

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-third Session  
June 2, 2005**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:24 a.m. on Thursday, June 2, 2005, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

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

**GUEST LEGISLATORS PRESENT:**

Senator Maggie Carlton, Clark County District No. 2  
Senator Dennis Nolan, Clark County District No. 9

**STAFF MEMBERS PRESENT:**

Gary L. Ghiggeri, Senate Fiscal Analyst  
Bob Guernsey, Principal Deputy Fiscal Analyst  
Tracy Raxter, Program Analyst  
Sandra Small, Committee Secretary

**OTHERS PRESENT:**

Andrew List, Nevada Association of Counties  
Carole Vilardo, Nevada Taxpayers Association  
R. Ben Graham, Clark County District Attorney, Nevada District Attorneys Association  
Frank Adams, Nevada Sheriff's and Chiefs' Association  
Ronald P. Dreher, Peace Officers Research Association of Nevada  
Virginia (Ginny) Lewis, Director, Department of Motor Vehicles  
Michael D. Hillerby, Chief of Staff, Office of the Governor  
Keith Munro, Deputy Chief of Staff, General Counsel, Office of the Governor  
Christina Dugan, Las Vegas Chamber of Commerce  
Steve Robinson, Advisor on Wildlife, Conservation and Rural Nevada Issues, Office of the Governor  
Susan Fisher, Nevada Off-Highway Vehicle Enthusiasts  
Brian K. Krolicki, State Treasurer, Office of the State Treasurer  
John P. Comeaux, Director, Department of Administration

CHAIR RAGGIO:

We will begin with [Assembly Bill \(A.B.\) 563](#).

**ASSEMBLY BILL 563**: Establishes Commission to Review the Compensation of Legislators. (BDR 23-1433)

ANDREW LIST (Nevada Association of Counties):

You have received a copy of the Proposed Amendment to AB 563 ([Exhibit C](#)). This bill establishes a commission to review the salaries of legislators. It removes the legislators from an existing commission put into place in the mid-nineties. The existing commission is codified in *Nevada Revised Statute* (NRS) 281.1571. The amendment provides funding for the existing commission. The bill provides a nominal amount for the new commission to study the compensation of legislators. The existing commission, after the legislators are removed from it, would study the compensation of constitutional officers, supreme court justices, district court judges and elected county officers. Last session, the Nevada Association of Counties worked in conjunction with the district attorneys and sheriffs associations to get raises for the county-elected officials. We appreciate the support this Committee gave us at that time. It is likely that next session the Nevada Association of Counties will be asked to bring forth a similar bill. We would like this commission to study, in the interim, the elected officials' salary so we can have a reasonable number proposed by a bipartisan commission to bring you. The amount proposed for appropriations is \$12,420.

CHAIR RAGGIO:

Is that for the existing commission?

MR. LIST:

That is correct. The bill provides \$6,900 to the new commission for legislators. The difference in the amount is based on the number of commission members. The new commission for legislators has five members. The existing commission has nine members.

CHAIR RAGGIO:

Why propose a separate commission for the legislators?

MR. LIST:

The original bill was proposed by the Assembly Committee on Ways and Means. Someone on that Committee could answer that question.

We support this bill because legislators, as well as all elected officials, should be paid fairly for the amount of work done, and those salaries should be established, or at least studied, by a bipartisan group.

CHAIR RAGGIO:

I cannot remember the last time the Legislature raised its own salary. I think it has been 20 years.

MR. LIST:

I believe testimony on the record is 1985.

SENATOR BEERS:

We had a similar bill last session that would create a commission to set legislative salaries. The Assembly Committee on Ways and Means actually amended it to delete the commission and increase legislative salaries by 20 percent. It was one of those times we managed to get something through

without everyone knowing it until the vote was taken. It died, of course. There was great fear and loathing that I had committed political suicide and would probably never be returning. It was used against me during the campaign. The citizens appeared not to care. I would encourage legislators to stand up and be counted, increase our salaries and not be afraid of the alleged political repercussions. I do not think they exist. I think our citizens understand that none of us do this for the money.

SENATOR MATHEWS:  
I agree with Senator Beers.

CHAIR RAGGIO:  
The Nevada Constitution does not allow the Legislature to raise salaries for incumbents. Any salary increase, however it occurs, only applies after a legislator is elected or reelected. You cannot increase salary during a term.

MR. LIST:  
The administrative office of the courts (AOC) directed me to look at Senate Bill (S.B.) 328 which is now in the Assembly. This bill, in section 8, directs the AOC to work with the existing commission, defined in NRS 218, to look at supreme court and district court judges' salaries. I believe this existing commission will need to be funded in order for the provisions of S.B. 328 to be carried out. If the existing commission is not funded, you cannot carry out the provisions of S.B. 328 because there will be no commission for the AOC to work with. I proposed this amendment to A.B. 563 in Ways and Means. I spoke with the vice chair yesterday. She said, in the rush to get some of their bills out, they overlooked this amendment but they do support it.

**SENATE BILL 328 (1st Reprint):** Makes various changes related to public retirement systems. (BDR 23-82)

CHAIR RAGGIO:  
Is this additional funding you are talking about or is the funding in A.B. 563?

MR. LIST:  
The funding for the existing commission is in my amendment.

CHAIR RAGGIO:  
How does that relate to S.B. 328?

MR. LIST:  
Senate Bill 328 directs the AOC to work with the existing commission. The existing commission is not funded.

CHAIR RAGGIO:  
Are you saying this amendment needs to be processed?

MR. LIST:  
Yes, I am.

CAROLE VILARDO (Nevada Taxpayers Association):  
Nevada Taxpayers Association supports A.B. 563. This is probably the eighth or ninth time we have supported getting legislators more money. We even requested a bill before the Legislative Commission. We have a major concern,

given the level of pay, about attracting candidates. Since there has been no appetite to increase the pay, the commission may be the only way to go. I worked with Assembly members interested in doing something. I encourage you to support the commission bill so there can be an evaluation made and we can see that legislators receive not huge salaries, but something to attract good people interested in running for office.

CHAIR RAGGIO:

Do you know why the bill sets up a separate commission for legislators' salaries and removes them from the existing commission?

MS. VILARDO:

The concern is, if it came to you, because of the way it is frequently reported in the press, there would not be an increase.

CHAIR RAGGIO:

No one wants to be accused of raising his/her own salary. I often hear it said that we know what the salary is when we run for office. If that logic worked, the President of the United States would still be receiving the salary paid to George Washington. It is time people realize these are not easy jobs. It is easy to sit out there and say the city council members and legislators are dummies. People need to recognize the cost-of-living increases for everyone in any job. The legislators have not received a raise in 20 years, and we are still in the archaic system of being paid for only 60 days. We are going to address that, even though it will not affect many of us. I know that you served on the blue ribbon commission on this topic.

MS. VILARDO:

I did not serve, but I was at every meeting speaking in support of pay increases. I was one of those people you are referring to during my first two sessions. Then I saw the time commitments made, the amount of time spent during the interim sessions and the preparation time needed. I changed my mind and have been supportive of increases ever since.

CHAIR RAGGIO:

Please state, in the record, that I have personally received three deliveries of oatmeal-raisin cookies from Mr. Graham.

R. BEN GRAHAM (Clark County District Attorney, Nevada District Attorneys Association):

If you eat no more than 17 cookies in a month, you are under the reporting requirements. This body processed legislation dealing with involuntary servitude. You need to look at and increase these salaries so we do not violate that statute.

CHAIR RAGGIO:

This is voluntary servitude.

MR. GRAHAM:

When you hire on to any job, you know the salary. You hope, if you do a good job and are dedicated, you will receive increases. We support A.B. 563.

FRANK ADAMS (Nevada Sheriff's and Chiefs' Association):

The Association supports A.B. 563. We believe you deserve just compensation for the work you do. On behalf of the sheriffs, I would like to support the amendment brought forward by Mr. List. We believe the commission should bring a number to you so you know the question has been looked at and evaluated properly.

RONALD P. DREHER (Peace Officers Research Association of Nevada):

We support A.B. 563. I have been negotiating contracts at the local government level for the past 20 plus years. It comes down to a cost of doing business. The cost of doing business and the quality of life that you lead is the same as anyone else. We have asked you to provide just compensation for the law enforcement officers of our state. You have done that. You deserve the same rights as everyone else.

CHAIR RAGGIO:

We will close the hearing on A.B. 563 and open the hearing on S.B. 366.

**SENATE BILL 366**: Provides for one-time credit against basic governmental services tax upon registration of certain motor vehicles. (BDR S-852)

SENATOR BEERS:

It became apparent last fall that the state had more money than was projected. I tried to determine what would be the most expedient way to return some of that money to the taxpayers of our state. Senate Bill 366 represents the most expedient way to do that. I did not know the amount of the surplus or what the fiscal impact would be of a per registration rebate when S.B. 366 was drafted. I would want to amend S.B. 366 to the smaller of 100 percent of the registration fee or \$300 per vehicle. I have provided you with my comments titled SB366 (Exhibit D). Instead of rebating last year's registration, this proposal is to grant you a credit against next year's registration. There are monetary savings to this proposal. Only real people are eligible for the refund. The theory is all taxes are borne by taxpayers. Businesses either raise prices or decrease costs resulting in consumers paying more or receiving less. The taxability of a refund arises if a taxpayer has benefited by deducting that amount on a tax return. I have read the memorandum from the Office of Chief Counsel, Internal Revenue Service (IRS), dated May 27, 2005 (Exhibit E). I do not see a clear conclusion that we are not required to send out Form 1099. If we do a rebate as described in S.B. 366, Form 1099 will not be required.

There is a fiscal note on this which I do not understand. I would have a generic voucher coupon with the Governor's signature on it. The vehicle owner would mail the voucher back with a check for the remainder of the registration. The Department of Motor Vehicles (DMV) would check the vehicle number against the voucher and every two weeks a transfer would be made from the General Fund to the DMV.

CHAIR RAGGIO:

How will people receive the voucher?

SENATOR BEERS:

The voucher will be in the mailing for registration renewal.

If you wanted to be fancier, you could serialize the vouchers. You could add programming for receipt of a voucher. The programming would require a fiscal note. The lack of printing a check, not accounting for checks, no mailing of the check, no accounting for outstanding checks, no Form 1099, smoothing out the workload over 12 months, significantly decreases the cost of doing a rebate.

