and presentations concerning a chronic-disease program that would be funded through the Health Aid to Counties budget account.

MR. COFFIN:

Were there split votes in the Subcommittee for any of these accounts?

CHAIR RAGGIO:

There were not. I will entertain a motion to approve all of the associated accounts for closure.

SENATOR CEGAVSKE TO CLOSE BUDGET ACCOUNTS 101-3153, 101-3203, 101-3209, 101-3101, 251-3152, 101-3216, 101-3224, 101-3220, 101-3222, 101-3276, 101-3214, 101-3235, 101-3255, 263-3212 AND 101-3218 AS RECOMMENDED BY THE GOVERNOR WITH MINOR TECHNICAL ADJUSTMENTS.

SENATOR BEERS SECONDED THE MOTION.

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

BUDGETS CLOSED.

CHAIR RAGGIO:

I would like to thank Mr. Abba and Mr. Atkinson for their work on these budgets.

SENATOR CEGAVSKE:

I would also extend my thanks to both staff and Subcommittee members for an outstanding job.

CHAIR RAGGIO:

We will next consider the reports from the Department of Motor Vehicles, Budget Closing Action Detail Report ([Exhibit G](#), original is on file at the Research Library).

MOTOR VEHICLES

JANET JOHNSON (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Subcommittee for Public Safety, Natural Resources and Transportation developed the following recommendations for the Department of Motor Vehicles (DMV). I would first note the 22-percent cap requirement.

Under *Nevada Revised Statute* (NRS) 408.235, the DMV may not expend more than 22 percent of the fees collected, excluding gasoline tax, from the Highway Fund on administration.

The Subcommittee, through Highway Fund reductions in other areas of the Department's budgets, has maintained the 22-percent cap at 19.7 percent in both of fiscal years 2006 and 2007, leaving approximately \$5.5 million under the cap in each year of the biennium. Calculation of the cap does not include the impact of statewide allocations that will be applied after approval by the Legislature.

DMV, Director's Office – Budget Page DMV-1 (Volume III)
Budget Account 201-4744

The Subcommittee concurs with the Governor's recommendation of approximately \$1.5 million each year of the biennium to continue the use of kiosks and to expand their use to rural locations in Minden, Fallon, Mesquite and Pahrump field offices, to increase functionality to include insurance-verification reinstatements and to allow for a mix of payment options.

The Subcommittee also concurs with the Governor's recommendation to continue the public awareness campaign at approximately \$100,000 each year of the biennium to provide outreach to citizens for the DMV services.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 201-4744
AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC
SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR BEERS SECONDED THE MOTION.

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

BUDGET CLOSED.

CHAIR RAGGIO:

We will turn to the Administrative Services account.

DMV, Administrative Services – Budget Page DMV-8 (Volume III)
Budget Account 201-4745

Ms. JOHNSON:

The Subcommittee heard testimony concerning the Governor's recommended reduction in Highway Fund revenues of approximately \$2.5 million in FY 2006

and \$6.3 million in FY 2007 with offsetting revenue proportionately reimbursed by all state and local entities for merchant fees charged for the use of a credit card for payment by the public. The Governor's proposed initiative, under A.B. 435, was subsequently withdrawn by the administration and, as a result, the Subcommittee added Highway Funds back to the Administrative Services account in the approximate amounts of the \$2.5 million in FY 2006 and \$6.3 million in FY 2007.

ASSEMBLY BILL 435: Revises provisions governing administration and collection of certain fees and taxes by Department of Motor Vehicles. (BDR 43-1038)

The Subcommittee approved a Highway Fund augmentation of \$2.3 million in FY 2006 and \$3.5 million in FY 2007 to cover anticipated increases in credit card costs.

Also, the Subcommittee approved highway funding in the amount of \$60,000 to conduct a forensic computer system audit of the Department's application. Results of the audit are anticipated to provide direction concerning the weaknesses of the system, if any, along with a profile of changes that may be required.

CHAIR RAGGIO:

What does an "audit of the Department's application" mean?

Ms. JOHNSON:

The audit will review the various applications within the DMV to determine if there are bugs in the systems that would allow someone access without authorization.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 201-4745 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR CEGAVSKE SECONDED THE MOTION.

SENATOR BEERS:

I voted against this account recommendation in the Subcommittee. At issue are the credit card charges. The State will be adding a new form of payment option called e-check. The fees associated with processing e-check payments are far less than those of credit card companies. Anyone who has a credit card can make payments via e-checks. I contend if the State begins letting credit card companies know we will no longer need them as a valid form of payment and move exclusively to e-check, the credit card companies will agree to change their contract language and allow the State to pass the fees for use to consumers.

CHAIR RAGGIO:

Are e-checks similar to payment by a personal check, except through e-mail?

SENATOR BEERS:

The state prints a check to the customer's account from information provided by the customer and processes it like a check, through the bank. The credit card

intermediaries would not receive 1.5 percent of any payments. Having made that point, I will vote in favor of this budget closure.

CHAIR RAGGIO:

Would it not take time to implement the e-check process?

SENATOR BEERS:

The DMV will allow e-check as a form of payment on July 1, 2005.

CHAIR RAGGIO:

Is your point that not as many customers will use their credit cards for payment?

SENATOR BEERS:

I believe consumers should pay the credit card fees as an additional fee for their registrations. That way, the customer can make an informed decision of whether or not to use their credit card or use another payment method. The problem is that the credit card charges are being paid through the Highway Fund. The original proposal by the Governor was to pass the credit card fees to the entity receiving the revenue. However, the Committee did not pass the authorizing legislation due to vehement opposition from the county representatives.

SENATOR COFFIN:

I had concerns regarding credit card payments as well. Earlier testimony indicated the State was accepting nearly all available credit cards. American Express cards have the most expensive credit card fees and I suggested American Express cards be dropped from the accepted list. Will the State still be accepting American Express cards?

Ms. JOHNSON:

I am not aware of any change in the credit cards that will be accepted. Perhaps the agency has further information.

SENATOR COFFIN:

I am not ready to vote for this budget until I hear testimony that the agency has done something to mitigate credit card costs.

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

American Express constitutes approximately 12 percent of the credit card business of the DMV. We have not discontinued acceptance of the American Express credit cards.

SENATOR COFFIN:

What is the cost comparison between American Express and the other credit card vendors?

MR. COLLING:

American Express charges the DMV 2.35 percent. The Discover card charges 1.6 percent and constitutes approximately 3 percent of the credit card business. Visa and MasterCard charge 1.83 percent and constitute 85 percent of the credit card business. We are currently in a request for proposal process with

MasterCard and Visa. Their contracts have expired, and that is currently an item of negotiation.

SENATOR COFFIN:

What is your prediction for the credit card charge in the new Visa/MasterCard contract, up or down from 1.83 percent?

MR. COLLING:

I would like to testify that it will be reduced. We held a pre-bid conference with interested vendors recently. I emphasized particular areas of benefit for doing business with government including a low-refusal rate, the DMV collections process in place that ensures customers pay their bills. I noted we average less than one questionable credit card transaction each week.

SENATOR COFFIN:

There is only one American Express company and they do not have to negotiate if they are not so inclined. Their charges will likely rise continually.

Could an approach such as that used by hospitals where a community agrees to freeze out one hospital to receive more competitive rates? What if we went to the other vendors and agreed to freeze out American Express to bargain for lower rates? People who have American Express cards typically have one or more other credit cards.

MR. COLLING:

I cannot definitively answer that. I will ensure the Purchasing Division is aware of the concern.

SENATOR COFFIN:

I want to see evidence of efforts in reducing costs in this area. Can we put the strength of the Committee and the State behind this intent, either through the budget or through a Letter of Intent?

MR. COLLING:

I am unsure about the appropriateness of a legislative committee directing particular bid results. The bid is a Purchasing Division bid on a statewide basis, not only for the DMV. This is a fairly new process.

SENATOR COFFIN:

There are numerous vendors offering their card services. The State can specify use of only one card with the lowest rates.

CHAIR RAGGIO:

If we get into that situation, we may find ourselves in advertisements for specific credit cards. I do not think we want to attract that kind of advertising.

SENATOR COFFIN:

I have been in situations where a company has not wanted to take a credit card and have offered to pay their credit card charges on top of the amount of my purchase, and the vendors have agreed. Let the State have that option.

SENATOR BEERS:

I agree with Senator Coffin's comments. I would like to provide the DMV a negotiating tool. Is it possible for the Committee to close this budget with a recommendation to delete American Express?

SENATOR COFFIN:

Does the NRS require the State to accept all credit cards?

CHAIR RAGGIO:

Our role is not to discredit one company and promote another. It is more a situation where the agency wishes to accommodate as many customers as possible. Many people have only one credit card.

