

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-third Session
June 4, 2005**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:20 a.m. on Saturday, June 4, 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:

Assemblyman William C. Horne, Assembly District No. 34

STAFF MEMBERS PRESENT:

Gary L. Ghiggeri, Senate Fiscal Analyst
Bob Guernsey, Principal Deputy Fiscal Analyst
Anne Vorderbruggen, Committee Secretary

OTHERS PRESENT:

Jone M. Bosworth, J.D., Administrator, Division of Child and Family Services,
Department of Human Resources
Kenneth S. Kruger, Nevada Professional Driving School Association
Dorothy "Dotty" Merrill, Washoe County School District
Joyce Haldeman, Clark County School District
Joseph Guild, State Farm Insurance Company
Ronald P. Dreher, Peace Officers Research Association of Nevada
John P. Comeaux, Director, Department of Administration

CHAIR RAGGIO:

We have two bills scheduled for this morning's meeting. I will open the hearing on [Assembly Bill \(A.B.\) 47](#).

ASSEMBLY BILL 47 (1st Reprint): Requires certain children referred to system of juvenile justice to be screened for mental health and substance abuse problems. (BDR 5-194)

JONE M. BOSWORTH, J.D. (Administrator, Division of Child and Family Services, Department of Human Resources):

The Division of Child and Family Services supports [A.B. 47](#). If the bill passes, the Division would have a statutory obligation to promulgate regulations. The fiscal note to promulgate regulations is \$4,870.

CHAIR RAGGIO:
Is that the total cost?

Ms. BOSWORTH:
Yes.

SENATOR CEGAVSKE:
Would you please give us a short overview of the screening for the mental health and substance-abuse problems?

Ms. BOSWORTH:
This bill came out of the interim Legislative Commission's Subcommittee to Study the Juvenile Justice System. The bill proposes that every child who is taken by a peace officer to a detention facility, a regional facility or a Division of Child and Family Services commitment center be screened for mental health and substance-abuse issues. This is not a full-blown evaluation. It is a screening. Under this bill, the Division would be required to ensure that every jurisdiction in Nevada uses a research-based instrument and that the instrument is reliable and valid for identifying children who may be in need of treatment for mental health or substance-abuse issues. The bill requires that the Division provide the regulatory oversight to ensure the jurisdictions retain the reliability and validity of the instruments they are using. The Division would not be required to provide quality assurance checks. If the jurisdictions do not use the required screening instrument, the Division would notify the appropriate board of county commissioners or other governing body.

SENATOR CEGAVSKE:
What is the instrument to which you are referring? Do we have people who are trained in using this instrument, and are they at these facilities?

Ms. BOSWORTH:
We have an instrument we are currently using statewide. It is the Massachusetts Youth Screening Instrument which is a scientifically validated instrument. Through the grant monies we give to the counties, the Division requires that all jurisdictions use this reliable and valid instrument and train all personnel. It is a self-reporting instrument that youth are required to complete. We did not specify the type of behavioral-health instrument within the bill, because science is continuously evolving and there may be another instrument that is proven to be more effective and reliable.

CHAIR RAGGIO:
What changed in the bill to reduce the fiscal note to \$4,870?

Ms. BOSWORTH:
The bill changed significantly. When A.B. 47 was originally introduced, the Division was concerned that it would have a large oversight role. In addition to promulgating the regulations, the Division would have had to perform site visits, gather data and conduct performance evaluations. Additional staff would have been needed to perform those functions. The way the bill is currently written, the Division's only role would be to promulgate the regulations and ensure that the jurisdictions provide information that they are using the screening instrument.

CHAIR RAGGIO:

What is the cost to the local governments? If we pass this, will they say it is an unfunded fiscal mandate?

MS. BOSWORTH:

No. In fact, Mr. Leonard Pugh of Washoe County Juvenile Services gave testimony to that effect to the Assembly Committee on Judiciary and helped write this bill. This instrument has already been implemented. If the Division wishes to change to a new instrument in the future, we would have to hold public workshops. The counties and other interested stakeholders would have input at that time.