SENATOR CEGAVSKE:

A constituent has suggested the use of identification cards to get the rebate.

SENATOR BEERS:

The proposal to use identification cards does not recognize the fact that people pay different amounts in tax revenue. Someone who does not have a car and uses mass transit would not share in the rebate under S.B. 366. In my opinion, everyone who rides mass transit gets a rebate because all of Nevada's mass transit is heavily subsidized by taxpayers. We should have a mechanism that would return money to people in some semblance to what they paid. The largest single check a citizen pays to the state of Nevada is their vehicle registration. Someone who writes a \$33 check to the DMV, which would be me, paid in a lot less than someone who wrote a \$600 check.

SENATOR CEGAVSKE:

The cost of sending a rebate check bothers me. We heard the cost of issuing checks would be \$2.8 million. The voucher idea would save the cost of issuing checks. What is the fiscal impact to S.B. 366? Is the fiscal note only for administration costs?

SENATOR BEERS:

Anytime you do something different, disruptions to the system will occur. I believe this will be the least expensive method of giving a rebate. The way the proposed budget is, we do not have a line item for the costs of the rebate. It is likely that the costs will come out of the \$300 million. Every Nevadan is going to get a bigger or smaller check depending upon the method of rebate.

SENATOR CEGAVSKE:

I like the fact S.B. 366 gives the rebate to only real people, not corporations, companies or trusts.

CHAIR RAGGIO:

Does someone want to address the fiscal note on S.B. 366?

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

The fiscal note for S.B. 366 was based on a limited amount of information. Senator Beers has provided enough details today for me to know this fiscal note is obsolete. The proposal to limit the voucher or check to a natural person is not possible with our database. We have a motor carrier database representing all carriers over 26,000 pounds. The DMV database has everything under 26,000 pounds to include corporations, taxicab companies and natural persons. We cannot break out the information. I caution the Committee, whatever the decision is on how to get money back to Nevada residents, the behavior of our customers must be considered. Our service is based upon the customers' behavior. If we do not handle the rebate correctly, the DMV will have a public relations nightmare. There is an expectation right now, that the public will receive a check. If they do not receive a check, the DMV, the Governor and the Legislature will get the heat. The public does not understand. If you provide a

voucher, the public will have many questions, they will not understand why they are limited in what the credit is or that the voucher is restrictive. I am concerned about how we manage the rebate.

SENATOR BEERS:

I would accept an amendment saying all parties in the DMV database will receive a credit since the breakout of the natural persons is impossible.

CHAIR RAGGIO:

We will now hear testimony on S.B. 519, the Governor's method of rebate.

**SENATE BILL 519**: Provides for one-time issuance of check to certain persons and entities who registered one or more motor vehicles in Nevada during calendar year 2004. (BDR S-1204)

MICHAEL D. HILLERBY (Chief of Staff, Office of the Governor):

The Governor feels strongly, because of the economic situation and the tax collections being above the projections, that a rebate be given by check to the citizens, who can decide where and how to spend it, and that we supplement the rainy day fund. Senate Bill 519 allows every registered owner of a vehicle, business or otherwise, to receive a check based on calendar year 2004 registration. A rebate up to \$300 per vehicle would include both the general sales tax and the basic government tax (\$33). A significant number of registered cars are charged the minimum. Businesses should also collect a rebate. The checks should go out as soon as possible. The checks would be valid for 180 days from the date of issue. Checks not cashed would go to the General Fund.

We have put out a request for proposal (RFP) to see if it can be done more efficiently. The estimate that 20 percent of the checks will be returned is high. The average return for registration renewals the DMV sends out is 3.8 percent each year.

SENATOR BEERS:

You are not talking about sending the checks based on information from the renewal database. You are talking about sending the checks to people who paid last year. Some of those people have moved away and have not turned in their license plates for a refund.

MR. HILLERBY:

The people on the renewal database and the people that paid are the same group. We send renewal notices to everyone because we do not know who has left the state.

SENATOR BEERS:

Are you going to cross-reference the people who paid last year against the people who turned in plates?

MS. LEWIS:

If an individual turns in plates, we know they have left the state and a rebate check would not be issued. The 3.8 percent is a known rate of return. It will absolutely not be 20 percent.

MR. HILLERBY:

The Committee has received the Fiscal Note for SB 519 ([Exhibit F](#)). The cost is reasonable. We will have final costs after examining RFPs for the mailing. The larger issue is this: Our citizens have paid the taxes and we want the taxes to go back. We want to leave it to the citizens how they choose to spend the money. The money will go back into the economy. You should not have to wait a year longer than your neighbor to get the money back.

The Committee also has a copy of the IRS opinion, [Exhibit E](#). Mr. Keith Monroe and I have spent considerable time talking with the IRS. If we do a refund based upon a tax paid, it is not considered income unless the taxpayer has benefited by a tax deduction. In 2003, about one million Nevadans filed tax returns. Approximately one-third of those were eligible to itemize. Those who included car registration when itemizing received a tax benefit. Therefore, that small portion of Nevadans would be required to report the tax benefit portion as income. The state does not have a Form 1099 reporting requirement because we do not know, with any degree of certainty, if people used that deduction. The key piece of that is that we have to have a state income tax return where someone has told you how they treated the tax. The IRS has made a similar ruling in other states that do not have state income tax and the state has given property tax rebates. Those states have not sent out Form 1099. The burden is that the state know how the paid tax was treated.

The Governor has been clear about the importance of this rebate and giving it in the form of a check. Page 3 of [Exhibit F](#) shows you the number of registered vehicles and the amount to be paid.

MS. LEWIS:

The Committee has received a copy of the Amendment to SB 519 ([Exhibit G](#)). This amendment requests NRS 482.085 be replaced with NRS 482.102. The reason is NRS 482.085 references the owner as shown on a Certificate of Title. We have targeted our database on the registered owner in NRS 482.102.

CHAIR RAGGIO:

On page 4 of [Exhibit E](#), the IRS references two proposals, a gift or a refund of taxes paid. Since this rebate is for taxes paid, the refund is taxable.

KEITH MUNRO (Deputy Chief of Staff, General Counsel, Office of the Governor):

The Governor's proposal is to refund car registration amounts paid. It is taxable to the extent an individual itemized and deducted that amount. An individual who itemized and deducted the amount on a tax return has a tax benefit. A rebate based on presenting identification is not based upon an amount paid. It is not a refund of taxes paid and, in my opinion, would be taxable.

CHAIR RAGGIO:

That opinion seems at variance with [Exhibit E](#). It sounds to me that both are taxable.

MR. MUNRO:

The last line of the conclusion in [Exhibit E](#) says the amount of a previous tax benefit is included in gross income.

CHAIR RAGGIO:

Is the Governor recommending a refund to those who previously paid?



MR. MUNRO:

Yes, he is. The tax benefit rule is: if you deduct it and got a tax benefit, it is income.

CHAIR RAGGIO:

Your interpretation is, if a taxpayer took a specific deduction for the registration fees and itemized, including that amount, the refund would be taxable. If the taxpayer did not itemize, the amount of rebate is not taxable.

MR. MUNRO:

That is correct.

MR. HILLERBY:

Page 4, paragraph 3, part B, states that the taxpayer who did not take a federal income tax deduction would not be taxed on the recovery. The tax rule says you had to deduct an amount and received a benefit before a refund is taxable.

SENATOR BEERS:

A home mortgage causes the taxpayer to itemize; therefore, anyone with a home mortgage is going to experience the check rebate as a taxable event, as well as all businesses.

MR. MUNRO:

The rule is, the taxpayer would have to declare the car registration and receive a benefit before the rebate is taxable.

SENATOR BEERS:

Are you saying there are taxpayers who itemized and did not take the allowable deduction for car registration?

MR. MUNRO:

I discussed that possibility with the Governor and he said he did not include that deduction. There are probably others.

SENATOR CEGAVSKE:

I have heard from my Certified Public Accountant (CPA) that we will have to pay taxes on the rebate. We are getting conflicting stories.

MR. MUNRO:

If you got a tax benefit, it will be taxable.

MR. HILLERBY:

Whether or not the rebate is taxable depends on the situation. For example, if your standard deduction was \$6,000 and you itemized because you could deduct \$6,200 and later you received \$500 in total rebates because you have multiple cars registered, the \$200 will be taxable. Only a minority of Nevadans are even eligible to itemize deductions. An even smaller number include their car registration. Since the state does not collect that information, we do not know who benefited. We know it was a minority of Nevadans. We have the money. We need to give it back. People can make a grown-up decision. There was a comment made earlier in the session that people would have to return the rebate or file an amended tax return. That is not true. The tax benefit would be reported as income.

CHAIR RAGGIO:

Page 3 of [Exhibit F](#) shows the total number of transactions would be 2,066,531.

MS. LEWIS:

The first column of [Exhibit F](#), page 3, gives, in \$25 increments, the amount of tax paid; the second column indicates the number of registration transactions in that range.

CHAIR RAGGIO:

I asked staff to prepare an analysis of the average rebates that would occur if this bill is processed. The Committee has received a document titled Distribution Analysis of the Government Services Tax and Registration Fees Rebate ([Exhibit H](#)). There is now a perception that people will receive a check. We need to indicate what the rebate really is. If you will look at [Exhibit H](#) and the first range of 0 – 5, about 15,340 people will receive a check for \$1. Those who paid from \$5 to \$25 would receive about \$15.70. People call me asking when they will receive their \$300 check. They will not get more than they paid, but I want it on the record the average rebate will be \$41.72 to those who paid between \$25 and \$50. Not everyone is going to get \$300.

MR. HILLERBY:

We appreciate your effort to clarify the bill. There is a maximum rebate of \$300 based upon what was paid.

SENATOR CEGAVSKE:

I know we want to get money back to businesses and the people because so much was collected. In the amendment, [Exhibit G](#), the registered owner can be a natural person, firm, corporation or association. That means limousines and taxicab companies will receive a rebate. Is that your intention?

MR. HILLERBY:

Yes, it is. Those businesses paid in the same as individuals. They were a big part of last session's tax package.