VIRGINIA (GINNY) LEWIS (Director, Department of Motor Vehicles):

Perhaps, during the 74th Legislative Session, the efforts we have made with e-payment and e-check will resolve many of the credit card issues. I am being optimistic and hope that the public, with encouragement from the Department, chooses to use a pinless debit or e-check.

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

BUDGET CLOSED.

CHAIR RAGGIO:

We will consider the Compliance Enforcement budget.

DMV, Compliance Enforcement – Budget Page DMV-18 (Volume III)
Budget Account 201-4740

MS. JOHNSON:

The Subcommittee recommended continuation of the Fraud Unit Program approved by the 72nd Legislature to enforce instances of title, odometer and identification fraud. In reviewing the case statistics for the fraud unit, the Subcommittee determined the original number of positions, one supervisor, five investigators and two program officers, were not warranted, given the number of cases handled by each investigator. As a result, one investigative position was deleted from the program with a reduction in Highway Fund of \$64,059 in FY 2006 and \$67,184 in FY 2007.

The Subcommittee concurred with the Governor's recommendation for one new supervisory compliance investigator in the Reno office to reduce the span of control from the existing ratio of 12:1 to 6.5:1. The span of control includes one additional compliance investigator position recommended in the Salvage Wreckers/Body Shops budget.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 201-4740 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR BEERS SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Field Services budget.

DMV, Field Services – Budget Page DMV-25 (Volume III)

Budget Account 201-4735

Ms. JOHNSON:

The 72nd Legislature approved 81 positions in reserve for major metropolitan DMV field offices with a requirement the Department return to the IFC to request positions as needed. Funding for 51 of those positions was approved by the IFC over the past biennium. Of the remaining 30 positions, 13 positions were recommended in the *Executive Budget* for the Sahara field office. The Subcommittee did not concur with the Governor's recommendation. In its consideration of the new positions, the Subcommittee reviewed current wait times at Sahara and determined those wait times to be well within the 60-minute policy established by the Governor. The Subcommittee directed the agency to approach the IFC with a request for Highway Fund contingency monies when addition of the positions is justified based on wait-time experience above 60 minutes.

The North Las Vegas Carey Avenue branch office of the DMV is scheduled to close and relocate to Decatur Boulevard in North Las Vegas upon completion of the new facility. The subcommittee approved the addition of 15 new positions for the new Decatur facility scheduled for occupancy by May 1, 2006. Further, the Subcommittee reserved funding for the new positions with a requirement the Department approach the IFC for release of that funding on an as-needed basis, dependent upon wait times at the branch office.

The subcommittee approved the Governor's recommendation for two new DMV technician III positions in the fleets section of the Henderson office and for one new DMV technician III to assist in the titles section at that office. Additionally, one motor vehicle appraiser position was approved by the Subcommittee for inspections and appraisals in the Pahrump office.

The Subcommittee also approved adjustments to governmental services tax commissions and governmental services tax penalties based on revised projections from the Department and resulted in a reduction in Highway Fund appropriations of approximately \$800,000 each year of the biennium.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 201-4735 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR BEERS SECONDED THE MOTION.

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

BUDGET CLOSED.

CHAIR RAGGIO:

The next budget is for the Central Services.

DMV, Central Services – Budget Page DMV-39 (Volume III)
Budget Account 201-4741

Ms. JOHNSON:

The Subcommittee approved the Governor's recommendation for one DMV services technician II to meet the two-day turnaround requirements established under A.B. No. 325 of the 72nd Session for processing salvage titles. Funding for the position is provided with a transfer from the Salvage Wreckers/Body Shops account.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 201-4741 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR BEERS SECONDED THE MOTION.

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

BUDGET CLOSED.

CHAIR RAGGIO:

When an individual purchases a vehicle on credit and subsequently pays the loan in full, is there a requirement in the NRS for a specific time period in which the title must be delivered? How long does the dealer have to deliver a title to the purchaser?

Ms. LEWIS:

There is a requirement, when a vehicle is purchased from a dealer, that the paperwork must be submitted to the DMV for processing. There is no time period required for a lien holder to submit paperwork to the DMV.

CHAIR RAGGIO:

It seems individuals are waiting an inordinate amount of time to receive their titles. What is the current turnaround time for title processing?

Ms. LEWIS:

There is currently a four-day turnaround for titles submitted to the Carson City Headquarters Office.

CHAIR RAGGIO:

We will consider the Motor Carrier budget.

DMV, Motor Carrier – Budget Page DMV-54 (Volume III)
Budget Account 201-4717

Ms. JOHNSON:

The Subcommittee did not support the Governor's recommendation to add six new positions to the Audit Section to increase the frequency of audits performed on Nevada's fuel-supplier industry from once every four years to once every two years. Information provided by the Department indicated it is not currently meeting the four-year audit requirement with existing staff. Based on that information, the Subcommittee approved the addition of one new auditor II position, an auditor III and an administrative assistant to conduct audits every four years with direction to the Department that it should consider more frequent audits, if warranted, in the future.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 201-4717
AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC
SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR BEERS SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Salvage Wreckers and Body Shops budget.

DMV, Salvage Wreckers/Body Shops – Budget Page DMV-62 (Volume III)
Budget Account 101-4690

Ms. JOHNSON:

The Subcommittee approved the Governor's recommendation for one additional compliance investigator position to support the Division's responsibilities as it relates to registered-vehicle repair facilities and the investigation of vehicle repair-order disputes. Funding for the new position was approved after a review of the reserve levels in the Salvage Wreckers/Body Shops account and assurances from the Department its re-projection of revenues along with anticipated expenditure activity in FY 2005 would increase the reserve balance sufficient to support the new position.

The Subcommittee also approved funding, with staff adjustments, from the Salvage Wreckers/Body Shops account in the approximate amount of \$50,000 in each year of the biennium for the recommended position in the Central Services account to meet the demands of the A.B. No. 325 of the 72nd Session mandate for a two-day turnaround in the processing of salvage titles.

CHAIR RAGGIO:

Do these titles have a two-day turnaround requirement?

Ms. JOHNSON:

That is correct.

SENATOR COFFIN:

Where are the current compliance investigators placed? Where would the new position be added?

Ms. JOHNSON:

It is my understanding the new position will be placed in the Carson City office.

Ms. LEWIS:

We have requested the two positions to manage regulation of the garages. The Subcommittee recommended that one position be located in southern Nevada.

SENATOR COFFIN:

Only one new position was authorized. Will it be placed in southern Nevada? Will one position be sufficient to regulate the garages?

Ms. LEWIS:

In 1997, the Legislature tasked the DMV with the responsibility of regulating garages. At that time, we had no idea of the magnitude of the program. It was estimated there were approximately 3,000 garages in the State. There are currently only 1,300 garages licensed through the Department. We suspect many garages are operating unlicensed. That was the driving force behind the request for two positions to regulate the industry. There are many complaints received. With only one position, I am not convinced that we will have the ability to address all the complaints.

SENATOR COFFIN:

I would support authorizing two positions if the members of the Subcommittee would concur.

SENATOR RHOADS:

I would agree to the increase.

SENATOR TITUS:

Would the change be to add one compliance investigator in the south and one would be placed elsewhere in the State?

SENATOR RHOADS:

We will provide the two positions to the Department in that manner.

SENATOR COFFIN MOVED TO CLOSE BUDGET ACCOUNT 101-4690 REJECTING THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION RECOMMENDATIONS AND ACCEPTING THE GOVERNOR'S RECOMMENDATIONS IN THE *EXECUTIVE BUDGET*.

SENATOR RHOADS SECONDED THE MOTION.

MR. GHIGGERI:

There were a number of other adjustments in this budget recommended by the Subcommittee. The detail of the recommendations is on page 29 of [Exhibit G](#).

SENATOR COFFIN:

I withdraw my motion.

Senate Committee on Finance
May 20, 2005
Page 46

SENATOR RHOADS:
I withdraw my second.

CHAIR RAGGIO:
With that in mind, I will accept a motion that the report of the Joint Subcommittee be adopted adding one compliance-investigator position.

SENATOR COFFIN MOVED TO CLOSE BUDGET ACCOUNT 101-4690 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION AND WITH ONE ADDITIONAL COMPLIANCE ENFORCEMENT INVESTIGATOR.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS BEERS AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:
We will consider the Motor Vehicle Pollution Control budget.

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

Ms. JOHNSON:
The Subcommittee did not concur with the Governor's recommendation for \$314,133 in excess reserve-fund redistributions to counties for programs related to air-quality improvements. The Subcommittee noted existing statutes do not provide for direct access to excess reserve funds within the Pollution Control account, nor does language in proposed legislation submitted by the administration in S.B. 26, which does allow for a direct distribution of funding received from the sale of emission certificates to local air-quality agencies in the non-attainment or maintenance areas without requiring approval by the IFC.