CHAIR RAGGIO:

Even though it is a relatively small amount, will you please submit to staff the written detail on the fiscal note?

MS. BOSWORTH:

Absolutely.

CHAIR RAGGIO:

There being no further questions or testimony, I will close the hearing on A.B. 47.

At this time I will open the hearing on A.B. 77.

ASSEMBLY BILL 77 (2nd Reprint): Revises provisions regarding courses in automobile drivers' education and requires reduction in insurance premiums for certain insureds. (BDR 34-474)

KENNETH S. KRUGER (Nevada Professional Driving School Association):

I have distributed a handout titled, "Requested Amendment to AB 77" by Kenneth S. Kruger, CEO, All American Driving School along with a copy of my testimony ([Exhibit C](#)). The requested amendment would authorize a simulator to be used in place of an automobile for drivers' training. If this bill were to pass as written, all you would be able to teach in places like Carlin, Pioche and Jackpot, which have little traffic and two-lane roads, is how to operate the car. When people who have been taught in our simulators finally get into a car, they are usually excellent drivers on the first day.

I am also concerned that A.B. 52 may nullify part of this bill. Page 3, lines 9 and 10 of A.B. 77 would require that a course in drivers' education include both classroom and motor-vehicle components. Assembly Bill 52 proposes changes in language that would make the motor-vehicle component optional.

ASSEMBLY BILL 52 (2nd Reprint): Makes various changes concerning drivers' licenses issued to persons under 18 years of age. (BDR 43-972)

When a school district teaches a course, they should give credit toward graduation. The Assembly Committee on Transportation agreed with my presentation and included in the bill that drivers' education be an elective course with credit. The Assembly Committee on Ways and Means took out that requirement. It is my opinion that credit should be given for the course, or the schools should be released from having to teach drivers' education. The

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Washoe County School District is currently selling a drivers' education course, on the weekends, in competition with us.

SENATOR RHOADS:

How will this affect the rural districts that do not teach drivers' education?

MR. KRUGER:

By contract, my driving school is willing to put five simulators on a truck and go to rural schools like Beowawe, Jackpot and Pioche and teach the simulator courses after school.

SENATOR RHOADS:

Would that qualify in place of a motor vehicle?

MR. KRUGER:

If you accept this amendment, the simulator would qualify. It is a much better training tool than a motor vehicle. I have been teaching drivers' education for 35 years, and this is the best thing we have found.

SENATOR RHOADS:

Did you present this amendment to the Assembly?

MR. KRUGER:

No. There was no requirement in the original bill for the behind-the-wheel component.

DOROTHY "DOTTY" MERRILL (Washoe County School District):

I would like to focus on two sections of A.B. 77 and their impact on the Washoe County School District. Section 1, subsection 1, paragraph (b) would mandate both classroom instruction and behind-the-wheel training for a course in drivers' education.

CHAIR RAGGIO:

What is the present situation in the Washoe County School District on drivers' education courses?

DR. MERRILL:

We currently offer drivers' education on a limited basis as an elective at four of our high schools. We also offer a 30-hour, no-credit drivers' education course that is available after school and on the weekends. The impact of A.B. 77 would be that we would have to reestablish drivers' education at most of the district's high schools.

Section 1, subsection 3 of A.B. 77 states, " ... providing instruction to pupils enrolled in grades 9 to 12, inclusive, shall establish and maintain elective courses in automobile drivers' education during the regular school day during regular semesters" This would mean the school district would no longer be able to offer its no-credit drivers' education course through community education but would have to reestablish courses at the high schools.