SENATOR CEGAVSKE:

Have you assessed the total amount needed to do this rebate or are you splitting the \$300 million between all qualifiers? I am concerned S.B. 519 may exceed the \$300 million.

MR. HILLERBY:

If you look at [Exhibit H](#), you see the total number of registrations and the amount to be distributed.

MS. LEWIS:

One of the benefits of S.B. 519 is we are using historical data. There is uncertainty about the number of vehicles a credit can be applied to if we do a credit. We are comfortable using the historical data.

SENATOR TITUS:

Mr. Hillerby said the Governor wants everyone to get something back. It is not just the car registration tax that has given us this surplus. It is the sales tax. There are people who pay sales tax and do not have cars. I would like to see something that sets a small amount aside for people who do not have cars or a

driver's license. Is that a possibility? Your bill distributes \$296.6 million. Could you put a couple of million in a pot, open an application period and let people who do not have cars, but live here, apply for a \$100 check? That amount seems to be what most people will receive.

MR. HILLERBY:

You and I have discussed that idea. We are looking into how we could do that. The reason the fiscal note is just under \$300 million, is because the remaining money is for printing and sending out checks. We are looking at options to verify identification. There are about 485,000 people in Nevada who have state-issued identification, not a driver's license. It would take a significant amount of money to do anything meaningful for that group. The other issue is the bulk of the surplus is from sales and gaming taxes. We do not know who pays sales tax. Much of it is paid by people from out of state. The DMV does not collect taxpayer identification numbers on the registration database. We would need to check names and addresses to try to determine if Bob Smith is Robert Smith and that type of thing. We will look into that. It is an interesting proposal. There is no perfect mechanism to do this rebate. The vehicle registration makes the most sense because we can track the tax paid and refund it. There are people who will not benefit from the rebate. A rebate not based on taxes paid would be fully taxable.

SENATOR TITUS:

The list of people with Nevada identification probably contains people no longer in the state. Not everyone would apply for a rebate. Putting \$1 million in a pot gives people the opportunity to get something back.

CHAIR RAGGIO:

How would you verify that a person paid the rebate amount in sales tax?

SENATOR TITUS:

It would simply be an assumption. Anyone who has lived in Nevada for one year has certainly paid some sales tax.

SENATOR COFFIN:

I thought the rebate would be \$300 per vehicle. Now I am looking at my vehicle registration. I am charged \$20 for personal plates, \$33 for registration fee and \$146 for the two government service taxes which is a total of \$199. What is the amount rebated for this vehicle?

MS. LEWIS:

Your rebate would be \$146 in government service taxes plus the \$33 registration for a total of \$179.

SENATOR COFFIN:

There would be more than one million people receiving less rebate than I will receive. My constituents are going to get what I get or less. How do I face them if I support this? They will send me the check for \$1, a nasty note or a rock through the window. What is this all about? Is it about saying sorry for last time? If that is true, they have paid more than \$300 million. The public will be angry.

MR. HILLERBY:

We have tried to be clear from the beginning. The consequences of public relations, public nature and press coverage cannot be unwound. No proposal will be perfect. The Governor believes, with 2.1 million checks going out, we will reach a tremendous number of Nevadans. This is not about saying we are sorry. It acknowledges that these people and businesses participate in the economy. Probably many construction workers out there have expensive trucks. They will enjoy that \$300. My car will not be worth much. That is not the point. The point is that people get back what they paid. They participated in making this state's economy one of the best in the country in terms of job growth, the quality of those jobs and taxes paid in sales and gaming. Visitors pay the bulk of that. The expectations will be hard to control. All we can do is our best to make it clear, as we have over the last three or four months, that the rebate is based on what was paid in to a maximum of \$300.

SENATOR COFFIN:

This \$300 million could do many things. There was a tradition in this state when we paid cash for our buildings. This budget contains hundreds of millions of dollars in new construction. When we paid cash, we did not pay interest. Now we have a rule of thumb. With today's low interest rates, for each \$50 million in capital improvements the taxpayers pay an additional \$50 million in interest. That is \$100 million for a \$50 million building. If interest rates go higher, it could cost \$120 to \$150 million. If you want to do the taxpayers a favor, we ought to pay cash for some of these buildings. If we pay \$200 million for capital improvements we are going to bond, we spend \$200 million and subject the future to \$200 million in interest payments. We could pay cash and have no interest payment with \$200 million left over to give everyone a \$100 check. If we were business people, we would spend this money wisely. I do not believe this is a wise expenditure.

SENATOR BEERS:

Two years ago, the Economic Forum projected the amount in each category of revenue. They missed on some categories but it does not mean that is what created the surplus. The surplus is the fact that we have created an overall tax structure that generated more money than was anticipated. It is not due to a particular tax. Technically, the surplus is due to under-projecting revenue and the robust economy.

SENATOR TITUS:

I just calculated how much one would have to spend to have paid \$100 in sales tax. We can assume anyone in Nevada, for a year, has spent \$1,350.

MS. VILARDO:

We could not get a consensus from our board, but when it comes to business and fleet operators, the state needs to be sure Form 1099 is not required. There could be 50 to 100 vehicles under the same ownership getting back enough to require a Form 1099.

MR. HILLERBY:

We have tried to be as clear as possible. If the state does not know how the registration fees were treated for income tax purposes, there is no obligation to do a Form 1099. The ruling is clear. The precedents are clear. The history is clear.

CHRISTINA DUGAN (Las Vegas Chamber of Commerce):  
The chamber supports S.B. 519. Businesses should have a share in the rebate. A rebate is in the best interest of the people of Nevada.

SENATOR MATHEWS:  
Everyone should check with their own CPA or accountant to determine if the rebate is taxable. None of this rebate is "perfectly clear."

CHAIR RAGGIO:  
We will close the hearing on S.B. 519. We need to close the recommendation that was approved by the Joint Subcommittees on the Capital Improvement Projects. The Committee has received the Joint Subcommittee on Higher ED/CIP, Recommended Capital Improvement Program for the 2005-07 Biennium (Exhibit I). Exhibit I is 15 pages and the total report of the projects both recommended by the Governor and those added by the Joint Subcommittee. Is that correct?

#### CAPITAL IMPROVEMENT PROGRAM

TRACY RAXTER (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):  
Yes, that is correct.

CHAIR RAGGIO:  
I do not think it is necessary to go through each of these.

MR. RAXTER:  
I will explain the totals of the program. For General Fund, the Governor had recommended \$52 million for the Capital Improvement Program (CIP). There were budget closing actions in the operating budgets of the Buildings and Grounds Division and the director's office for the Department of Corrections that added \$3.6 million of General Fund money. The subcommittee recommended the addition of \$28.2 million of General Funds for a total of \$83.8 million. In bond funds, the Subcommittee recommended a total of \$224.9 million which is the amount the Governor recommended. Other funding sources include federal funds, donations and agency funds totaling \$110.7 million for a grand total of \$419.4 million. Of that amount, \$16.6 million has been approved by the Legislature in A.B. 204 and S.B. 496. The total recommended by the Subcommittee, to be included in the CIP bill, is \$402.8 million.

**ASSEMBLY BILL 204 (1st Reprint)**: Authorizes and provides funding for certain projects of capital improvement. (BDR S-1392)

**SENATE BILL 496**: Makes appropriation and authorizes expenditure of federal money for early funding for design of Las Vegas Readiness Center. (BDR S-1419)

There were significant changes in a couple of projects recommended by the Governor. The Subcommittee deleted two projects. One was a lease-purchase subsidy for a Human Resources building in Carson City and the other was a recommendation on the High Desert State Prison Phase IV housing units. The construction funding was eliminated for one of the three housing units, but the design for all three housing units was approved.

The Subcommittee added several projects in the University and Community College System of Nevada's (UCCSN) unfunded priorities list. Those projects are shown in [Exhibit I](#).

CHAIR RAGGIO:

The Subcommittee utilized available estate tax funding.

MR. RAXTER:

Estate tax funding of \$29 million is reflected in this report.

SENATOR COFFIN:

The Subcommittee recommended \$224 million in bond funds.

MR. RAXTER:

That is correct.

CHAIR RAGGIO:

I would accept a motion to approve the CIP for the next biennium as recommended by the Joint Subcommittee.

SENATOR COFFIN MOVED TO APPROVE THE JOINT SUBCOMMITTEE RECOMMENDATION EXCEPT, INSTEAD OF BONDING \$224 MILLION, TO PAY CASH.

CHAIR RAGGIO:

The effect of that motion would be to do away with the rebate.

SENATOR COFFIN:

No, it would leave \$75 million for a rebate.

CHAIR RAGGIO:

The motion fails for lack of a second.

SENATOR BEERS MOVED TO APPROVE THE JOINT SUBCOMMITTEE RECOMMENDATION AS PRESENTED IN [EXHIBIT I](#).

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR RAGGIO:

Does [Exhibit I](#) include the extension dates for a number of programs?

MR. RAXTER:

There is a list provided by the State Public Works Board for the extension of about 25 projects, Capital Improvement Program Project Extensions ([Exhibit J](#)). These are projects previously approved in the 1997, 1999 and 2001 CIPs.

CHAIR RAGGIO:

The Joint Subcommittee members are aware of that list.

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

The list of extensions will be in the CIP bill as well as the property tax rates discussed yesterday in the CIP Subcommittee. The property tax rates are 15.85 cents for CIP and 1.15 cents for Question 1 bonds.

CHAIR RAGGIO:

We will make the project extension sheet, [Exhibit J](#), a part of the record.

SENATOR BEERS MOVED TO APPROVE THE REQUEST FOR PROJECT EXTENSIONS AND ADJUSTMENTS AS SHOWN IN [EXHIBIT J](#).

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

MR. RAXTER:

The Subcommittee approved, and included in the CIP bill, the tax levy for the bonds. The State Treasurer's Office indicated, for the biennium, the tax levy Question 1 Natural Resource bonds would be 1.15 cents and the General Obligation CIP bonds would be 15.85 cents.

SENATOR BEERS MOVED TO APPROVE THE RATES OF 15.85 CENTS FOR GENERAL OBLIGATION CIP BONDING AND 1.15 CENTS FOR QUESTION 1 BONDING.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR RAGGIO:

The Joint Subcommittee appreciates Mr. Raxter's efforts. It was not easy.