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

Additionally, the Subcommittee approved revised revenue projections that would allow the Department to maintain a proposed \$1 million reserve level through S.B. 26 and provide for excess reserve grants of approximately \$2 million over the biennium if requested by the counties. The Subcommittee directed the Department to approach the IFC, as is currently its practice, to both submit the approval of excess-reserve grants and establish authority for receipt of those grants.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 101-4722 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR TITUS SECONDED THE MOTION.

SENATOR COFFIN:

This has been a contentious issue in the past. The Subcommittee has changed the Governor's recommendations. How will the redistribution of these funds affect Clark County and the rest of the State?

SENATOR RHOADS:

There was no opposition from Washoe or Clark Counties at the Subcommittee hearing.

MR. COLLING:

The issue was in NRS 445B, there is a hierarchy list including the DMV, the State Department of Conservation and Natural Resources, the State Department of Agriculture, the cities and counties and the Tahoe Regional Planning Agency in that descending order. When we made our presentation through the budget process, the cities and counties are listed fourth in the hierarchy. Because of a change in the 71st Session, that added them to the hierarchy. In this budget cycle, the cities and counties submitted a request through the process to be placed as a line item to receive funding through the hierarchy establishment.

It is our understanding funding for the cities and counties is not allocated from the excess-funding monies. Subsection 4 of section 1 of S.B. 26 defines excess funds as those remaining after the dedicated funds of \$1 per certificate which is automatically allocated to the counties. The funds requested through the budget process are not a part of the excess funds.

Washoe and Clark Counties requested funding through the budget process and continue to be considered in the excess-funds grants process. Their impression was that if the budget was approved with those line items, they would then be directly allocated those funds.

SENATOR COFFIN:

Do I understand that there is still an avenue of approach for those counties provided? I will support the recommendations.

CHAIR RAGGIO:

What is the status of S.B. 26?

MS. JOHNSON:

Senate Bill 26 provides for direct access of the \$1 for each emission certificate sold.

CHAIR RAGGIO:

Is that to cover non-attainment issues?

MS. JOHNSON:

That is correct. It also provides for the \$1 million reserve.

CHAIR RAGGIO:

Has S.B. 26 been passed by the Assembly?

SENATOR RHOADS:

I believe it has passed the Assembly Committee on Natural Resources, Agriculture and Mining.

MR. COLLING:

The Department's purpose for S.B. 26, from our perspective, is twofold. It provides for the additional \$500,000 in carryforward and the dedicated funds to be transmitted to Washoe and Clark Counties in non-attainment districts directly through a process much like the governmental-services tax and supplemental governmental-services tax, rather than requiring the counties to use the IFC process to receive funds they have already been approved to receive.

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Automation budget.

DMV, Automation – Budget Page DMV-86 (Volume III)
Budget Account 201-4715

MS. JOHNSON:

The Subcommittee concurs with the Governor's recommendation for one new computer network specialist II to provide technological support at the new Decatur field office. The Subcommittee also concurs with the Governor's recommendation for two computer systems technician III positions for second-shift operations support, with staff adjustments for overtime expenditures.

The Subcommittee did not concur with the Governor's recommendation to add one information system specialist II position for the Decatur field office in Las Vegas to provide fleet-program changes for entities registering fleets in southern Nevada. The Subcommittee indicated support for fleet changes should be provided by the Division's existing staff of approximately 25 programmer positions. The Subcommittee also approved a reduced amount over that recommended in the *Executive Budget* for training. Highway Fund reductions for training equal approximately \$75,000 in each year of the biennium.

The Subcommittee concurred with the Governor's recommendation for the Department to develop, in-house, a portion of the IFTA (International Fuel Tax Agreement) system covering electronic filing of fuel tracking by suppliers. In conjunction with that approval, the Subcommittee approved the addition of two information systems specialist III positions in the Automation account to provide the development and programming necessary for the tracking and reporting requirements.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 201-4715 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR TITUS SECONDED THE MOTION.

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

BUDGET CLOSED.

CHAIR RAGGIO:

We will consider the remaining budgets for the DMV.

DMV, Management Services – Budget Page DMV-49 (Volume III)
Budget Account 201-4742

DMV, Verification of Insurance – Budget Page DMV-69 (Volume III)
Budget Account 201-4731

DMV, Records Search – Budget Page DMV-81 (Volume III)
Budget Account 201-4711

DMV, Hearings – Budget Page DMV-101 (Volume III)
Budget Account 201-4732

Ms. JOHNSON:

The Subcommittee also reviewed all remaining budgets for the Department: B/A 201-4742 Management Services; B/A 201-4731 Verification of Insurance; B/A 201-4711 Records Search; and B/A 201-4732 Hearings. The Subcommittee recommends these budgets be closed as recommended by the Governor, with technical adjustments.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNTS 201-4742, 201-4731, 201-4711 AND 201-4732 AS RECOMMENDED BY THE GOVERNOR WITH TECHNICAL ADJUSTMENTS BY STAFF.

SENATOR TITUS SECONDED THE MOTION.

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

BUDGETS CLOSED.

CHAIR RAGGIO:

Once again, I would like to thank staff for your assistance and the Department for their testimony. We will turn to the Department of Public Safety, Budget Closing Action Detail Report ([Exhibit H](#), original is on file at the Research Library).

PUBLIC SAFETY

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 budgets for the Department of Public Safety and developed the following recommendations. The Subcommittee's closing actions resulted in an overall increase to the General Fund of \$1,463,125 in

FY 2006 and \$2,115,135 in FY 2007, when compared to the Governor's recommended budget.

Director's Office – Public Safety – Budget Page PS-1 (Volume III)
Budget Account 201-4706

The Subcommittee concurred with the Governor's recommendation to implement the Department of Public Safety model. This proposal would implement a unified personnel class series for all sworn positions in the Department by grouping positions with similar responsibility levels into a single classification. The cost of this recommendation totals \$332,434 in FY 2006 and \$331,292 in FY 2007 to implement pay increases for selected positions in each division of the Department. This recommendation is intended to expand career opportunities by facilitating the transfer of employees between various divisions.

The Subcommittee supported a recommended revision to the methodology used by the Department to allocate expenses from the Director's Office, Administrative Services and Office of Professional Responsibility accounts to all divisions and programs. The revised methodology has been proposed with the aim of receiving federal certification to maximize the recovery of federal funding to support indirect costs of the Department.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 201-4706 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR BEERS SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Dignitary Protection budget.

PS, Dignitary Protection – Budget Page PS-61 (Volume III)
Budget Account 101-4738

MR. KRMPOTIC:

The Subcommittee concurred with the Governor's recommendation to add two highway patrol trooper positions to increase security to the Governor and First Lady. In approving the positions, the Subcommittee did not concur with a recommended increase in overtime funding of \$15,294 each year, since the new positions should provide relief for existing positions providing security to the Governor and First Lady.

The Subcommittee approved the transfer of 5 capitol police-officer positions providing 24-hour, 7-days-per-week (24/7) security at the Governor's Mansion to the Capitol Police account. The Subcommittee increased the transfer by \$15,733 each year to include overtime incurred by these positions in FY 2004.

CHAIR RAGGIO:

Are these capitol police positions already at the Governor's Mansion?

MR. KRMPOTIC:

That is correct. The proposal would simply move them within the budget from the Dignitary Protection account to the Capitol Police account. The positions would remain as security to the Governor's Mansion.

CHAIR RAGGIO:

By denying overtime to the trooper positions, is the Subcommittee indicating there is no need for overtime?

MR. KRMPOTIC:

No, the Base Budget included overtime for these positions. With the adjustments noted by staff, there would be approximately \$50,000 in overtime funding.

CHAIR RAGGIO:

I am aware the employees holding these positions work unusual hours to perform their duties and I want to ensure overtime compensation is provided to them.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 101-4738 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR BEERS SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Highway Patrol budget.

Public Safety, Highway Patrol – Budget Page PS-72 (Volume III)
Budget Account 201-4713

MR. KRMPOTIC:

The Subcommittee approved the Governor's recommendation to appropriate \$86,000 from the Highway Fund in FY 2006 to contract with an outside consultant to develop a staffing formula/methodology for sworn positions within the Nevada Highway Patrol (NHP). The Department intends to partner internal staffing experts in the NHP with an external entity more adept at statistics on nationwide research to objectively create the formula.

The Subcommittee supported the Governor's recommendation to replace vehicles each year, with reductions of 32 vehicles and 2 motorcycles in FY 2006 and 30 vehicles in FY 2007. Reductions supported by the Subcommittee primarily reflect the removal of vehicles the Department anticipated to require replacement based on the assumption that 29 of the

Division's vacancies would be filled and those additional employees would be driving a vehicle each year of the biennium.

The Subcommittee concurred with the Governor's recommendation to replace all handguns for sworn positions in the NHP at a cost of \$207,000 in FY 2006.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 201-4713 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR COFFIN SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:
We will consider the Training Division budget.