SENATOR CEGAVSKE:

I agree that mandating the schools to have training conducted in a motor vehicle is excessive. At one time, some schools elected to go into partnerships with car dealerships so they were able to conduct after-hours training. Those drivers'

education teachers did an excellent job and that was a good program. I have never seen this requirement include charter schools. That is an interesting concept. Mandating drivers' education during the school hours is too much for the schools. Did the Washoe County School District ever offer drivers' education as a credit?

DR. MERRILL:

We continue to offer it at four of our high schools as an elective credit. When it is offered during the day at one of our high schools, it is an elective credit. When drivers' education is offered through community education, there is no credit, because it does not meet the seat-time requirements set by regulation.

JOYCE HALDEMAN (Clark County School District):

Assembly Bill 77 takes out the credit requirement so that the 30-hour certification course, which is the curriculum component, can be offered in a variety of ways such as before school, after school and summer school without worrying about the Carnegie unit of credit requirement. It is important to give students drivers' education instruction, but it is not necessarily important on their way to graduation. By removing the credit requirement, it gives us an opportunity to provide drivers' education in different ways.

DR. MERRILL:

At the four high schools where we offer drivers' education as an elective, we are currently spending about \$255,000 annually. In the first year of the biennium, that amount would increase to over \$700,000, and it would be \$646,000 in the second year of the biennium. These costs are for the classroom instruction, only. Adding behind-the-wheel instruction would be considerably more. Although A.B. 77 encourages trustees of the school districts to enter into agreements with vehicle dealers, the last time we tried to do this, we had no volunteers in our community who wanted to assist us with cars. If we had to purchase cars and provide behind-the-wheel training to students at our high schools, the cost would be about \$1 million.

CHAIR RAGGIO:

Does the suggested amendment reduce the fiscal impact?

DR. MERRILL:

I have not read the amendment. Regardless of whether the amendment would decrease the cost for behind-the-wheel training, we would still have the unfunded mandate of more than \$700,000 in the first year of the biennium and \$646,000 in the second year of the biennium for the classroom instruction.

CHAIR RAGGIO:

Is that just for the Washoe County School District?

DR. MERRILL:

Yes.

MS. HALDEMAN:

The Clark County School District has mixed feelings about this bill. We believe that school districts share a responsibility to make sure students are safe drivers, and we provide a perfect opportunity and location for that kind of education. We have a couple of specific problems with the bill. We would suggest removing the words, "during the regular school day," on line 34 of

page 3. Many of the opportunities we provide are before or after school or during summer school. The Clark County School District has a distance education program. I have provided copies of a disk titled "Driver Education, Hitting the Road," ([Exhibit D](#), original is on file at the Research Library). This is one of 40 disks that are part of the program. Over 2,000 students have taken this class this past year.

We would also like to make a distinction between the curriculum instruction that is required for the 30-hour certification students need in order to get their drivers' license and the behind-the-wheel component. Requiring school districts to provide the behind-the-wheel component is above and beyond what we can provide. It is difficult to determine the fiscal note, because the bill provides that students can be charged a lab fee if they do the behind-the-wheel training. In our research, we found varying costs for the behind-the-wheel component in drivers' school. We came up with an average of \$270 per student to take the behind-the-wheel course. The bill requires that the behind-the-wheel training be provided during the school day. I do not know how that can be done and still focus on our other responsibilities.

Assembly Bill 77 requires that the school district pay the lab fee for students who need financial assistance. Based on the percentage of students who receive free or reduced-rate lunches, we estimate the subsidized lab fees would cost the Clark County School District \$2.2 million each year. Greater than that issue is the idea that school districts should set up a business, because that is what this would be. We would have to buy cars and provide maintenance, gasoline and insurance. We would also have to determine how to find time for students to take the behind-the-wheel component. There are drivers' education schools which provide that training. Our suggestion is that we provide directory information of students who are 15 years old to private drivers' education schools so they can contract with them privately and take the school districts out of that part of the training.