We will look at [S.B. 400](#).

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

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

The Governor's Office was concerned about the fee attached to [S.B. 400](#). The latest amendments alleviated that concern. The bill does two things of interest to the Governor. It protects Nevada dealers by being an incentive for in-state residents to buy vehicles here. Many residents were going out of state to purchase vehicles in order to avoid sales tax. The state was losing the unpaid sales tax. The bill sets up the possibility of a trail system and begins a program without having to register vehicles.

CHAIR RAGGIO:

Are you addressing the document titled Proposed Amendment to [Senate Bill No. 400](#) ([Exhibit K](#))?

MR. ROBINSON:

I have looked at the amendment and it is agreeable.

SUSAN FISHER (Nevada Off-Highway Vehicle Enthusiasts):

The dealers are losing \$32 million each year in revenue, which is approximately \$2.5 million in tax revenue for the State of Nevada, and could be captured by having a registration process. The bill does not include registration. We will work toward that in the next legislative session.

CHAIR RAGGIO:

What does the proposed amendment do?

MS. FISHER:

The proposed amendment replaces the registration procedure with a certification and sticker processed through the authorized dealers or through the Department of Taxation. The Department of Taxation will produce and issue the stickers and certificate. The certificate is for identification purposes and any policing needed. The original bill allowed drivers under the age of 16 to ride on roads local municipalities have designated as accessible to off-highway vehicles. The amendment takes the age out but the driver must be of legal driving age. In the rural counties there are many dirt roads. It is sometimes necessary to travel on a paved road to get to a trailhead. The original bill formed a committee to allocate funds collected through a registration process. All of that language has been removed.

CHAIR RAGGIO:

Is there still a fiscal note with the amendment?

MS. FISHER:

No, there is not.

CHAIR RAGGIO:

The original bill was considered a veto measure. Have all the issues been cleared?

MR. ROBINSON:

Yes, they have.

SENATOR CEGAVSKE:

I wondered if Senator Maggie Carlton's Segway is considered an off-road vehicle.

MS. FISHER:

The Segway is not considered an off-highway vehicle.

SENATOR BEERS:

How does my 4-wheel vehicle, which drives on public lands for recreation, fit in this bill? I do not see an exclusion for vehicles licensed as street vehicles by the DMV.

CHAIR RAGGIO:

We do not want to tell people who use their 4-wheel drive vehicles off-road they need an additional registration or certificate.



MS. FISHER:

We will make certain that consideration is added to the amendment.

SENATOR MAGGIE CARLTON (Clark County No. 2):

It was not the Transportation Committee's intent to include a 4-wheel drive vehicle in this bill. The Segway is for pedestrian use and is not included as an off-road vehicle.

CHAIR RAGGIO:

If the Committee is interested in processing S.B. 400, we could do so in concept if the amendment clearly indicates that registered vehicles need not have this certificate.

SENATOR BEERS:

It could be done by including in section 5, subsection 2, a vehicle registered with the DMV.

SENATOR RHOADS MOVED TO AMEND S.B. 400, AS INDICATED IN [EXHIBIT K](#) WITH AN ADDITIONAL CHANGE TO CLEARLY IDENTIFY THAT DMV REGISTERED VEHICLES USED OFF-HIGHWAY ARE EXEMPT, AND DO PASS.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR TITUS VOTED NO.)

CHAIR RAGGIO:

Senator Beers will explain S.B. 400 on the Senate Floor. There is an amendment to S.B. 274 which we heard May 9, 2005. This bill deals with the authority of the fire marshal in certain large counties.

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

MR. GHIGGERI:

There was a substantial loss in revenue projected by the fire marshal if this bill passed. The fire marshal has reprojected the loss in revenue and the impact on ongoing operating costs. The Committee has received a copy of State Fire Marshal, S.B. 274 Financial Impact ([Exhibit L](#)) provided by the fire marshal's office. [Exhibit L](#) indicates the loss of plan review fees, the direct costs and reduction in staff in each year of the biennium. The net impact on General Funds needed is \$217,597 in FY 2006 and \$200,233 in FY 2007. The fire marshal's budget has been closed and is included in the General Appropriations Act. A General Fund appropriation would need to be included in S.B. 274. The Committee may also want to consider if the effective date of this bill should be July 1 or October 1, 2005. If the legislation is effective on October 1, 2005, we estimate the impact in FY 2006 could be reduced to \$163,198. An October 1 date would provide time for the eliminated positions to secure employment in another agency.

CHAIR RAGGIO:

Does Senator Mark E. Amodei understand the revision?

MR. GHIGGERI:

He understands the need for a General Fund appropriation. I have not discussed delaying the implementation date with him.

SENATOR BEERS:

Did we receive testimony from the Clark County School District that this is beneficial to the schools and saves them money?

CHAIR RAGGIO:

We heard from Ms. Rose E. McKinney-James of the Clark County School District.

MR. GHIGGERI:

She has indicated to me, personally, that she likes this legislation.

CHAIR RAGGIO:

The Washoe County School District also is in favor of this bill.

SENATOR CEGAVSKE:

The UCCSN also wants to be removed from the fire marshal's purview. What kind of fiscal impact will that have?

MR. GHIGGERI:

This legislation is enabling the UCCSN to develop their own construction department. There should not be an additional fiscal impact on the fire marshal. This bill codifies what is currently done at the UCCSN.

CHAIR RAGGIO:

This bill comes from the Senate Committee on Human Resources and Education. We only deal with the fiscal impact.

MR. GHIGGERI:

The General Fund request is required because the fire marshal's office has been subsidizing its operations with excess plan review fees.

SENATOR CEGAVSKE:

If we take positions and duties away from the fire marshal's office, how does it cost the state more money?

MR. GHIGGERI:

The cost of the function performed by the fire marshal was less than the fees charged.

SENATOR BEERS:

The fire marshal's office has been subsidizing their operations by charging the school districts too much. As a result of this bill, the school districts will have additional revenue.

MR. GHIGGERI:

The schools will be paying less in fees to the fire marshal. Up until a few years ago, the State Fire Marshal Division was funded with General Fund revenue. Due to the collection of revenues for plant inspection fees, the amount of General Fund revenues provided has slowly decreased.

SENATOR BEERS MOVED TO AMEND AND DO PASS AS AMENDED S.B. 274 WITH THE NEW FISCAL NOTE AND TO INCLUDE CHANGING THE EFFECTIVE DATE TO OCTOBER 1, 2005.

SENATOR RHOADS SECONDED THE MOTION.

SENATOR COFFIN:

Are we running a safety risk by recommending this bill? Is it true the fire codes are adopted by the fire marshal?

MR. GHIGGERI:

I cannot answer that question.

SENATOR COFFIN:

Are we giving safety determination to each municipality?

SENATOR CEGAVSKE:

The issue was that the local entities used to be responsible for safety. The legislature moved the responsibility to the State Fire Marshal Division. Now we want to return the issue to the local governments.

CHAIR RAGGIO:

We should process the measure and ask that Senator Coffin's questions be addressed. Senator Cegavske will present the bill.

SENATOR COFFIN:

Was the fire marshal's office expanded by the Legislature to create stronger safety laws after the MGM and Hilton fires?

SENATOR CEGAVSKE:

The fire marshal was running short of revenues. The school district and the UCCSN feel their employees are qualified and trained to do the planning and inspection.

CHAIR RAGGIO:

Senator Joseph M. Neal Jr.'s bill was to add sprinklers to all of the buildings.

SENATOR COFFIN:

The local governments were not pushing for the sprinklers at that time. It took a strong Senator to get the law passed.

SENATOR CEGAVSKE:

This bill is just for the school districts.

SENATOR TITUS:

The fire marshal still enforces laws and regulations for prevention of fire, storage and use of combustibles, explosives and commercial construction. This bill does not take those things away from the fire marshal. The fire marshal can, upon request, assist the local fire departments to check plans, provide specialized training and assist in drafting ordinances. I think the fire marshal will still be involved in the general fire safety of the state.

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CHAIR RAGGIO:

Mr. Dave Bowman, assistant state fire marshal, testified here on May 9, though I do not know that he answered the questions you are asking.

SENATOR COFFIN:

I will find out more.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR RAGGIO:

We will look at S.B. 100, which was heard on March 4, requesting an appropriation of \$20,000 for conversion of two offices.

**SENATE BILL 100**: Makes appropriation to Supreme Court of Nevada for remodeling costs. (BDR S-1217)

SENATOR BEERS MOVED TO DO PASS S.B. 100.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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SENATOR MATHEWS:

Do we have time to look at S.B. 203?

**SENATE BILL 203**: Revises various provisions relating to industrial injuries and occupational diseases of certain police officers and firefighters. (BDR 53-1078)

CHAIR RAGGIO:

We need to get through some of these other bills first. Assembly Bill 560 deals with the Millennium Scholarship. We need a report on this bill.

**ASSEMBLY BILL 560 (1st Reprint)**: Revises provisions governing millennium scholarships. (BDR 34-1424)

SENATOR CEGAVSKE:

I have just received an e-mail from Senator Heck who states the fire marshal sets the minimum standards statewide. He states that local entities can make the standards more restrictive. Senate Bill 100 allows the local fire departments to do the inspections.

CHAIR RAGGIO:

We are going to look at the recommendations of the Subcommittee on Millennium Scholarships.

SENATOR BEERS:

The broad policy issue, which we are forced to make in our fiscal committee, is whether we want to reduce the scope of the program to make it last longer or not reduce the scope of the program and see it reduced to a zero balance in a

shorter period of time. The fiscal staff developed an estimate that there would be a zero balance in the year 2010. The program's costs are about \$33 million each year. The revenue from the tobacco money is about \$17 million each year. How much of the \$16 million difference do we want to make up with General Funds?

We looked at the criteria for the initial award of a Millennium Scholarship in section 4 of A.B. 560. The two changes the Assembly made were to round the grade point average (GPA) to two digits. The GPA is scheduled to increase by the action of the last legislature. A section in A.B. 560 creates a new class of Millennium scholars. Special education students are not required to meet the minimum credit load, they are not limited to four years and the section is retroactive. The Subcommittee did not recommend a change to these Assembly recommendations.