Public Safety, Training Division – Budget Page PS-135 (Volume III)
Budget Account 101-3775

MR. KRMPOTIC:

The Subcommittee approved the Governor's recommendation to establish a training facility with four new positions in Las Vegas to provide basic academy and continuing education training to positions located in Las Vegas. In so doing, the Subcommittee approved adjustments to reflect occupancy at a National Guard facility through the first six months of the year, occupancy at a state-owned facility from December 2005 until October 2006, and occupancy at leased space through the remainder of the biennium. The Subcommittee also approved a Letter of Intent to the Department to provide reports on the utilization of the northern and southern academies over the 2005-2007 biennium, including the number of cadets trained at each location, in-service training classes and number of attendees at each location, and the status of recordkeeping for training received for peace officers in the Department.

The Subcommittee concurred with the Governor's recommendation to add 3.96 FTE and funding of \$147,600 for a contractor each year to establish a background unit to screen and perform background checks for prospective recruits of the Department.

The Subcommittee did not support the addition of a management analyst position to provide fiscal support for the Training Division, but instead approved the upgrade of an existing administrative assistant position to a management analyst to provide the necessary fiscal support to the Training Division.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 101-3775 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION IN [EXHIBIT H](#)

WITH A CORRECTION ON PAGE 3 TO READ, "... FROM DECEMBER 2005 TO OCTOBER 2006."

SENATOR BEERS SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Criminal History Repository budget.

Public Safety, Criminal History Repository – Budget Page PS-52 (Volume III)
Budget Account 101-4709

MR. KRMPOTIC:

The Subcommittee supported the Governor's recommendation to add six new positions, four of which would support the Sex Offender Registry Program, one position to support the Civil Name Check Program and one position to provide fiscal support to the Criminal History Repository.

The Subcommittee approved decreases in General Funds recommended to provide for background checks for volunteers of nonprofit organizations by \$50,000 each year, for a total of \$25,000 in each year. In approving this recommendation, the Subcommittee recommended appropriations be made to the child volunteer background checks trust account and that the account be included in the Appropriations Act and future *Executive Budget* requests, with the ability to carry forward the remaining balance of funds subject to IFC approval.

The Subcommittee approved the addition of court assessments totaling \$221,402 in FY 2006 and \$290,662 in FY 2007 to increase funding for non-civil functions of the repository. Additional court assessments resulted from revised projections developed by staff.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 101-4709 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR TITUS SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will review the Technology Division budget.

Public Safety, Technology Division – Budget Page PS-17 (Volume III)
Budget Account 201-4733

MR. KRMPOTIC:

The Subcommittee approved a reduction in the number of positions recommended to provide support to the Department's Computer Operations Center from two positions to one position, based on information provided that the Department will no longer be required to provide support to the Computer Operations of the Department of Motor Vehicles, a combined facility, after hours.

The Subcommittee approved funding of \$300,000 to develop an implementation plan for a mobile data-communications system.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 201-4733 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR BEERS SECONDED THE MOTION.

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

BUDGET CLOSED.

CHAIR RAGGIO:

We will consider the Emergency Management Division budget.

Public Safety, Emergency Management Division – Budget Page PS-33
(Volume III)
Budget Account 101-3673

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

The Subcommittee supported the Governor's recommendation to establish a new budget account for the Emergency Management Division. This new account, Emergency Management Assistance Grants, B/A 101-3674, will serve as a pass-through for all federal grant funds received by the State for Emergency Management purposes. The existing B/A 101-3673, will reflect administrative and operating costs for the Emergency Management Division itself.

The Subcommittee approved the establishment of a small office in Las Vegas for two Emergency Management Division staff. The new office will facilitate the Division's interaction and coordination of planning and training efforts with local jurisdictions in southern Nevada.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 101-3673 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR BEERS SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Office of Homeland Security budget.

Public Safety, Office of Homeland Security – Budget Page PS-47 (Volume III)
Budget Account 101-3675

MS. BRAUN:

The Governor recommended, and the Subcommittee approved, the transfer of the Office of Homeland Security from the Governor's Office to the Department of Public Safety beginning in the next biennium. The Office of Homeland Security is intended to complement the efforts of the Department of Public Safety, Division of Emergency Management, and provide support to the Nevada Commission on Homeland Security, created pursuant to A.B. No. 441 of the 72nd Session.

The Subcommittee also approved the transfer and reclassification of a grants and projects analyst II and an administrative assistant IV from the Office of the Governor to the Department of Public Safety. These positions were originally funded through the state General Fund appropriation from A.B. No. 441 of the 72nd Session to provide staff support to the Commission on Homeland Security. The Governor recommended, and the Subcommittee approved, these positions to be funded 100 percent with State General Funds.

The Subcommittee approved the Governor's recommendation for five new positions for the Office of Homeland Security. The positions include a chief of homeland security, a senior analyst, an intelligence analyst, an executive assistant to the chief, and a program assistant for the senior analyst and intelligence analyst. Funding for all of the positions, except the program assistant, will be split between federal funds from the State Health Division and the Division of Emergency Management. The program assistant was approved to be funded with General Funds, which required an additional \$22,405 in FY 2007.

In making these decisions, the Subcommittee approved a Letter of Intent requesting the Department of Public Safety to review the duties of the Division of Emergency Management and the Office of Homeland Security over the 2005-2007 biennium and submit a plan to combine the duties, as appropriate, to improve the efficiency of the operations of the two programs. In addition, the Subcommittee indicated that no additional positions should be requested in the future to be funded with General Funds.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 101-3675
AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC
SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR BEERS SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Investigations Division – Narcotics Control budget.

Public Safety, Narcotics Control – Budget Page PS-106 (Volume III)
Budget Account 101-3744

Ms. JOHNSTONE:

The Subcommittee considered updated information regarding a dramatic reduction in FY 2006 and potential elimination in FY 2007 of federal grant funds previously directed to the Narcotics Control Task Forces. Information provided to the Subcommittee also indicated that federal forfeiture monies would no longer be eligible to match the federal grants. The Subcommittee did not concur with the Governor's budget amendment to place \$100 in General Funds in the budget to provide access to the IFC Contingency Fund. Instead, the Subcommittee approved the addition of \$3.4 million in General Funds over the biennium for this program to make up for funding shortfalls and continue all six task forces into the next biennium. The Subcommittee also approved adding language to the General Appropriations Act indicating that General Funds are to be reverted should grant funds become available in excess of the level approved for this budget.

The Subcommittee approved reserving the federal forfeiture monies in the forfeiture account that had been recommended for transfer to the Narcotics Control budget, and that a Letter of Intent be issued to direct the Department to pursue federal approval for use of the forfeiture funds toward narcotics control as in the past.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 101-3744
AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC
SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR COFFIN SECONDED THE MOTION.

SENATOR BEERS:

The Subcommittee heard testimony indicating the federal government was reducing funds for drug interdiction and increasing them for homeland security. Many members of the Subcommittee felt that methamphetamine presents a far greater threat to rural Nevada than that of terrorists.

We are faced with a difficult situation of replacing the significant federal funds with allocations from the General Fund. In that discussion, I advocated ceasing state participation in the one task force that has moved from a rural to an urban emphasis. I will vote in opposition to the motion.

THE MOTION CARRIED. (SENATORS TITUS AND BEERS VOTED NO.
SENATOR MATHEWS WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

CHAIR RAGGIO:

We will consider the Parole and Probation budget.

Public Safety, Parole and Probation – Budget Page PS-113 (Volume III)
Budget Account 101-3740

MS. JOHNSTONE:

The Subcommittee concurred with the Governor's recommendation to add 27 new positions to meet the legislatively approved caseload-to-officer ratios. This recommendation reflected a budget amendment received from the Governor after revised caseloads were developed in February 2005 by JFA Associates. Seven of the positions will be assigned to the Reno district office, with the remaining twenty positions to be located in the Las Vegas area. New positions for Parole and Probation have not been recommended by the Governor to address workload since the 70th Legislative Session.

Expansion of the residential confinement program was approved by the Subcommittee as recommended by the Governor, with a General Fund cost of approximately \$623,000 over the biennium. The program expansion will include a change in policy to allow a "blended" funding approach. Under this approach, offenders who are otherwise eligible for the program, except for their ability to pay supervision fees, will be supported by General Funds for a period of 30 days. At that point, if they have not obtained a job or other financial resources to pay for the program, they will be reevaluated and continued for another 30 to 60 days if they are following other program requirements. At the point where they are able to pay supervision fees, the Division will attempt to recover the General Fund costs paid on their behalf when they first entered the program. One new parole and probation officer was approved by the Subcommittee to meet the estimated new residential confinement caseload of 30 offenders.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 101-3740
AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC
SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR COFFIN SECONDED THE MOTION.

CHAIR RAGGIO:

The new positions will be a great help to the agency.

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

BUDGET CLOSED.

CHAIR RAGGIO:

We will consider the Fire Marshal budget.