ASSEMBLYMAN WILLIAM C. HORNE (Assembly District No. 34):

We have discussed whether the school district is the appropriate venue for our students to achieve behind-the-wheel drivers' education and we have agreed to disagree on that component. I have not previously seen the amendment offered by Mr. Kruger. We are trying to make sure our students have real-time vehicular driving experience when they start driving on our roads and highways, and I do not know if a simulator accomplishes that. When I attended school, Clark County provided drivers' education in school during school hours. I do not have a problem with it being offered on weekends or after hours. We had a simulator and behind-the-wheel training. Since that time, fewer high schools have chosen to offer drivers' education. I think there is a way that the school districts can provide drivers' education training. It is educational and the high schools are a proper venue for it.

SENATOR CEGAVSKE:

When I took driver's education, we had classroom, simulator and behind-the-wheel training. All three of these should go together and that has been proven through research done by the National Safety Council. I am not a proponent of the distance education program on the disk provided by the Clark County School District ([Exhibit D](#)).

Why were charter schools included in this bill? We have never before included them.

School districts should be mandated to offer 30 hours of classroom instruction. The simulator was part of the equipment provided for the new schools in Clark County. The schools chose not to get the simulator, sold it or gave it to another school. When we first started drivers' education, every high school, except one in Clark County, provided the training. We should mandate that the schools provide the 30 hours of classroom instruction and allow them to be flexible about the behind-the-wheel training. That could be done after school, weekends or by the drivers' education teacher. Clark County also had some good partnership programs with car dealerships. Car dealerships have changed and many of them are now large corporations and not individually owned as they were in the past. It is the responsibility of the schools to do the classroom portion of drivers' education training.

MR. HORNE:

To answer your question about charter schools, they were included because those students will also be sharing our roads. We did not want to preclude them. We are sending a policy message that all of our students should have the opportunity to be educated in drivers' training regardless of the type of school they attend.

We have lost many good teachers who were familiar with drivers' education training. There was testimony on the Assembly side, by one of the gentlemen who has a drivers' education school, that he was willing to instruct teachers to enable them to get their certificate to teach drivers' education. We removed the credit requirement from the bill and now we are being asked to take away the requirement for behind-the-wheel training during the regular school day. I do not have a problem with providing flexibility for the behind-the-wheel training as long as it is provided.

SENATOR RHOADS:

Section 1, subsection 1, paragraph (d) of A.B. 77 addresses the rural areas of counties whose populations are less than 50,000. That covers 75 percent of the state which is my district. It indicates that if drivers' education is not taught in the school, the pupils can go to a community college. We do not have many community colleges out there. What will this do to the rural areas?

MR. HORNE:

We were trying to accommodate some of the inherent difficulties of the rural communities in providing this training and still recognize the need for it. I am not familiar with them, but I understand there are other bills that address the rural concerns of this issue. We recognize this and are not trying to place any burden on the rural communities.

MS. HALDEMAN:

The proposed effective date of this bill is July 1, 2005. The school districts cannot meet that date. Students have already completed their request for classes next year. We could not have courses ready for them in the fall. Additionally, the availability of qualified teachers for the course is just about nonexistent. The universities have not been offering courses that a teacher is required to take to become certified. We do not have a pool of teachers from which to choose.

CHAIR RAGGIO:

My concern is that this would be an unfunded mandate and we are prohibited from unfunded mandates. How would this be funded?

MS. HALDEMAN:

The Clark County School District can provide the 30-hour curriculum course in a number of ways, and that is the part we feel strongly is our responsibility.

CHAIR RAGGIO:

I thought you were already doing that.

MS. HALDEMAN:

The Clark County School District has started to move away from that. When you remove the credit requirement, there are opportunities for us to pair it with other electives so it can be included within the school day. Having it as a one-half credit elective was a problem.

CHAIR RAGGIO:

Would this not be during a school day?

MS. HALDEMAN:

We would like it to be an elective that can be offered during the school day, after the school day, through distance education, summer school and a variety of ways. We would like that flexibility.