We discussed requiring a free application for federal student aide which the Office of the Treasurer had mentioned. The Subcommittee recommends this to the Finance Committee. Senator Titus voted against this requirement.

CHAIR RAGGIO:  
What is significant about this recommendation?

SENATOR BEERS:  
It would require a social security number which carries an inherent check for citizenship and helps to ascertain if there are additional funds available to a particular student which would reduce the Millennium Scholarship cost with no impact on the student.

SENATOR TITUS:  
I disagree with Senator Beers' statement. There is nothing that says if a student receives federal funds, the Millennium Scholarship will be reduced. The federal funds would be in addition to the Millennium Scholarship. This is not a way to save money.

SENATOR BEERS:  
The Subcommittee voted 3 to 0 to increase the current requirement that a student must have attended Nevada secondary schools from two to three years.

CHAIR RAGGIO:  
Does that mean three out of four years or three out of three years?

SENATOR BEERS:  
It could be three out of three years. Conceivably, you could have a bright student who graduates early.

The Subcommittee voted to replace the high school GPA with a composite score on the high school proficiency examination. Senator Titus voted no on this suggestion. The State Board of Education could create approximately 8,500 eligible graduates each year based upon the composite score.

CHAIR RAGGIO:  
How would you define that in the bill?

SENATOR BEERS:

We would ask the Legal Division to develop the language.

SENATOR TITUS:

The proficiency test is a controversial test. We have changed the score. We have talked about giving copies to parents. We have talked about allowing people to graduate who have not passed it. I agree we need to look at something other than the high school GPA, maybe SAT or ACT scores, but our school system does not require either of those tests. Using the proficiency test, which is controversial, and not knowing what the cutoff grade would be, makes the problem worse not better.

SENATOR BEERS:

There were 7,347 eligible 3.0 GPA students in 2000, 7,950 in 2001, 8,148 in 2002, and 8,610 in 2003. The growth rate is 1,300.

CHAIR RAGGIO:

Is there any discussion that grades are inflated in order to qualify for the Millennium Scholarship?

SENATOR BEERS:

The numbers I gave you represent a 17% growth rate over four years which is a bit in excess of Nevada's growth rate over four years.

SENATOR TITUS:

You are making an assumption. You do not know the growth rate of the school population. You need to look at that figure, not the general population growth rate. If we tighten the requirements once the student is in college, students with inflated high school grades will be weeded out.

SENATOR BEERS:

The Assembly bill explicitly allows Millennium Scholarship payment of summer school classes. There is some interest in not supporting summer school classes.

CHAIR RAGGIO:

Is the present situation such that the student pays and, if successful, is reimbursed?

SENATOR BEERS:

That is correct.

The A.B. 560 prohibits payment for remedial courses which are currently allowed.

The Assembly did not change the requirement that Millennium scholars maintain a GPA every semester of 2.6. We discussed if that GPA represents the cumulative GPA or each semester separately. The Treasurer's Office confirms that the GPA applies to each semester separately.

The Assembly added a two-strike provision. If a student falls below a 2.6 GPA or falls below the minimum credit load, 12 hours at the universities and 6 hours at community colleges, the next semester is paid for by the student. If the student then meets the scholarship's criteria, the Millennium Scholarship is

reinststituted. If the criteria are not met in that second semester, the student is no longer eligible for a Millennium Scholarship.

CHAIR RAGGIO:  
What is the Subcommittee's opinion?

SENATOR BEERS:  
The Subcommittee agreed, unanimously, to accept all of those recommendations except the GPA of 2.6. The Subcommittee unanimously agreed to increase the college-level GPA to 3.0. Data received from the Treasurer's Office indicates that last semester 48 percent of the Millennium scholars had a GPA between 2.6 and 3.0. Increasing the GPA would mean a deep cut in the use of the program. We would be able to fund the program on the existing tobacco settlement funds.

SENATOR TITUS:  
We do have to raise the GPA. We should allow as many people as possible into the program. Then the students have to earn the scholarship. We might look at a compromise. For example, the first two years the GPA would be 2.6 or 2.75, and then 3.0 in the last two years. By the last two years, a student has chosen a major, settled down, learned what college is about and can be expected to make higher grades.

CHAIR RAGGIO:  
We are going to take the suggestions one at a time and not leave here until we have an amendment to this measure.

SENATOR BEERS:  
The Subcommittee agreed, unanimously, that any refund paid to Millennium scholars by their school, after enrollment, would be paid to the Millennium Scholarship fund instead.

The Subcommittee agreed 2 to 1, with Senator Cegavske voting no, to not require scholars to repay their scholarship funds for the second-strike semester. Senator Cegavske advocated requiring repayment for the second and last strike out.

We agreed unanimously to increase the administration cost limit from the current 2 percent to 3 percent of tobacco proceeds each year.

We agreed unanimously not to accept the recommendation to limit scholars to 12 credits of reimbursement per semester. The reimbursement of no more than 12 credits would reduce the funds expended by the Millennium Scholarship. We wanted to give students the opportunity to take 15 credits which would get them through college in four years.

We agreed unanimously to increase the Unclaimed Property Fund allocation from \$7.6 million to \$8.0 million per year. Then we learned the Governor's budget was \$7.6 million each year.

After the Subcommittee met and made these decisions, we had an opportunity to speak with the Governor about his thoughts on the Millennium Scholarship. The Governor likes the 12-credit per semester limit, but seemed amenable to

implementing a \$2,500 per year limit instead. His initial description of the scholarship was \$2,500 for four years.

CHAIR RAGGIO:  
Would that be \$2,500 each calendar year?

SENATOR BEERS:  
That is correct.

CHAIR RAGGIO:  
Would there be a carryover if the \$2,500 per year was not used?

SENATOR BEERS:  
No, there would not be a carryover.

The Governor advocated leaving the first year GPA at 2.6 and raising the second year to 2.75. We do not have information from the Treasurer's Office on what that savings might be. The Governor generally did not like the other things discussed to reduce the utilization of the scholarship program.

CHAIR RAGGIO:  
It is my intention to go through these items and see what kind of a consensus we can develop.

SENATOR MATHEWS:  
Could you explain the 6 credits at a community college and 12 at a university?

SENATOR BEERS:  
That would be the minimum load required to continue the Millennium Scholarship. The community colleges have more students who work full time.

SENATOR MATHEWS:  
Full time at both the community colleges and the universities is 12 credits. Why would we want to reduce the requirement? They will receive the same amount of money.

SENATOR BEERS:  
We would do it to accommodate part-time students. They could go full time at the community college.

BRIAN K. KROLICKI (State Treasurer, Office of the State Treasurer):  
Many community college students attend part time. The six credits is the community college's plan.

The flat rate of 12 credits each semester is critical. It is the Treasurer's projection that the program cannot be sustained, without new money or expense reductions, beyond the 2009 fiscal year. It is a policy decision. The things you choose to do can solve the problem for a biennium or longer. If you approve of the flat rate, we project \$5 million in savings each year. The average student graduates in five to six years. The average units completed under the Millennium Scholarship is just over 13 credits. We do not think we are slowing down the students. The program in A.B. 560 will last at least a decade and could go in perpetuity.



SENATOR BEERS:

Tuition is going up. Next fall it will be \$102 each credit at the university. It would cost \$2,652 for two semesters at 12 credits each. There would be a small savings if we use the \$2,500 yearly limit.

MR. KROLICKI:

The law says we are paying \$80 a unit. No one has changed that amount. A Millennium scholar needs to pay the difference if the tuition is more than \$80 each unit.

CHAIR RAGGIO:

There is an understanding that the Millennium Scholarship is not a full ride scholarship.

SENATOR BEERS:

One idea, that was not discussed in Subcommittee, would be the situation created when a Millennium scholar enrolls in classes and then drops them. We talked about this situation in the context of making scholars pay back the funds for classes failed. We might want to have scholars pay back the fund for classes dropped.

MR. KROLICKI:

It would be difficult to collect. The flat rate alleviates that problem. If the student drops a class, they are no longer a Millennium scholar. It also takes care of the one-strike/two-strike issue. I call it the tough-love provision. If you do the flat rate, we get out of the refunding/payback situation. If you choose only the options that save the least amount of money, we will be having this same conversation in two years. I would like to solve the problem for at least a decade.

SENATOR BEERS:

We will be back here in two years if we do not get a large amount of new money.

MR. KROLICKI:

We are assuming tobacco funds will come in at a diminishing rate. There is a likelihood that tobacco revenues will be down 18.5 percent.

SENATOR MATHEWS:

Students who complete a semester and fail should be treated differently from those who drop a course. Some people drop just to get the money. If you complete a semester, you have made an effort and should not have to pay back the funds.

CHAIR RAGGIO:

We are trying to save and assure the longevity of the Millennium Scholarship program. We are all aware that the tobacco settlement funds have diminished from the original expectations. There is a need to provide some funding. We are in a position to make some adjustments. There are requirements for both admission to the program and to maintain eligibility for the scholarship. We will go through each item Senator Beers presented.

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SENATOR BEERS:

In Section 4, A.B. 560, the Subcommittee accepted the rounding of the high school GPA to 2.60.

CHAIR RAGGIO:

Are there any objections to this recommendation? Hearing none, we will continue.

SENATOR BEERS:

We agreed with the language in section 4, page 5, lines 4 through 17 to open eligibility to special education students. The window in which a graduate can apply after graduation is eliminated, it is retroactive and the minimum credit load does not apply to students who qualify.

CHAIR RAGGIO:

Was the Subcommittee unanimous on this issue?

SENATOR BEERS:

Yes, it was.

CHAIR RAGGIO:

I will entertain a motion to accept section 4 of A.B. 560.

SENATOR CEGAVSKE MOVED TO ACCEPT SECTION 4 OF A.B. 560 RETROACTIVE TO THE BEGINNING OF THE MILLENNIUM SCHOLARSHIP.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

SENATOR BEERS:

The initial criteria to receive the scholarship would include a social security number and the completion and filing of a federal student aid form.

SENATOR CEGAVSKE MOVED TO ACCEPT THE ADDITIONAL CRITERIA OF A SOCIAL SECURITY NUMBER AND THE COMPLETION AND FILING OF A FEDERAL STUDENT AID FORM.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR TITUS VOTED NO.)