Public Safety, Fire Marshal – Budget Page PS-168 (Volume III)
Budget Account 101-3816

Ms. JOHNSTONE:

The Subcommittee supported the Governor's recommendation to augment the National Fire Incident Reporting System effort by the State Fire Marshal Division. This included additional travel funds to conduct training throughout the state and funding for a new software package that will enable 24/7 incident reporting and enhanced functionality compared to the current reporting system.

The Subcommittee did not approve funding of \$301,631 recommended by the Governor over the biennium for a proposed fire-prevention training program supported by one new position. While the proposal appeared well-intentioned, to provide fire-prevention awareness to young children and elderly adults, the Subcommittee was concerned about the proposed scope and potential duplication of effort of local jurisdictions.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 101-3816 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR COFFIN SECONDED THE MOTION.

MR. GHIGGERI:

Staff would remind the Committee that there is a piece of legislation, S.B. 274, pending in this Committee. When that legislation is considered and action is taken, staff would request authority to make necessary budget adjustments.

SENATE BILL 274 (1st Reprint): Revises certain provisions relating to governmental operations. (BDR 42-87)

CHAIR RAGGIO:

Would the maker and second of the motion agree to amend the motion to include that provision?

SENATOR RHOADS MOVED TO AMEND THE MOTION TO ALLOW STAFF TO MAKE TECHNICAL CHANGES IF S.B. 274 PASSES.

SENATOR COFFIN SECONDED THE MOTION.

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

BUDGET CLOSED.

CHAIR RAGGIO:

We will consider the Parole Board budget.

Public Safety, Parole Board – Budget Page PS-188 (Volume III)
Budget Account 101-3800

Ms. JOHNSTONE:

The Subcommittee considered and approved the Governor's recommendation to add four new positions to the Parole Board. The positions consist of one program officer and three administrative assistants. The administrative assistants are intended to address the Board's records-management workload which has increased since the Board was last authorized new positions in 1997. The program officer is recommended to support the Pardons Board which currently does not have dedicated staff support. The Parole Board chairman indicated new positions will allow the Board to meet projected workload increases without additional commissioner positions.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 101-3800
AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC
SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR BEERS SECONDED THE MOTION.

SENATOR COFFIN:

Since there is no longer time to take field trips, we sometimes miss important details. I visited the Parole Board during the interim and reviewed this budget. I noted no security positions have been requested. I noted on my visits that the Board members are working with criminals and families of criminals in their duties. Individuals who are appealing their parole are not necessarily happy about the proceedings. Files are in the same area as the visitors with glass windows and doors and no security present. Were other members aware of these facts?

SENATOR RHOADS:

The agency made no requests for security staff to my knowledge.

GEORGE TOGLIATTI (Director, Department of Public Safety):

One of the things that came to my attention when I assumed my duties was the lack of physical security in many areas. That is one issue we tried to address. I cannot answer the question specifically because my role with the Parole Board is that of caretaker of the budget. There is no security in the Las Vegas facilities.

SENATOR COFFIN:

I observed the location of the office is in a shopping mall with the Parole Board office facing the rear vacant lot. The staff is mostly female. There is no video surveillance. There is a burglar alarm. There is no secured access. I would like to see the situation addressed during the coming biennium.

MR. TOGLIATTI:

I cannot specifically address the Parole Board situation. I am aware of the site to which you are referring. Our intent was to rent the entire building because only drop curtains were being used for privacy. A situation occurred where windows in the back were broken and the alarms were not adequate. It is my hope that, within the Parole and Probation budget, funds will be available to make improvements.

CHAIR RAGGIO:

We will indicate the agency should report specific needs to the IFC during the interim concerning progress on security issues.

Senate Committee on Finance
May 20, 2005
Page 60

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the remaining budgets of the Department of Public Safety.

PS-Emergency Management Assistance Grants – Budget Page PS-45
(Volume III)
Budget Account 101-3674

Public Safety, Division of Investigations – Budget Page PS-96 (Volume III)
Budget Account 101-3743

Public Safety, Traffic Safety – Budget Page PS-145 (Volume III)
Budget Account 101-4687

Public Safety, Highway Safety Plan & Admin – Budget Page PS-147 (Volume III)
Budget Account 101-4688

Public Safety, Forfeitures – Law Enforcement – Budget Page PS-93 (Volume III)
Budget Account 101-4703

Public Safety, Justice Assistance Act – Budget Page PS-24 (Volume III)
Budget Account 101-4708

Public Safety, Justice Grant – Budget Page PS-27 (Volume III)
Budget Account 101-4736

Public Safety, Bicycle Safety Program – Budget Page PS-155 (Volume III)
Budget Account 201-4689

Public Safety, Motorcycle Safety Program – Budget Page PS-161 (Volume III)
Budget Account 201-4691

Public Safety – Office of Prof Responsibility – Budget Page PS-12 (Volume III)
Budget Account 201-4707

Public Safety – Administrative Services – Budget Page PS-6 (Volume III)
Budget Account 201-4714

Public Safety, Highway Safety Grants Account – Budget Page PS-86
(Volume III)
Budget Account 201-4721

Emergency Response Commission – Budget Page PS-180 (Volume III)
Budget Account 101-4729

Public Safety-Capitol Police – Budget Page PS-127 (Volume III)
Budget Account 710-4727

Ms. JOHNSTONE:

The Subcommittee reviewed these remaining budgets for the Department and recommends these budgets be closed with technical adjustments.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNTS 101-3674, 101-3743, 101-4687, 101-4688, 101-4703, 101-4708, 101-4736, 201-4689, 201-4691, 201-4707, 201-4714, 201-4721, 101-4729, AND 710-4727 AS RECOMMENDED BY THE GOVERNOR WITH TECHNICAL ADJUSTMENTS.

SENATOR BEERS SECONDED THE MOTION.

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

BUDGETS CLOSED.

* * * * *

CHAIR RAGGIO:

The Committee will be in recess at 11:12 a.m.

The Committee is reconvened at 1:12 p.m.

We will consider the Department of Business and Industry, Budget Closing Action Detail Report ([Exhibit I](#), original is on file at the Research Library).

BUSINESS AND INDUSTRY

JOYCE GARRETT (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Joint Subcommittee on General Government has reviewed the budgets for the Department of Business and Industry (B&I) and is recommending the following closing actions.

The Subcommittee's recommendations result in General Fund increases of \$14,452 in FY 2006 and decreases of \$13,063 in FY 2007, compared to the Governor's recommendation. A summary of the General Fund adjustments is on page 1 of [Exhibit I](#).

CHAIR RAGGIO:

We will consider the Insurance Regulation budget. Please inform the Committee if there were differences in closing from the Subcommittee.

Ms. GARRETT:

There were no closing differences in these budgets.

B&I, Insurance Regulation – Budget Page B&I-1 (Volume II)
Budget Account 101-3813

The Subcommittee supports the Governor's recommendation to fund 3.0 new FTE positions consisting of a compliance/audit investigator I to implement a new investigative program to detect fraudulent Internet, fax and telephone activity; a computer network technician II to manage the Division's computer systems in

Carson City and Las Vegas; and an administrative assistant I to provide records management for the entire Division. The agency indicated that a records-imaging system would be the ideal solution, but that it is not financially feasible.

The Subcommittee concurs with the Governor's recommendation to reclassify three positions to align title and salary with job duties and responsibilities as follows: two administrative assistant III positions, Grade 27, to administrative assistant IV, Grade 29, and one program officer III position, Grade 35, to insurance examiner II, Grade 39.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-3813 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

SENATOR COFFIN:

Testimony in the Subcommittee on the Division of Insurance budgets was not contentious and no special considerations were requested.

THE MOTION CARRIED. (SENATORS TITUS, CEGAVSKE AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Insurance Education and Research budget.

B&I, Insurance Education & Research – Budget Page B&I-141 (Volume II)
Budget Account 101-3824

MS. GARRETT:

In closing this budget, the Subcommittee addressed the \$626,420 projected reserve at the end of FY 2007, which is over 100 percent of the account's operating costs in that year. This budget is funded through a \$15 recovery fee charged to licensees. The Subcommittee recommends proposing an amendment to A.B. 338 to allow the Division to set a fee of up to \$15 to finance this account. Currently, the fee is set at \$15. If the legislation is passed with this amendment, the insurance commissioner will have the authority to reduce the fee, as needed, to address the reserve level.

ASSEMBLY BILL 338 (1st Reprint): Makes various changes relating to insurance. (BDR 57-232)

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-3824 AND INCLUDE THE RECOMMENDATION FOR AMENDMENT OF A.B. 338.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TITUS, CEGAVSKE AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Business and Industry Administration budget.