CHAIR RAGGIO:

Why do you not submit a proposed amendment?

MS. HALDEMAN:

I will be happy to do that.

MR. KRUGER:

The simulators we have now are entirely different from the simulators they had several years ago. We purchase our simulators from a company that builds airline simulators. It is total virtual reality. There are 400 teaching scenarios. In the simulators, students can drive anywhere in Los Angeles and make every turn. They can go 70 miles an hour off the side of the road and try to get the vehicle back on the road. When a person completes learning in the simulator, they are an excellent driver the first day they get behind the wheel of a car. The statute would require 50 hours of experience driving a car. I think the simulator should suffice.

JOSEPH GUILD (State Farm Insurance Company):

Section 4 of A.B. 77 deals with insurance. State Farm Insurance Company offers discounts for drivers' education completion and has for a number of years. However, no age or time limit is specified in section 4. So, once the discount is offered, it has to be offered from then on, regardless of age. Another concern is that the reduction in premium for a person who has completed a course in drivers' education applies only to one motor vehicle of which that person is the principal operator. There might be a motor vehicle in a family where there are several teenage drivers, one of whom has taken the course. Other drivers may not have taken the course, and they would be getting a discount when they have not qualified for it. I would propose two amendments to A.B. 77. I offered these amendments in the Assembly and they were not

accepted. The first amendment would be to add an additional paragraph to section 4, subsection 1 to read that the principal operator of the vehicle has not attained the age of 20 years. That would set an age limitation. The second proposed amendment would add words to the effect that the discount would apply only if other operators of the vehicle who have not attained the age of 20 years have completed the course and the requirements set forth in section 4, subsection 1.

CHAIR RAGGIO:

Would the policy reduction not apply unless all persons had taken the course?

MR. GUILD:

That is right.

CHAIR RAGGIO:

Would you please submit those amendments to staff?

There being no further testimony, we will close the hearing on A.B. 77.

With reference to A.B. 47, which we heard at the beginning of this meeting, staff indicates there is no money in the bill to deal with the fiscal impact. The Committee can process the bill with the understanding the Division can come to the Interim Finance Committee (IFC) for the costs associated with the bill if necessary.

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

This would be similar to other legislation approved by the Committee where there has been a minimal fiscal impact. The Committee could direct the agency to look within their approved budget for resources to implement the bill prior to coming to the IFC for any additional funding.

SENATOR COFFIN MOVED TO DO PASS A.B. 47 WITH THE UNDERSTANDING THAT THEY WILL EITHER HAVE TO ABSORB THE COST WITHIN THEIR BUDGET OR COME TO THE INTERIM FINANCE COMMITTEE FOR ADDITIONAL FUNDING.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR RAGGIO:

This Committee will be in recess at 9:06 a.m. until the call of the Chair.

This Committee will come back to order at 4:02 p.m. We have a number of items that have to be dealt with at this time. The first one is the Authorization Act. The Authorization Act is contained in Bill Draft Request (BDR) S-1488.

BILL DRAFT REQUEST S-1488: Authorizes expenditures by agencies of State Government. (Later introduced as [Senate Bill 522](#).)

The Authorization Act contains the expenditures other than General Fund that are being authorized during the next biennium. These are funds from other sources that are contained in the budget, have been approved and need to be authorized for expenditure.

MR. GHIGGERI:

The Authorization Act contains the authorized expenditures for all agencies that are not funded from the General Fund except the State Gaming Control Board and the Nevada Gaming Commission. The appropriations for those agencies are included in this legislation.

CHAIR RAGGIO:

Staff indicates that they have verified the numbers and they are in conformity with the budget closings. Would staff please review the language contained in the Authorization Act?