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SENATOR BEERS:

The Subcommittee voted 3 to 0 to increase the current requirement from two to three years of Nevada secondary school attendance.

SENATOR CEGAVSKE MOVED TO INCREASE THE ATTENDANCE REQUIREMENT AT A SECONDARY NEVADA SCHOOL FROM TWO TO THREE YEARS.

SENATOR BEERS SECONDED THE MOTION.

SENATOR COFFIN:

I do not agree with this criteria. How many circumstances are there where a person does not attend secondary schools in Nevada for two or three years? The reason could be custody arrangements where a parent may be living in Nevada but the child is going to school out of state. There are reasons a juvenile may not be in the state. What about military dependents?

MR. KROLICKI:

There are exceptions for some circumstances. If the parents are here and paying taxes in Nevada, we have the ability to award a Millennium Scholarship to that student.

CHAIR RAGGIO:

What about the military?

MR. KROLICKI:

Yes, that circumstance is in the law.

SENATOR COFFIN:

How does it read in the law?

MR. KROLICKI:

It is a policy set by the Board of Regents which we have accepted.

SENATOR COFFIN:

If a person moves to Fallon, for example, for six months and their child wants to start school at the University of Nevada, Reno, how does that work?

MR. KROLICKI:

There is a two-year residency requirement.

SENATOR COFFIN:

What if a child is living with a grandparent or uncle who have lived in Nevada over two years?

MR. KROLICKI:

They would qualify.

CHAIR RAGGIO:

With the understanding that the Board of Regents' policy would apply, is there any objection to the motion?

THE MOTION CARRIED. (SENATOR COFFIN VOTED NO.)

\* \* \* \* \*

SENATOR BEERS:

The next Subcommittee recommendation is to replace the existing high school GPA with the composite score on the high school proficiency examination.

MR. KROLICKI:

It may be that using the ACT/SAT, even though it is not required, would give us a national standard. It would be cheaper to pay students to take the test than to enforce a proficiency examination component. We have 50,000 Millennium scholars. We are not talking about a lot of money.

CHAIR RAGGIO:

I feel going to the proficiency examination is a drastic change. If we adopt the major provisions, such as the 12-credit flat rate, we should retain the present GPA eligibility requirement. It is too indefinite to say what score on a high school proficiency exam is required. I believe in the proficiency examination, but I think it is too drastic a change at this point.

SENATOR BEERS:

The policy question is whether we want to limit eligibility at the beginning of the process by reducing the number of students who qualify for the scholarship. One alternative, to stabilize the number of students qualifying at 9,000 each year, adjusting upward for growth in the student population statewide, would be to have a target number of students set and adjust the GPA periodically to produce that target number.

CHAIR RAGGIO:

I think there are students with expectations. I think it is unreasonable to give them an indefinite goal on the high school proficiency examination. Students are allowed several tries at taking the proficiency examination. I know they have to pass the examination. It is something to look at later. I have to trust teachers not to manipulate the GPA. Teachers will grade what they think, not to accommodate a particular student.

SENATOR COFFIN:

Are we looking at anything that might retard the grade inflation?

CHAIR RAGGIO:

Yes, we are.

SENATOR COFFIN:

You may be right on the proficiency test; it is not a perfect examination. Nearly every child who will attend college has taken the ACT or SAT examination. I do not think we have to pay for their tests. The students simply learn, during their junior year, to give us the required score to qualify for the Millennium Scholarship. I took the ACT to avoid taking bonehead English.

CHAIR RAGGIO:

What score would we require on the high school proficiency examination, the ACT or the SAT? I do not think we can define that right now. There should be some incentive while they go through the three-year high school process to maintain a GPA rather than think they just have to achieve a certain score on one test.

SENATOR COFFIN:

The ACT and SAT are better predictors of college success than the high school GPA. I do support the increase of the continuing college GPA.

SENATOR BEERS:

I would like to know if the Treasurer thinks his office can develop an ACT score target.

MR. KROLICKI:

I believe the Board of Regents could adopt a policy looking into the issue of what would be an appropriate score.

CHAIR RAGGIO:

We could put in the bill that the Board of Regents develop an ACT score. What direction do we give them on the score to be developed? Are we going to give them a number of dollars to save?

SENATOR BEERS:

The target would be a certain number of high school graduates.

SENATOR TITUS:

If you are going to do that, why not just say we will fund a certain number of scholarships. We do not need to do an artificial score. It is interesting that the debate we are having today is what I tried to get this body to have five years ago when the scholarship was created. We should look at this from an academic standpoint. That was not the interest at the time. The interest was to take as much money as we could get, because we had all the tobacco money coming in, and give it to as many people as possible to increase the rate of those who graduate from high school and go on to college. Now, because we are running out of money, we are looking at it from an academic standpoint in an artificial way to ratchet down the number of people who qualify. We are doing it wrong now just like we were doing it wrong then for the exact opposite reasons. You cannot put the Treasurer's Office in the business of evaluating students who deserve scholarships. Evaluators look at GPA, test scores, writing samples and letters of recommendation. An academic scholarship is a different goal from making money available for Nevada students to go to Nevada colleges and do pretty well. You have to decide what the scholarship should be and go forward from that direction.

SENATOR MATHEWS:

Are ACT or SAT scores required?

MR. KROLICKI:

They are not required in our university system.

SENATOR MATHEWS:

Then we should not be discussing using those scores as criteria for the scholarship.

SENATOR BEERS MOVED TO NOT ADJUST THE HIGH SCHOOL GPA IN THE EXISTING MILLENNIUM SCHOLARSHIP ELIGIBILITY REQUIREMENTS.

SENATOR MATHEWS SECONDED THE MOTION.

SENATOR COFFIN:

Are you saying we will stay with the current requirements?

CHAIR RAGGIO:

We will stay with the 3.0 GPA and require three years in a Nevada secondary school.

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

\* \* \* \* \*

SENATOR BEERS:

That ended the Subcommittee's discussion on changing the criteria for the initial scholarship award. The maintenance requirements were then discussed. The Assembly made four changes. Summer school would be paid for by the Millennium Scholarship which we supported unanimously. Remedial courses would not be paid for with scholarship funds and we supported that unanimously. The subcommittee supported the two-strike provision unanimously.

CHAIR RAGGIO:

We can discuss these three before going to the fourth change.

SENATOR BEERS MOVED TO APPROVE THE ASSEMBLY CHANGES TO ALLOW PAYMENT OF SUMMER SCHOOL COURSES, PROHIBIT USE OF FUNDS ON REMEDIAL COURSES AND TO CREATE THE TWO STRIKES AND YOU ARE OUT PROVISION.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

SENATOR BEERS:

The Subcommittee did not agree with the Assembly recommendation of retaining the college 2.60 GPA requirement for existing Millennium scholars.

CHAIR RAGGIO:

I heard a suggestion to leave the GPA at 2.60 for the first year, 2.75 for the second year and a 3.00 average thereafter.

SENATOR BEERS:

That would be a GPA of 2.60 the first year, 2.75 the second year and 3.00 the third and fourth years.

CHAIR RAGGIO:

It would apply to those years, not each semester. Why are you saying no, Mr. Krolicki?

MR. KROLICKI:

It depends on what else you choose to do. The flat rate is the preference. We have not run models using the GPA on a yearly basis.

SENATOR CEGAVSKE:

What is our goal? Do we want to let everyone in and make sure they stay in, or do we want to create limits.

CHAIR RAGGIO:

Presently the GPA is 2.60 for the entire four years.

SENATOR TITUS:

How difficult will that be to track? Sometimes a student is a junior at the end of a second year.

CHAIR RAGGIO:

I do not think it matters what level the student is. They have to maintain the GPA. The student must pass 12 credits.

MR. KROLICKI:

The year designation is based on the number of credits accomplished. Raising the second year GPA to 2.75 would probably decrease the number of students by 10 percent which is not dramatic. I think that works great. Would the GPA requirements be retroactive or apply starting with the incoming freshmen?

SENATOR BEERS:

We have not discussed that yet.

SENATOR COFFIN:

Administratively, does the current program review GPA by semester rather than by year? Would you want to continue the evaluation by semester?

SENATOR BEERS MOVED TO IMPLEMENT A GPA REQUIREMENT OF 2.60 THE FIRST YEAR, 2.75 THE SECOND YEAR, AND 3.00 THE THIRD AND FOURTH YEARS.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

SENATOR BEERS MOVED TO MAKE THE GPA REQUIREMENT STANDARDS APPLICABLE TO CURRENT MILLENNIUM SCHOLARS.

CHAIR RAGGIO:

Are you saying that someone in the third year of receiving a Millennium Scholarship would be required to have a 3.00 GPA?

SENATOR BEERS:

That is correct.

SENATOR CEGAVSKE SECONDED THE MOTION.

SENATOR COFFIN:

A student may be maintaining a 2.60 GPA. Now, in the fourth year, the student must maintain a 3.00 GPA for the next semester.

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CHAIR RAGGIO:

It would be 3.00 GPA for the year.

SENATOR COFFIN:

You can only do it by semester.

SENATOR CEGAVSKE:

I would like to withdraw my second.

SENATOR BEERS:

I would like to withdraw my motion and rephrase it. Finals are next week and I do not want to create any undue anxiety.

SENATOR BEERS MOVED TO IMPLEMENT THE GPA REQUIREMENT STANDARDS AND MAKE THE STANDARDS APPLICABLE TO CURRENT MILLENNIUM SCHOLARS AS OF THE FALL 2005 SEMESTER.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

SENATOR BEERS:

The Subcommittee agreed any refunds paid to Millennium scholars by the university after enrollment in a semester shall be paid to the Millennium Scholarship Fund.

SENATOR BEERS MOVED THAT ANY REFUNDS PAID TO MILLENNIUM SCHOLARS BY THE UNIVERSITY AFTER ENROLLMENT IN A SEMESTER SHALL BE PAID TO THE MILLENNIUM SCHOLARSHIP FUND RATHER THAN THE STUDENT.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

SENATOR BEERS:

The next recommendation does not require the student to pay back scholarship funds for the semester marking their strikeout.

CHAIR RAGGIO:

Does that mean that the student who has already received one strike and has received the scholarship for the next semester and not met the continuing requirements will not have to refund the award for that semester?