B&I, Business and Industry Administration — Budget Page B&I-27 (Volume II)
Budget Account 101-4681

Ms. GARRETT:

The Subcommittee did not support the Governor's recommendation of \$676,348 over the 2005-2007 biennium to centralize the Department's personnel function. The Governor's recommendation funded the transfer of six FTE from non-General Fund agencies within the Department to the director's office, resulting in additional General Fund support of \$129,859 over the biennium. The Subcommittee recommends approval of \$8,219 in FY 2006 for the purchase of videoconferencing equipment for the Carson City and Las Vegas offices.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-4681 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TITUS, CEGAVSKE AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Manufactured Housing Division budget. If the agency or the Department of Administration has any concerns with these budget closings, please inform the Committee.

B&I, Manufactured Housing Division – Budget Page B&I-40 (Volume II)
Budget Account 271-3814

Ms. GARRETT:

The Governor is recommending a reserve level of \$889,312 in FY 2007. A reserve level equal to 60 days of operating expense would be approximately \$191,471 in FY 2007. The Nevada Manufactured Housing Association communicated its support of the broad fee increases implemented in July 2003, but that it was the industry's desire to reduce fees in the future when the Division was able to reestablish a sufficient cash reserve. In closing this budget, the Subcommittee recommends issuing a Letter of Intent to the agency to report to the IFC, on a semiannual basis, revenue and expenditure data with impact to the reserve, current feedback from the industry on its comfort level with the existing fee structure and an indication as to when a reduction to fees will take

place. The majority of fees for the Manufactured Housing Division are set in regulation.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 271-3814 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT, INCLUDING THE LETTER OF INTENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TITUS, CEGAVSKE AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

CHAIR RAGGIO:

We will consider the Mobile Home Parks' budget.

B&I, Mobile Home Parks – Budget Page B&I–51 (Volume II)
Budget Account 271-3843

MS. GARRETT:

The agency's reserve level is projected to be \$190,004 by the end of FY 2007 which is greater than the total operating budget of \$152,730 in FY 2007. In closing this budget, the Subcommittee recommends issuing a Letter of Intent to the agency to report to the IFC by September 30, 2006, any recommendations to utilize excess funding in this budget to increase the funding available for lot rent-subsidy payments in the Mobile Home Lot Rent Subsidy account, B/A 3842.

SENATOR BEERS:

I will disclose that I live in a mobile-home park, but I will be making the motion and voting on this budget.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 271-3843 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TITUS, CEGAVSKE AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

CHAIR RAGGIO:

We will consider the Real Estate Division budget.

B&I, Real Estate Administration – Budget Page B&I-68 (Volume II)
Budget Account 101-3823

MS. GARRETT:

In closing this budget, the Subcommittee recommends adding \$165,639 in General Fund over the 2005-2007 biennium to fund the addition of two new FTE administrative assistant II positions and associated costs to support the licensing function in the Las Vegas office and remodeling costs to reconfigure the licensing customer-service counter to accommodate the new positions and to comply with the Americans with Disabilities Act (ADA) requirements. Funding for these costs was not included in the *Executive Budget*; however, in response to testimony regarding long waiting times frequently experienced by licensees, the Subcommittee requested that the agency identify the costs of providing adequate staffing to improve customer service. The Subcommittee concurs with the Governor's recommendation to fund a new administrative assistant I position to support the Las Vegas licensing section, an administrative assistant II to support the Division's three commissions and increasing a part-time administrative assistant I to full-time to support an increased workload in the Division's projects section.

CHAIR RAGGIO:

How many new positions are recommended? There have been concerns about wait times prompting the request for new positions.

MS. GARRETT:

The *Executive Budget* contained a request for two and one-half new FTEs and the Subcommittee is requesting another two positions for a total of four and one-half new FTE positions.

SENATOR BEERS:

The Subcommittee felt the number of requested positions was adequate and the agency will report to the IFC on their progress.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-3823 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TITUS, CEGAVSKE AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

CHAIR RAGGIO:

We will consider the Common-Interest Communities budget.

B&I, Common Interest Communities – Budget Page B&I-87 (Volume II)
Budget Account 101-3820

MS. GARRETT:

The Subcommittee recommends the addition of a training officer II position and associated costs over the 2005-2007 biennium to conduct educational training for unit owners and association board members and officers. The Subcommittee further recommends \$48,156 from the reserve category over the upcoming

biennium to restore funding for Commission for Common Interest Communities expenses to the legislatively approved amounts in FY 2004. The Commission was not operational in FY 2004 and authorized funding was not utilized.

CHAIR RAGGIO:
Is the Commission currently active?

Ms. GARRETT:
That is correct.

SENATOR BEERS:
I live in a common-interest community, but this does not affect me any more than it does anyone else. I will be voting on this budget.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-3820 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TITUS, CEGAVSKE AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

CHAIR RAGGIO:
We will consider the Financial Institutions' budget.

B&I, Financial Institutions – Budget Page B&I-97 (Volume II)
Budget Account 101-3835

Ms. GARRETT:
The Subcommittee recommends revising revenue projections, resulting in a net increase to revenue of \$285,986 in FY 2006 and \$347,499 in FY 2007. The Subcommittee further recommends decreasing the agency's General Fund appropriation from \$1,000 to \$100 in each year of the 2005-2007 biennium, still providing the Division with access to the IFC, as a self-funded agency, if a funding deficit were to occur.

The Subcommittee concurs with the Governor's recommendation to fund 5.0 FTE new examiner II positions to facilitate the agency's ability to meet its statutory requirement to conduct annual licensee examinations and to address an existing backlog. Further, the Subcommittee concurs with the Governor's recommendation to transfer the deputy commissioner position and an examiner II position from the Financial Institutions Division to the Mortgage Lending Division, B/A 101-3910. The positions were assigned by the Department director to the Mortgage Lending Division in September 2003 when the Division was established.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-3835 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

SENATOR COFFIN:

I will declare my spouse is a shareholder and director of a bank.

CHAIR RAGGIO:

Senator Beers has confirmed that the staffing levels in this budget appear to be adequate.

THE MOTION CARRIED. (SENATORS TITUS, CEGAVSKE AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Housing Division budget.

B&I, Housing Division – Budget Page B&I-114 (Volume II)
Budget Account 503-3841

MS. GARRETT:

In closing this budget, the Subcommittee recommends issuing a Letter of Intent to the agency to report to the IFC on a quarterly basis to keep the Committee abreast of developments and proposed funding sources for the Governor's new affordable-housing proposal as discussed in his State-of-the-State address in January.

SENATOR BEERS:

This is the plan to provide affordable housing by subsidies through acquiring land from the Bureau of Land Management. Only broad information is available at this time on the program and the agency will appear before the IFC with further information.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 503-3841 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT INCLUDING A LETTER OF INTENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TITUS, CEGAVSKE AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Housing Division – Low Income Housing Trust Fund budget.

B&I, Low Income Housing Trust Fund – Budget Page B&I-131 (Volume II)
Budget Account 101-3838

MS. GARRETT:

The Subcommittee recommends increasing real-property transfer-tax revenue from \$14,123,044 to \$21,675,692 over the 2005-2007 biennium as a result of the Economic Forum's revised revenue projections, with a corresponding increase to the reserve category. The agency can submit a request to the IFC for expenditure authority for any new projects identified in the future that would be proposed to utilize the funds.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-3838 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TITUS, CEGAVSKE AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Mortgage Lending budget.

Division of Mortgage Lending – Budget Page B&I-121 (Volume II)
Budget Account 101-3910

MS. GARRETT:

In closing this budget, the Subcommittee approved the Governor's recommendation to fund four FTE new positions and associated costs consisting of an examiner II, a certified public accountant, an administrative assistant II and an administrative aid to address workload related to industry growth over the 2005-2007 biennium. The Subcommittee concurred with the Governor's recommendation to fund the implementation of a database system and purchasing user rights to the Real Estate Division's integrated licensing system.

The *Executive Budget* recommends a reserve balance of \$3.8 million in FY 2007. A 60-day operating reserve would equal approximately \$336,256 in FY 2007. The Subcommittee recommends issuing a Letter of Intent to the agency to submit quarterly reports to the IFC on revenue and expenditure data, with the impact to the reserve, along with any other proposals to reduce the reserve level through reductions to revenue.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-3910 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TITUS, CEGAVSKE AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Division of Industrial Relations budget.

B&I, Industrial Relations – Budget Page B&I-163 (Volume II)
Budget Account 210-4680

Ms. GARRETT:

The Subcommittee does not support the Governor's recommendation to transfer two currently filled positions to the B&I director's office to support the Department's proposal to centralize its personnel function; therefore, the two positions and associated costs have been restored to the Division of Industrial Relations' budget.

CHAIR RAGGIO:

Is that consistent with the second budget we considered for this agency?

Ms. GARRETT:

That is correct.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 210-4680 AS
RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL
GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TITUS, CEGAVSKE AND
MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Occupational Safety and Health Enforcement budget.