MR. GHIGGERI:

Section 2 contains language that has been in the Act for the last two Legislative Sessions. It provides for appropriation of funds from the Tobacco Settlement Fund. The funds in section 2 are for the Aging Services Division. Section 3 contains the appropriations for the Gaming Control Board. Section 4 has the appropriations from the General Fund for the Gaming Commission.

SENATOR BEERS:

Why are these appropriations intermixed with the Authorization Act?

MR. GHIGGERI:

Historically, the appropriations for the Gaming Control Board and the Gaming Commission have been included in the Authorization Act and not the General Appropriations Act.

CHAIR RAGGIO:

Is that because originally the money went directly to the Gaming Commission and the Gaming Control Board?

MR. GHIGGERI:

It might have been because this is authorized revenue from the General Fund, but it does show up in their budget as an appropriation.

Section 5 of the Authorization Act allows for the transfer of expenditures in the Legislative Fund and the judicial agencies. Section 6 allows the Director of the Department of Administration to augment the budgets under the auspices of *Nevada Revised Statute* (NRS) 353.220 which is the State Budget Act. This limits the ability of the budget director to make changes that are in conflict with the NRS. If there are certain thresholds that are reached, he has to submit those items to the IFC.

Section 7 provides for the reserve of General Fund or Highway Fund appropriations if revenues from other sources are received in excess of the amounts authorized by the Legislature. If an agency receives fees in excess of what was budgeted by the Legislature, the excess fees would be utilized to support the agency and the General Fund revenues would be reserved for reversion.

Section 8 allows for the Nevada System of Higher Education to expend the fees collected from the registration of students. Section 9 provides for the Department of Wildlife to obtain an advance from the General Fund for cash-flow purposes. The director of the Department of Administration is required to report those advances to the Interim Finance Committee. The advances must be repaid on or before the last business day in August immediately following the end of the fiscal year.

Section 10 is the authorization for the public defender to receive funds from the various counties that are authorized in the budget for the support of the functions. Section 11 is the allocation of motor vehicles for the Department of Wildlife and the Division of State Parks. Section 12 deals with the dedicated reserve in the Department of Wildlife budget which was established in 1995. Section 13 allows for the balance forward or the transfer of authorized revenues between fiscal years for information technology projects. Section 14 provides for the Division of Forestry to utilize funds and carry funds forward for the maintenance and operation of their fire-fighting equipment. Section 15 requires the State fire marshal to utilize funds other than non-General Funds for training purposes prior to utilizing General Funds.

Section 16 is a new section which provides for the Division of Forestry to utilize the overhead costs charged on the Fire Suppression Account to fund the central reporting unit and carry the funds forward from year to year.

SENATOR BEERS MOVED TO INTRODUCE BDR S-1488 AS A COMMITTEE BILL.

SENATOR CEGAVSKE SECONDED THE MOTION.

SENATOR COFFIN:

Are there any changes in language in the Authorization Act from previous Sessions?

MR. GHIGGERI:

Section 16 is new. There was some language in the Authorization Act that was approved by the 2003 Legislature which related to a specific project that was funded with room tax dollars. That language has been deleted. Otherwise, the language is the same.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR RAGGIO:

We have another bill for Committee introduction that has been requested by Senator Coffin. It is an appropriation to the Division of Parole and Probation for closed-circuit security systems.

BILL DRAFT REQUEST S-1487: Makes appropriations to Division of Parole and Probation of Department of Public Safety and to State Board of Parole Commissioners for installation of and expenses relating to closed circuit security systems. (Later introduced as [Senate Bill 521](#).)

SENATOR TITUS MOVED TO INTRODUCE BDR S-1487 AS A COMMITTEE BILL.

SENATOR COFFIN SECONDED THE MOTION

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will open the hearing on Senate Bill (S.B.) 203. Staff was asked to obtain a fiscal adjustment in the event the bill is amended to refer only to hepatitis C baseline. The Committee has received copies of a letter from Mr. Ronald P. Dreher, Government Affairs Director of the Peace Officers Research Association of Nevada ([Exhibit E](#)).