SENATOR BEERS:

That is correct.

CHAIR RAGGIO:

Do you want to make a motion?



SENATOR BEERS:

We do not need to make a motion, we will just leave the requirement as is.

SENATOR CEGAVSKE:

The Western Interstate Commission for Higher Education students are asked to pay back funds. When you give something free, there must be an expectation that the student will perform as expected. Some people do not appreciate the money. There is no accountability if they do not have to refund.

CHAIR RAGGIO:

If the student fails to make the GPA requirement on the second opportunity, should the tuition for that semester be repaid? This recommendation was not approved by the Subcommittee by a 2 to 1 vote.

SENATOR CEGAVSKE:

That is correct.

CHAIR RAGGIO:

If we do nothing, there will not be a payback requirement.

SENATOR BEERS:

The Subcommittee agreed, unanimously, to increase the administration costs of the program from the statutory 2 percent of the tobacco proceeds to 3 percent.

CHAIR RAGGIO:

Is that because the proceeds are diminishing?

SENATOR BEERS:

That is correct, and the program is expanding with 50,000 people in it now.

SENATOR BEERS MOVED TO INCREASE THE ADMINISTRATION COSTS  
OF THE PROGRAM FROM 2 PERCENT TO 3 PERCENT OF THE TOBACCO  
PROCEEDS.

SENATOR RHOADS SECONDED THE MOTION.

SENATOR TITUS:

The program is being moved from the Treasurer's Office to the Department of Administration.

CHAIR RAGGIO:

That is not part of this Committee's proposal.

SENATOR BEERS:

We have not addressed that issue yet.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

SENATOR BEERS:

The next issue is the 12 credits per semester versus an annual dollar amount. We should also discuss at this time whether students should pay the fund back for dropped courses. If we limit the scholarship to 12 credits each semester, a

dropped course would mean the student does not meet the minimum credit requirements. Many students take 15 credits each semester. This scholarship pays roughly 80 percent of the student's tuition calculated on the tuition as of the Fall 2005. If we implement the 12-credit limit, a 15-credit student would see their scholarship go from 80 percent to 60 percent of cost.

CHAIR RAGGIO:  
Upon what limit can we agree?

MR. KROLICKI:  
If we do not do the flat rate, which we project is a \$5 million savings each year, we will have a problem in two or three years sustaining the scholarship.

CHAIR RAGGIO:  
We are trying to come up with some concept of a flat rate.

SENATOR BEERS:  
We have made it difficult to retain the scholarship. There will be an attrition rate when we move the 3.00 GPA for years three and four. That condition has not been used to project an insolvency date.

CHAIR RAGGIO:  
The issue is whether we say there is a maximum of 12 credits and summer school attendance or put a limit of \$2,500 each calendar year. The student will need to maintain the required GPA each semester.

MR. KROLICKI:  
The average consumption per student is about \$1,900. If we set a maximum at \$2,500, the program will end in 2007.

CHAIR RAGGIO:  
I thought the cost per unit was increasing. Are you saying leave it at the \$80?

MR. KROLICKI:  
Are you looking at paying the entire per credit cost to a limit of \$2,500 per year?

CHAIR RAGGIO:  
Right now they get \$80 per credit.

CHAIR RAGGIO:  
If we leave the per credit payment at \$80 and limit the reimbursement to 12 credits, how does that accommodate summer school?

MR. KROLICKI:  
The Committee is recommending payment for summer school.

CHAIR RAGGIO:  
The student may use more than \$2,500 each year by attending summer school. We still have the \$10,000 maximum.

MR. KROLICKI:

There are possibly two different issues here. The student could take 12 credits each semester and attend summer school. It would still work if you do the flat rate.

CHAIR RAGGIO:

Can they take less than 12 credits each semester and make it up in summer school?

MR. KROLICKI:

No, they cannot. They would lose the scholarship when they fall below a 12-credit semester.

SENATOR BEERS:

A normal college student is going to take 15, maybe 18, credits each semester to graduate in four years. By establishing a 12 credit per semester limit, the scholarship is covering 60 or 65 percent of the tuition cost. We may see a reduction in the number of students who will utilize the program.

SENATOR COFFIN:

We have not addressed the fee problem. It is possible to have from \$200 to \$300 in fees each semester. Fees are paid for parking, recreation, student union, athletics and lab fees. The more credits a student has the more the student can spread fixed costs. I do not think we should go to a 12-credit limit.

CHAIR RAGGIO:

We need to save the program. We cannot have it expire in two or three years.

MR. KROLICKI:

We all want to help the students graduate in the normal manner of four years.

CHAIR RAGGIO:

We cannot take the tests for them nor do their studying. We can try to fund the program in a responsible manner that will be an incentive and provide assistance.

SENATOR BEERS:

The policy decision is do we want to have more Millennium scholars with weaker scholarships or fewer Millennium scholars with a more robust scholarship.

SENATOR MATHEWS:

I prefer more scholars with weaker scholarships because we can reach more students that would not be able to attend college without some help. We have to be careful with the 12-credit limitation. Students will be in school five to seven years if they take the minimum number of credits. We need to look at 15 to 18 credits.

MR. KROLICKI:

The Millennium scholars have demonstrated the pace. They are graduating in five to six years. Few students graduate in four years.

SENATOR BEERS MOVED TO LIMIT THE SCHOLARSHIP TO 12 CREDITS EACH SEMESTER.

THE MOTION WAS SECONDED BY SENATOR MATHEWS.

MR. KROLICKI:

Would that be the flat rate of 12 credits for the university and 6 for the community college?

SENATOR BEERS:

Yes, that is correct.

THE MOTION CARRIED. (SENATOR TITUS VOTED NO.)

\* \* \* \* \*

SENATOR BEERS:

The Assembly bill appropriates \$35 million one time and \$7.6 million each year thereafter. There may be some ambiguity about when the annual payments would start which has a significant impact upon the calculation of how long the scholarship fund will last under the proposed criteria. The final issue is sections 1, 2 and 3 of this bill which moves the administration of the program from the Treasurer's Office to the Department of Administration.

CHAIR RAGGIO:

What is the position of the Treasurer's Office and the Governor's Office on the change of administration?

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

The Governor's Office does not object to the program remaining in the Treasurer's Office. We do not see any reason to move it.

CHAIR RAGGIO:

Is there a compelling reason to move the program?

MR. KROLICKI:

The Assembly has made this suggestion. The Treasurer's Office has a team which has achieved something marvelous.

CHAIR RAGGIO:

Does the Treasurer's budget include administration of the Millennium Scholarship?

MR. KROLICKI:

The budget allocation for the program would move to the Department of Administration. The team that created the program, rolled it out and maintained it is in the Treasurer's Office.

SENATOR BEERS MOVED TO STRIKE SECTIONS 1, 2 AND 3 OF A.B. 560 AND RENUMBER THE SUBSEQUENT SECTIONS.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR RAGGIO:

We have not addressed the issue of what happens when a student drops a course.

SENATOR BEERS:

If we implement the 12-credit limit, there is a built-in penalty for dropping a class.

CHAIR RAGGIO:

A student could be taking more than 12 credits and drop a course. That student is only reimbursed for 12 credits. That student can drop a class and still qualify for the scholarship.

SENATOR BEERS:

That is correct. The provision that requires payment made by the university to a student post-enrollment might include partial tuition for a dropped class. How do you decide which credits the Millennium Scholarship paid for and which credits the student paid for?

SENATOR CEGAVSKE:

The money does not matter. The student does not get enough to pay for all of the tuition because the cost will continue to rise. The fees are a concern. Students can take as many credits as they want, only 12 credits will apply to the Millennium Scholarship.

SENATOR BEERS:

Do we need to make a motion to amend and do pass this bill with all of the amendments we have agreed to?

CHAIR RAGGIO:

We are not at that point.

MR. GHIGGERI:

The bill requires a technical adjustment. The \$35 million appropriation to the scholarship fund should be effective upon passage and approval. The \$7.6 million transfer from the Unclaimed Property Fund should be effective July 1, 2005, which would be consistent with the Governor's recommended budget where he reduced the General Fund by \$7.6 million. If you leave it the way it is, the \$7.6 million will come out in FY 2005.

CHAIR RAGGIO:

I will take a motion for an amendment to the bill with the items that have been approved by this Committee and the technical adjustment.

SENATOR BEERS MOVED TO AMEND A.B. 560 AS RECOMMENDED AND APPROVED BY THIS COMMITTEE INCLUDING THE TECHNICAL ADJUSTMENT TO CHANGE THE TRANSFER DATE TO JULY 1, 2005, FOR FUNDS FROM UNCLAIMED PROPERTY.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

I am going to suggest an amendment unknown to Governor Guinn. He has put his heart and soul into this program. No one has asked me to do this. I think it would be deserved recognition he would appreciate.

SENATOR RHOADS MOVED TO RENAME THE MILLENNIUM SCHOLARSHIP THE GOVERNOR GUINN MILLENNIUM SCHOLARSHIP.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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SENATOR BEERS MOVED TO AMEND AND DO PASS AS AMENDED A.B. 560.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR RAGGIO:

Senator Beers will work with staff to expedite the amendments. This Committee will be in recess at 11:56 a.m. until the call of the Chair.

The Senate Finance Committee has reconvened at 4:10 p.m. We have three bills to be processed. We will begin with S.B. 311 which we heard April 16. The Assembly Amendment No. 1115 changes the total allowance to \$10,000.

**SENATE BILL 311 (1st Reprint)**: Increases allowance for Legislators for reimbursement of travel and other expenses during legislative session. (BDR 17-742)

SENATOR DENNIS NOLAN (Clark County District No. 9):

It will be difficult for a Legislator to exceed the ceiling of \$10,000. There are some Legislators at \$9,000 who may get to \$9,500. The Assembly felt it would be better to set a ceiling for this session. The \$1,200 ceiling for a special session is insufficient. This bill would be effective upon passage and approval. Mr. Lorne J. Malkiewicz, Director of the Legislative Counsel Bureau, has looked at the numbers the legislators have right now. He thinks this ceiling will cover everyone.

SENATOR COFFIN MOVED TO CONCUR WITH AMENDMENT NO. 1115 TO S.B. 311.