B&I, Occupational Safety & Health Enforcement – Budget Page B&I-169
(Volume II)
Budget Account 210-4682

Ms. GARRETT:

In closing this budget, the Subcommittee recommends approval of the Governor's recommendation to provide \$226,585 from the Workers' Compensation Assessment Fund over the 2005-2007 biennium to enhance the agency's existing data system. The existing system is used to track elevator and boiler inspections and violations and to issue operating permits. The system enhancements will provide an interface between the data system and the agency's existing accounting software and eliminate duplicative data entry between the two systems.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 210-4682 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TITUS, CEGAVSKE AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

CHAIR RAGGIO:

We will consider the Nevada Attorney for Injured Workers' budget.

B&I, NV Attorney for Injured Workers – Budget Page B&I-189 (Volume II)
Budget Account 101-1013

Ms. GARRETT:

The Subcommittee supports the Governor's recommendation to fund the purchase and implementation of a case-management system. The Subcommittee recommends placing project funding in the Department of Administration's Information Technology Budget, B/A 101-1325, for project oversight and also recommends the use of the total funding of \$324,994 over both years of the biennium. The Subcommittee supports the Governor's recommendation to fund two new positions, a one FTE legal research assistant I and a one FTE legal secretary II. Additionally, the Subcommittee recommends funding to support one-half of the cost of a security guard for the agency's Las Vegas office. The Hearings Division and Victims of Crime are located in the office building and received the Subcommittee's approval to fund the other half of the costs.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-1013 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TITUS, CEGAVSKE AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

CHAIR RAGGIO:

We will consider the Dairy Commission budget.

B&I, Dairy Commission – Budget Page B&I-199 (Volume II)
Budget Account 233-4470

MS. GARRETT:

The Subcommittee recommends the B&I director's request to eliminate three FTE positions consisting of an administrative assistant I, auditor III, and compliance/audit investigator II since the positions are no longer needed by the agency to meet program requirements. These positions were recommended by the Governor to be transferred to the B&I director's office to support the Department's proposed personnel function. Since the corresponding decision units in the director's office were not recommended by the Subcommittee, this recommendation is no longer applicable.

SENATOR BEERS:

We were hopeful this action may eventually result in a decrease in the price of milk for Nevada families. This is a self-funded agency funded through an assessment on the sale of milk and milk products.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 233-4470 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Athletic Commission budget.

B&I, Athletic Commission – Budget Page B&I-206 (Volume II)
Budget Account 101-3952

MS. GARRETT:

The Subcommittee supports the Governor's recommendation to approve \$90,393 over the 2005-2007 biennium in General Fund support for the addition of a one FTE administrative-assistant II position to assist in the review and processing of contestants' medical records as part of state licensing requirements. The agency indicates increased medical-test requirements have resulted in additional workload.

CHAIR RAGGIO:

I am aware the Athletic Commission has brought a number of requests to the Legislature that were not included in the budget. Does this Subcommittee report include the various requests made by the Commission?

MS. GARRETT:

This is the only position requested in the budget, and staff is unaware of any discussions regarding additional positions.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-3952 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TITUS, CEGAVSKE AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Taxicab Authority budget.

B&I, Taxicab Authority – Budget Page B&I-221 (Volume II)
Budget Account 245-4130

Ms. GARRETT:

In closing this budget, the Subcommittee decreased the Governor's recommended funding of \$728,719 for a commercial off-the-shelf database system by \$683,719 to \$45,000 in FY 2006 to fund preliminary project costs, including developing a request for proposal and selecting a vendor. Further, the Governor's recommended funding of \$60,132 in FY 2007 for this project was eliminated. Once the agency has selected a vendor and has a firm cost estimate, additional expenditure authority for project implementation can be requested from the IFC, funded from the reserve category, or requested in the 2007-2009 biennial budgeting process. Further, the Subcommittee concurs with the Governor's recommendation to fund seven new laptop computers to be used by agency employees in the field to audit taxicab companies and to document vehicle inspections, the purchase of testing equipment and tools used for taxicab safety inspections, and a two-grade pay increase for public safety dispatcher III personnel over the 2005-2007 biennium.

CHAIR RAGGIO:

How would an IFC allocation be funded?

Ms. GARRETT:

As a self-funded agency, any requested appropriations for this purpose would be funded from the reserve account.

Another option would be to make the request for additional funding in the 2007-2009 biennial budgeting process. Further, the Subcommittee concurs with the Governor's recommendation to fund seven new laptop computers to be used by agency employees in the field, to audit taxicab companies and to document vehicle inspections, the purchase of testing equipment and tools used for taxicab-safety inspections and a two-grade pay increase for public-safety dispatcher III personnel over the 2005-2007 biennium.

SENATOR BEERS:

The Subcommittee was hopeful this action would communicate to other agencies that technology projects should be planned in greater detail in future biennia.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 245-4130 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

SENATOR COFFIN:

It sometimes looks easy to purchase an off-the-shelf product, but they are typically much more involved.

SENATOR BEERS:

We made no formal recommendation; however, we had discussed the concept of setting aside funding for up-front planning and detailed specification development, perhaps allowing a queue of a dozen projects for which the studies have been completed. The projects could then be prioritized for the budget process.

The cost estimates are only a guess until the plan, including the departures needed from the functionality of the off-the-shelf product, has been developed.

CHAIR RAGGIO:

Can agencies select a vendor in this manner?

SENATOR BEERS:

Agencies can develop a detailed plan and talk to a few vendors offering similar services. They can develop a specific list of cost estimates for customization of the commercial product.

CHAIR RAGGIO:

Is it possible for the agency to select a vendor prior to the agency appearing before the IFC?

SENATOR BEERS:

The agency can have a vendor in mind. The idea is that the agency can experience considerable savings by purchasing a prewritten package that performs most of the functions the agency needs. With that package selected, the agency can develop a specific list of customizations required to make the program perform as needed.

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

Several other budgets have been recommended by the Subcommittee to be closed as recommended by the Governor, with technical adjustments.

B&I, Insurance Examiners – Budget Page B&I-10 (Volume II)
Budget Account 223-3817

B&I, Captive Insurers – Budget Page B&I-14 (Volume II)
Budget Account 101-3818

B&I, Transportation Services Authority – Budget Page B&I-20 (Volume II)
Budget Account 226-3922

Senate Committee on Finance
May 20, 2005
Page 74

B&I, Industrial Development Bonds – Budget Page B&I-37 (Volume II)
Budget Account 101-4683

B&I, Mobile Home Lot Rent Subsidy – Budget Page B&I-46 (Volume II)
Budget Account 630-3842

B&I, Mfg Housing Education/Recovery – Budget Page B&I-56 (Volume II)
Budget Account 271-3847

B&I, Consumer Affairs – Budget Page B&I-61 (Volume II)
Budget Account 101-3811

B&I, Consumer Affairs Recovery Fund – Budget Page B&I-66 (Volume II)
Budget Account 101-3807

B&I, Real Estate Education and Research – Budget Page B&I-78 (Volume II)
Budget Account 216-3826

B&I, Real Estate Recovery Account – Budget Page B&I-85 (Volume II)
Budget Account 216-3827

B&I, Financial Institutions Investigations- Budget Page B&I-106 (Volume II)
Budget Account 101-3805

B&I, Financial Institutions Audit – Budget Page B&I-109 (Volume II)
Budget Account 101-3882

B&I, Weatherization – Budget Page B&I-135 (Volume II)
Budget Account 101-4865

B&I, Insurance Recovery – Budget Page B&I-139 (Volume II)
Budget Account 101-3821

B&I, Nat. Assoc. of Insurance Commissioners – Budget Page B&I-148 (Volume II)
Budget Account 101-3828

B&I, Insurance Cost Stabilization — Budget Page B&I-151 (Volume II)
Budget Account 101-3833

B&I, Self Insured—Workers Compensation — Budget Page B&I-157 (Volume II)
Budget Account 210-4684

B&I, Safety Consultation and Training – Budget Page B&I-176 (Volume II)
Budget Account 210-4685

B&I, Mine Safety & Training – Budget Page B&I-183 (Volume II)
Budget Account 210-4686

B&I, Transportation Services Authority Admin Fines – Budget Page B&I-196
(Volume II)
Budget Account 226-3923

B&I, Labor Commissioner – Budget Page B&I-211 (Volume II)
Budget Account 101-3900

B&I, Employees Management Relations Board – Budget Page B&I-216
(Volume II)
Budget Account 101-1374

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNTS 223-3817, 101-3818, 226-3922, 101-4683, 630-3842, 271-3847, 101-3811, 101-3807, 216-3826, 216-3827, 101-3805, 101-3882, 101-4865, 101-3821, 101-3828, 101-3833, 210-4684, 210-4685, 210-4686, 226-3923, 101-3900 AND 101-1374 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

BUDGETS CLOSED.

SENATOR COFFIN:

Senator Townsend had testified requesting additional positions in the Division of Insurance.

CHAIR RAGGIO:

We will turn to the Colorado River Commission (CRC), Budget Closing Action Detail Report ([Exhibit J](#)).