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

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

An updated spreadsheet outlining the cost to perform screening only for hepatitis C baseline has been provided to the Committee ([Exhibit F](#)). As S.B. 203 is proposed to be amended, it would dramatically reduce the annual cost in the fiscal note. The new proposal is to perform the screening only for hepatitis C for the existing positions and all the future new hires. Since these agencies are funded from both the Highway Fund and the General Fund, the impact would be spread across those two funding sources. To perform only hepatitis C testing, the cost would drop from \$90 to \$25.50 for the test, and the second year the cost would go to \$28.50. The General Fund cost for fiscal year (FY) 2006 would be \$61,845 and the cost for FY 2007 would be \$6,042. The Highway Fund impact would be \$13,680 in FY 2006 and \$1,026 in FY 2007. The portion of the cost for the Department of Wildlife, which is \$1,140 the first year and \$85.50 the second year, would have to be funded from their reserve.

CHAIR RAGGIO:

The Committee has also received a letter dated June 3, 2005, from Mr. Jim Fry, the Deputy Risk Manager for the Risk Management Division of the Department of Administration ([Exhibit G](#)).

Is the amount in the fiscal note the correct amount required if S.B. 203 were amended? Does this include new hires?

MR. GUERNSEY:

Yes. There is a note indicating that the Nevada Highway Patrol is already testing. In order to ensure that the hepatitis C screening is done, this funding will have to be provided. The Highway Patrol is currently only screening in the event of an incident or if someone retires.

CHAIR RAGGIO:

Do you understand that, Mr. Dreher?

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RONALD P. DREHER (Peace Officers Research Association of Nevada):
Yes, I do.

SENATOR MATHEWS MOVED TO AMEND AND DO PASS S.B. 203.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR RAGGIO:

The Committee has received copies of Amendment No. 958 to S.B. 107. Would staff please explain what this amendment does?

SENATE BILL 107 (3rd Reprint): Revises provisions relating to governmental administration. (BDR 27-31)

MR. GHIGGERI:

Amendment No. 958 adds the requirement that the report not only be provided to the director of the Legislative Counsel Bureau but also the director of the Department of Taxation. It also extends the reporting period in the legislation to the Friday following the third Thursday in May.

SENATOR TITUS MOVED TO CONCUR WITH AMENDMENT NO. 958 TO S.B. 107.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR RAGGIO:

The Committee has Amendment No. 1151 to S.B. 392. Senate Bill 392 is the cleanup bill that came out of the Senate Committee on Taxation.

SENATE BILL 392 (5th Reprint): Makes various changes to state financial administration. (BDR 32-683)

MR. GHIGGERI:

Amendment No. 1151 would delete the doubling of the health care exemption that would have been effective July 1, 2007, for the Modified Business Tax (MBT). It would also delete the exemption from the MBT for domestic health care providers. However, I understand that A.B. 554 will include an exemption for domestic service providers that is broader than just the health care portion. This amendment also deletes the exemption for the live-entertainment tax that was intended to be incidental for amusement rides. This may also be included in A.B. 554. The amendment also deletes the repeal of language that requires the live-entertainment tax to be collected and submitted in a separate account to the state. Again, I understand this is going to be included in A.B. 554.

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ASSEMBLY BILL 554 (1st Reprint): Makes various changes to provisions governing taxation. (BDR 32-1344)

CHAIR RAGGIO:

I suggest that the Committee not concur with this amendment until we understand the status of A.B. 554.

SENATOR BEERS MOVED TO NOT CONCUR WITH AMENDMENT NO. 1151 TO S.B. 392.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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SENATOR BEERS:

A group of the Senators has decided to request a bill draft to reduce the MBT from 0.65 percent to 0.63 percent of payroll.

SENATOR BEERS MOVED TO REQUEST A BILL DRAFT TO REDUCE THE MODIFIED BUSINESS TAX FROM 0.65 PERCENT OF PAYROLL TO 0.63 PERCENT OF PAYROLL.