SENATOR RHOADS SECONDED THE MOTION.

SENATOR MATHEWS:

Does this bill affect those legislators who have to move more than 50 miles?

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CHAIR RAGGIO:

No, this bill is for the travel allowance during a session that is now capped at \$6,800. The bill applies to all legislators.

SENATOR BEERS:

Does this amendment reimburse only actual expenses?

CHAIR RAGGIO:

That is correct.

SENATOR CEGAVSKE:

Is this enough for the legislators with large districts?

SENATOR RHOADS:

I reach the ceiling almost every session because of the distance.

CHAIR RAGGIO:

This is not the bill covering interim travel. This bill covers the legislative session.

THE MOTION CARRIED. (SENATOR MATHEWS VOTED NO.)

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CHAIR RAGGIO:

Senate Bill 98 started as a bill making a \$50,000 appropriation to provide the necessary assistance to the Task Force on Prostate Cancer. The Assembly Committee on Ways and Means added an additional \$50,000 and set up a Task Force on Cervical Cancer. I recommend we move to not concur with Amendment No. 1125 and discuss how appropriations, if any, will be distributed.

**SENATE BILL 98 (2nd Reprint)**: Creates Task Force on Cervical Cancer and revises provisions relating to Task Force on Prostate Cancer. (BDR 40-1210)

SENATOR RHOADS MOVED TO NOT CONCUR WITH AMENDMENT NO. 1125 TO S.B. 98.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR TITUS VOTED NO.)

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CHAIR RAGGIO:

We will go to S.B. 89.

**SENATE BILL 89 (2nd Reprint)**: Makes supplemental appropriation to Department of Human Resources for unanticipated shortfall in money for Fiscal Year 2004-2005 resulting from increased cost of maintenance of effort requirement for Substance Abuse Prevention and Treatment Block Grant. (BDR S-1190)

SENATOR BEERS:

I want to disclose that after this legislative session started, my oldest child was awarded a Millennium Scholarship. The actions we took today do not affect her any more than it affects everyone else.

CHAIR RAGGIO:

We processed S.B. 89 on March 28, 2005. The Assembly Amendment No. 1123 has increased the funding by \$100,000.

SENATOR CEGAVSKE MOVED TO CONCUR WITH AMENDMENT NO. 1123 TO S.B. 89.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

I would like to take action on the rebate bills we heard earlier, S.B. 366 or S.B. 519.

SENATOR BEERS MOVED TO DO PASS S.B. 366.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

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SENATOR BEERS MOVED TO AMEND BY CHANGING THE DEFINITION OF REGISTERED OWNER TO NRS 482.102 AND DO PASS AS AMENDED S.B. 519.

SENATOR CEGAVSKE SECONDED THE MOTION.

SENATOR TITUS:

I prefer a rebate plan that spreads more money to more people. That is why I originally requested using a driver's license to give everyone a \$150 check. That way, especially now after seeing the figures in [Exhibit H](#), more people would get more money. I realize the Governor wants to do something for business, but I believe with the business tax rebate we introduced in this Committee, we could do something for business and still use the driver's license to give more checks to more people. I realize this idea will not get out of this Committee, but it could be something we look at. I ask the Committee to consider, if we are going to push the Governor's rebate plan forward, adding an amendment to set aside \$2 million in a trust fund to allow those people who do not have a driver's license or do not own a car, to apply for a credit. I do not know how many people would apply or if the entire \$2 million would be used. With \$2 million on a first-come first-served basis, people could apply for a \$50 rebate, because that is the amount the majority of people under the Governor's plan will get in the rebate. If the Committee could accept this amendment, I could support the Governor's rebate plan for now.



SENATOR COFFIN:

I was not positive I could support the rebate. Seeing how it consumes the entire surplus and that it will not be used for buildings, I am less sure of giving my support. [Exhibit H](#) tells us that the vast majority of people will not even get \$100 back. Most people are looking for a \$300 check. When the people in my district get their check for \$15 or so, they are not going to be happy. They will think we have not kept our contract with them. Is there another way to structure the rebate to make it more equitable? I cannot vote for it the way it is.

SENATOR TITUS MOVED TO ADD AN AMENDMENT TO SET ASIDE \$2 MILLION FOR PEOPLE WHO DO NOT OWN CARS SO THEY COULD APPLY FOR A REBATE.

CHAIR RAGGIO:

Your amendment reads as if there would be an additional \$2 million, not setting aside a portion of the \$300 million.

SENATOR TITUS:

The calculation in [Exhibit F](#) does not amount to \$300 million.

SENATOR BEERS:

The difference in [Exhibit F](#) is the cost of administration of the rebate.

CHAIR RAGGIO:

Would your motion be to set aside a part of the \$300 million?

SENATOR TITUS:

I think we can take \$2 million from the \$300 million and still give everyone up to a \$300 rebate. We know the numbers fluctuate.

CHAIR RAGGIO:

Do you want to specify, for the record, the criteria for a rebate?

SENATOR TITUS:

There is no rebate fund right now.

CHAIR RAGGIO:

It is the account for the onetime rebate as you have worded it and as stated in [S.B. 519](#).

SENATOR TITUS MOVED TO AMEND [S.B. 519](#) TO SET ASIDE \$2 MILLION OF THE \$300 MILLION TO BE USED IN A FUND FOR PEOPLE TO APPLY FOR A REBATE WHO DO NOT OWN A CAR. THIS WOULD BE A ONETIME REBATE OF \$50. THE PEOPLE WOULD APPLY TO DMV. THE MONEY WOULD BE PAID ON A FIRST-COME FIRST-SERVED BASIS. A PERSON WOULD HAVE TO PROVIDE EVIDENCE SATISFACTORY TO THE DMV THAT THEY WERE A RESIDENT OF NEVADA IN 2004 AND THEY ARE STILL A RESIDENT AT THE TIME THE APPLICATION IS SUBMITTED. THE PERSON WOULD HAVE TO BE AT LEAST 18 YEARS OF AGE ON DECEMBER 31, 2004. THE AMOUNT TO BE RECEIVED IS \$50. ON JANUARY 31, 2006, ANY MONEY REMAINING IN THE ACCOUNT WOULD REVERT TO THE GENERAL FUND.

SENATOR MATHEWS SECONDED THE MOTION.

SENATOR CEGAVSKE:

The DMV will have to decide how people will get the rebate. A person will only need to be in Nevada for one day and can apply for the rebate.

SENATOR TITUS:

That is the way it is under the Governor's bill. If the car is registered one day, you can get the rebate.

SENATOR CEGAVSKE:

I cannot support the amendment because it is too vague and would be difficult for DMV to implement.

SENATOR TITUS:

We had DMV here earlier. They said they could look into the possibility. They did not seem to think it would be too unreasonable to check a person's record as to whether or not they own a car. This amendment follows the same rules as someone who had their car registered last year.

SENATOR BEERS:

Do you know what the fiscal impact would be? Would DMV have a window at every branch for people to apply for the rebate?

SENATOR TITUS:

There could be an application process over the Internet, by mail or in person. If it is something worth doing, it will not be hard to work out the procedure.

CHAIR RAGGIO:

I am concerned about a person having only one day of residence. How would a person provide proof of residency?

SENATOR TITUS:

If the one day is a problem, how would you change it? If you lived in Nevada at least one day in 2004 and you live here now, you will have been a resident in Nevada for at least six months and would have paid \$50 in sales tax. One can prove residency in many different ways, with power bills, rent checks and driving records.

SENATOR BEERS:

Did DMV say they would be able to remove from the file anyone who has turned in their license plates? The end result of their data query will produce a list of people who were residents for one full year. We are attempting to return more money to those who paid in more. This motion does not comport with that philosophy.

SENATOR TITUS:

The Governor's plan gives people who paid more a larger rebate. I am willing to support that. You are saying that people who have paid other kinds of taxes, which generated the surplus, will get nothing. Is it worthwhile to give these people, who have contributed to this economy, a small amount? If you are going to give more people more money, does that mean you should give people who do not own a car nothing? You know they have contributed and paid taxes.

THE MOTION FAILED. (SENATORS RAGGIO, BEERS, CEGAVSKE AND  
RHOADS VOTED NO.)

\* \* \* \* \*

CHAIR RAGGIO:

On the motion by Senator Beers to amend and do pass S.B. 519, what is the vote?

THE MOTION CARRIED. (SENATOR COFFIN VOTED NO.)

\* \* \* \* \*

SENATOR MATHEWS:

Do we have time to discuss S.B. 203?

CHAIR RAGGIO:

We need the fiscal note on S.B. 203.

MR. DREHER:

Mr. Jim Fry, Deputy Risk Manager, Risk Management Division, sent everyone an e-mail in case he could not be here today. He found some discrepancies in the fiscal notes previously provided for the cost of the hepatitis vaccinations and screening. He has fiscal notes from each of the agencies which staff has received.

CHAIR RAGGIO:

We have not received the fiscal note. We have the one staff just gave me. Could you tell us about the fiscal note?

MR. DREHER:

Mr. Fry states the revised fiscal note totals \$600,000 in FY 2006, \$90,000 in FY 2007 and \$180,000 in future biennia according to the information he received from the agencies.

CHAIR RAGGIO:

Please ask Mr. Fry to be here tomorrow morning to discuss the fiscal note. There still is a fiscal note of \$622,000 in FY 2006 and \$103,000 in FY 2007. Is that correct?

MR. DREHER:

That is correct.

CHAIR RAGGIO:

There is a cost to the state of over \$700,000 over the biennium.

MR. DREHER:

That is correct.

CHAIR RAGGIO:

This is a worthwhile bill. We need to have all the information before making a determination. I cannot take one bill and ask the Committee to give it priority over everything else. We are still trying to determine what money is available.

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MR. DREHER:

We could amend the bill, if it is necessary to get the program started, to provide baseline Hepatitis C testing for the state troopers and officers listed.

SENATOR BEERS:

We need the amendment and a revised fiscal note on S.B. 203.

CHAIR RAGGIO:

There being no further business to come before the Committee, this meeting is adjourned at 4:46 p.m.

RESPECTFULLY SUBMITTED:

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Sandra Small,  
Committee Secretary

APPROVED BY:

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Senator William J. Raggio, Chair

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