COLORADO RIVER COMMISSION

MS. GARRETT:

The Joint Subcommittee on Public Safety, Natural Resources and Transportation has completed its review of the Colorado River Commission and recommends the following closing actions. The first budget is the administrative budget.

Colorado River Commission – Budget Page CRC-1 (Volume III)
Budget Account 296-4490

The Subcommittee voted to close the Colorado River Commission budget as recommended by the Governor with one exception. Of the ten new positions recommended by the Governor over the 2005-2007 biennium, three positions were deferred to the second year of the biennium to meet workload increases related to planned customer growth. The Subcommittee recommended funding for potential contracts for research- and development-related studies, and also approved funding to support the Commission's anticipated water, hydropower and environmental affairs activities along the Colorado River. The Subcommittee also approved the Governor's recommendation to purchase replacement computer hardware and software.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 296-4490 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TITUS, CEGAVSKE AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Fort Mohave Development Fund budget.

Fort Mohave Development Fund – Budget Page CRC-8 (Volume III)
Budget Account 296-4496

Ms. GARRETT:

The agency provided information to the Subcommittee that it has entered into a contract for the sale of 110 acres in the Fort Mohave area that will net \$13 million to the Fund. The agency anticipates collecting a portion of the proceeds in FY 2005 and a portion in FY 2006. In closing this budget, the Subcommittee recommends a \$2-million increase in land-sales revenue authority in FY 2006 for total revenue authority of \$7 million.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 296-4496 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TITUS, CEGAVSKE AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the CRC Research and Development budget.

CRC Research and Development – Budget Page CRC-10 (Volume III)
Budget Account 296-4497

Ms. GARRETT:

The Subcommittee closed the Research and Development account as recommended by the Governor with additional funding of \$1.5 million in each year of the 2005-2007 biennium to support Nevada's share of the costs of the lower Colorado River Multi-Species Conservation Program, a regional environmental project to preserve wildlife along the river.

SENATOR RHOADS MOVED TO CLOSED BUDGET ACCOUNT 296-4497 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR BEERS SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will consider the Power Delivery System budget.

Power Delivery System – Budget Page CRC-12 (Volume III)
Budget Account 502-4501

Ms. GARRETT:

The Subcommittee approved the Governor's recommendation to provide additional funding for Southern Nevada Water Authority's (SNWA) and CRC's other customers' projected increase in demand for power. Additionally, the Subcommittee approved the Governor's recommendation to fund the development of renewable-power programs or the purchase of renewable power from existing sources in collaboration with the SNWA. Funding for the project will be provided under a contract with the SNWA.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 502-4501 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR BEERS SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

The final budget, Power Marketing Fund, was closed by the Subcommittee as recommended by the Governor.

Power Marketing Fund – Budget Page CRC-16 (Volume III)
Budget Account 505-4502

Ms. GARRETT:

The Subcommittee closed this budget as recommended by the Governor.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 505-4502 AS RECOMMENDED BY THE GOVERNOR.

SENATOR BEERS SECONDED THE MOTION.

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

BUDGET CLOSED.

CHAIR RAGGIO:

Senators Mathews and Cegavske have been attending to other legislative business throughout this meeting and have indicated their desire to be included as voting in favor of the budget closings for those budgets considered during the afternoon.

Senator Mathews has requested we consider S.B. 145. There is a question on the fiscal note and I needed an update from staff before we can vote on it.

SENATE BILL 145: Revises provisions regarding eligibility of police officers and firefighters to receive disability retirement allowances. (BDR 23-957)

This measure was heard on April 4, 2005. There was a fiscal note attached, but there has been further information received concerning the fiscal impact to the Public Employees' Retirement System (PERS).

Staff has provided the Committee with a revised version of S.B. 145 ([Exhibit K](#)).

SENATOR MATHEWS:

The PERS had submitted a fiscal note on the original bill. With the changes indicated in [Exhibit K](#), the measure is cost-neutral for the PERS. The costs will shift to the local governments and the State. I request the bill be held until the coming week to allow us to obtain information on what effect the measure will have on local governments.

CHAIR RAGGIO:

Senate Bill 145 will be held. Staff will work with Senator Mathews to clarify the issues.

We will consider S.B. 357. It addresses problem gambling. An amendment to the bill was proposed by Senator Denis Nolan. The bill was heard on April 25, 2005.

SENATE BILL 357: Creates Advisory Committee on Problem Gambling and authorizes grants of money for programs for prevention and treatment of problem gambling. (BDR 40-1157)

MR. GHIGGERI:

I will review the amendment for the Committee.

Please refer to page 2 of mock-up of the bill ([Exhibit L](#)), lines 2 through 4. Discussion at the hearing concerned expansion of the membership to other than only the University of Nevada, Las Vegas. The membership would be expanded to include any individual within the Nevada System of Higher Education, formerly known as the University and Community College System of Nevada.

Line 6 of [Exhibit L](#) includes two members who represent organizations that provide assistance.

Lines 39 through 44 of [Exhibit L](#) provide for the use of the money for expanded purposes including programs for the prevention and treatment of problem gambling. It strikes the provision for nonprofit programs as the sole provider for these programs.

Page 3 of [Exhibit L](#) also strikes the wording to require nonprofit programs.

CHAIR RAGGIO:

The amendment allows funding from contracts and grants.

MR. GHIGGERI:

Line 32 of page 3 of [Exhibit L](#) provides that not more than 1 percent of the funds may be used by the director of the Department of Human Resources to administer the account. The Committee had previously heard, in the original version of the bill, that there was no provision for administration of the account.

MR. GHIGGERI:

The fund is projected to generate approximately \$800,000 in the first year. The projection for the second year is slightly more than \$1.6 million. The second-year revenue is higher due to the increase from \$1 to \$2 per slot machine assessed. The assessment sunsets at the end of FY 2007.

SENATOR CEGAVSKE:

What would 1 percent of the funding be?

CHAIR RAGGIO:

One percent for the first year would be \$80,000 (sic) (\$8,000). The second-year 1 percent would be approximately \$160,000 (sic) (\$16,000).

SENATOR CEGAVSKE:

Does the bill propose a new director position that would administer the receipt of the \$80,000 (sic) (\$8,000) and \$160,000 (sic) (\$16,000) respectively?

MR. GHIGGERI:

The Department of Human Resources, in their budget for problem gambling, estimates administrative costs in the neighborhood of \$20,000 to \$29,000. The bill would provide authority to utilize up to 1 percent of the revenue for that purpose. The cost reported on the fiscal note is significantly less than what is allowable.

CHAIR RAGGIO:

What are the other provisions of the amendment?

MR. GHIGGERI:

On page 4 of [Exhibit L](#), it allows for use by other than nonprofit agencies. That completes the summary of the proposed amendments to [S.B. 357](#).

SENATOR MATHEWS:

What generated the inclusion of other than nonprofit agencies?

MR. GHIGGERI:

There was testimony indicating a desire to expand the providers of the treatment to providers other than nonprofit agencies.

Senate Committee on Finance
May 20, 2005
Page 80

CHAIR RAGGIO:

There were numerous testifiers on this measure.

SENATOR CEGAVSKE MOVED TO AMEND AND DO PASS S.B. 357.

SENATOR BEERS SECONDED THE MOTION.

SENATOR RHOADS:

Is this a General Fund allocation?

MR. GHIGGERI:

It would be a reduction in the revenue that would otherwise flow to the General Fund.

SENATOR COFFIN:

Please clarify the term "slot machines." I am assuming the language, as used on page 7 of [Exhibit L](#), uses the term "slot machine" to refer to machines such as video poker and others?

CHAIR RAGGIO:

I recall the Legal Division of the Legislative Counsel Bureau having changed the definition of "slot machine" several years ago to include all the various kinds of gaming machines.

MR. GHIGGERI:

I would have to defer to the Legal Division on that question.

CHAIR RAGGIO:

I suggest we include language in the motion to include all types of gaming machines.

MR. GHIGGERI:

The only designation we make in fiscal matters is for "restricted slot machines" and "unrestricted slot machines," although they may not be a slot machine in the strictest sense. Many slot machines today do not take coins at all.

SENATOR CEGAVSKE:

Are the fees listed in S.B. 357, \$1 and \$2 respectively, in addition to what is currently collected?

MR. GHIGGERI:

This would be deducted. It is not an increase in taxes. That is why the fiscal note will show a reduction to General Fund revenues.

SENATOR CEGAVSKE:

That makes it clear.

I have a disclosure that is on record in the Director's Office of the Legislative Counsel Bureau.

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

Senate Committee on Finance
May 20, 2005
Page 81

CHAIR RAGGIO:
There being no further business, this meeting of the Senate Committee on Finance is adjourned at 2:22 p.m.

RESPECTFULLY SUBMITTED:

Cindy Clampitt,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE:_____