SENATOR MATHEWS SECONDED THE MOTION.

SENATOR TITUS:

Did we not already request a bill like this?

CHAIR RAGGIO:

It was not in this amount.

SENATOR COFFIN:

This sounds like we are reducing taxes and that is fine. Will it reduce the amount of money that is available for supporting the families of the Nevada National Guard and the Reserve?

CHAIR RAGGIO:

If enacted, this would reduce the amount of money that otherwise would be available for matters that are not within the budget and approved at this time.

SENATOR BEERS:

The fiscal impact of this bill draft is \$7 million the first year of the biennium and \$7.5 million the second year.

CHAIR RAGGIO:

Those are approximate numbers.

THE MOTION PASSED UNANIMOUSLY.

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CHAIR RAGGIO:

Assembly Bill 462 is on the agenda for hearing. This would increase the salaries of the constitutional officers. Their salaries were last increased in 1999.

ASSEMBLY BILL 462 (1st Reprint): Increases salaries of certain constitutional officers and provides for prospective increases in salaries of such officers and compensation of members of Legislature. (BDR 18-847)

MR. GHIGGERI:

Section 1 of A.B. 462 proposes to increase the salary of the Governor from the current level of \$117,000 to \$141,000, effective January 2007. This bill proposes to amend the statute to include Consumer Price Index (CPI) growth factors in 2011 for all the positions.

Section 2 increases the salary of the Lieutenant Governor from the current level of \$50,000 to \$60,000 in 2007. In section 3, the salary of the Secretary of State is increased from \$80,000 to \$97,000 in 2007.

CHAIR RAGGIO:

Does the CPI increase occur every fourth year?

MR. GHIGGERI:

That is correct.

CHAIR RAGGIO:

At the end of the term, the salary would be increased in an amount equal to the cumulative-percentage increase that the classified employees of the state have been given during that term. It would not increase annually.

MR. GHIGGERI:

That is correct. That increase would not become effective until 2011.

CHAIR RAGGIO:

Is this the first time these salaries have been raised in eight years?

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

Yes.

SENATOR COFFIN:

The Governor's salary is too small. I am concerned about the size of the Governor's salary in relationship to the responsibilities and the temptations of serving in that office.

CHAIR RAGGIO:

Let us finish reviewing the salaries of the officers that would be affected by S.B. 107 and then we will have more discussion.

MR. GHIGGERI:

The salaries of the Secretary of State, the State Treasurer and the State Controller would increase from the current level of \$80,000 to \$97,000 in 2007. The Attorney General's salary would increase from \$110,000 to \$133,000. Section 7, subsection 2 contains language that would increase the salaries of Senators and Assembly members effective on or after November 8, 2006.

CHAIR RAGGIO:

Is that increase based on the cumulative percentage increase of the classified employees?

MR. GHIGGERI:

That is correct.

SENATOR BEERS:

For a point of discussion, would the Committee have any interest in reducing these amounts to the projected amount of inflation?

CHAIR RAGGIO:

The current salaries are being raised for the first time in eight years for the next term. After that term, the salaries would increase automatically based upon the increases that are given to the state employees during the preceding term. Based on that, what is your suggestion?

SENATOR BEERS:

I am looking at the difference between the salaries that were set in 1999 until 2007 and what the salaries would be if they had been increased in accordance with inflation.

CHAIR RAGGIO:

Staff can provide that information for the Committee.

SENATOR BEERS:

Were you planning to take action on this bill at this meeting?

CHAIR RAGGIO:

No. It will be scheduled for the June 5, 2005, meeting. That will give the Committee time to get the information from staff and review it.

There being nothing further to come before the Committee at this time, the meeting is adjourned at 4:35 p.m.

RESPECTFULLY SUBMITTED:

Anne Vorderbruggen,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: _____