

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-third Session
June 6, 2005**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:15 a.m. on Monday, June 6, 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:

Assemblywoman Kathy A. McClain, Assembly District No. 15

STAFF MEMBERS PRESENT:

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

OTHERS PRESENT:

James Wadhams, Nevada Dental Association

CHAIR RAGGIO:

We will begin by discussing [Assembly Bill \(A.B.\) 575](#). Does the preamble to this bill contain the usual language or has something been changed?

[ASSEMBLY BILL 575](#): Makes appropriations to State Distributive School Account for class-size reduction. (BDR S-1492)

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

Nothing had been changed. It is the same language that has been in the other bills. However, the class-size flexibility, provided last year, was eliminated from the preamble but is now being considered again in other legislation.

CHAIR RAGGIO:

Will the class-size flexibility, allowed in all school districts except Washoe and Clark, be continued?

MS. BRAUN:

That is being considered in other legislation but not in this bill.

CHAIR RAGGIO:

Flexibility will be a condition to passage of this measure. We must have a report on the language in the other legislation.

MS. BRAUN:

I will provide that information. Section 1 of A.B. 575 is the appropriation to continue class-size reduction to a ratio of 16 to 1 in Grades 1 and 2 and 19 to 1 in Grade 3. The amount of the appropriation is \$125,552,187 and will employ 2,107 teachers during fiscal year (FY) 2005-2006. Section 2 of the bill provides an appropriation of \$137,922,619 for FY 2006-2007, employing 2,197 teachers. Section 3 provides the flexibility which allows school districts to implement remediation programs such as reading recovery. Section 4 provides direction on how the funds are to be used. This is standard language which had been contained in previous bills.

CHAIR RAGGIO:

How will the provisions found in section 3 of A.B. 575 be implemented?

MS. BRAUN:

Section 3 provides that if there is an alternative program approved by the Legislature under subsection 2, paragraph (a), the school districts could implement class-size flexibility. Subsection 2, paragraph (b) authorizes programs of remedial education which have been found effective in improving academic achievement.

CHAIR RAGGIO:

Is this funding in addition to the money appropriated in the Distributive School Account?

MS. BRAUN:

That is correct.

SENATOR CEGAVSKE:

Does the language in section 3, subsection 2, mean Clark County does not have the class-size flexibility of a rural county? Could they use these provisions because they exist now?

MS. BRAUN:

The current class-size flexibility ratio of 22 to 1 has a sunset provision and will expire at the end of this fiscal year.

CHAIR RAGGIO:

That is a different issue than we are discussing here. We will process this measure out of the Senate as soon as we receive assurance that the class-size flexibility, authorized for the other 15 counties, has passed in the Assembly. We will withhold action on this bill until then. In the meantime, I request that staff prepare an amendment for this bill which will allow continuation of the class-size flexibility for the 15 school districts that are presently authorized.

We will now discuss A.B. 175. This bill was heard by the Senate Committee on Finance on May 31, 2005. Is this the decision that was reached by the Assembly?

ASSEMBLY BILL 175 (2nd Reprint): Makes appropriations for various improvements to mental health services, mental health courts and community triage centers. (BDR S-1359)

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

That is correct. There has been consensus between the Senate and Assembly on sharing the costs for the Mental Health Courts in Clark and Washoe Counties, Carson City and the Northern and Southern Nevada Triage Centers. The Assembly indicated their list includes the remaining funding in this legislation for additional placements provided in section 1 of A.B. 175. Section 2 provides funding for crisis beds until the new hospital in southern Nevada is open. The total appropriation in this legislation is approximately \$15 million.

CHAIR RAGGIO:

Where is the description of the portion, established by agreement between the Senate Committee on Finance and the Assembly Committee on Ways and Means, that will be funded fully out of the Assembly share of unappropriated amounts?

MR. GHIGGERI:

That portion is described in sections 1 and 2.

CHAIR RAGGIO:

By agreement, with regard to the unappropriated amounts, sections 3 through 7 of the bill describe funding shared by both Committees. Sections 1 and 2 would be funding available to the Assembly Committee on Ways and Means if the bill is processed in this fashion.

SENATOR RHOADS:

Does any of this money go to rural Nevada?

MR. GHIGGERI:

There is no funding in this bill for the rural counties.

CHAIR RAGGIO:

There are no mental-health courts in the rural counties.

MR. GHIGGERI:

To alleviate the need for amending this legislation, I would like to read something into the record that I believe has been agreed to on these additional funding bills. The appropriations made by the provisions of this bill are not intended to finance ongoing expenditures of state agencies. The expenditures financed with those appropriations must not be included in the Base Budget expenditures in a proposed budget for the Executive Branch of the state government for the 2007-2009 biennium. This means these expenditures must be justified as enhancement units for continued funding beyond this biennium.

CHAIR RAGGIO:

That is the same agreement for all measures for which appropriations are being authorized; that is, they do not go into the Base Budgets. Will this language be put in those bills where all of these appropriations are made?

MR. GHIGGERI:

That is correct. That will be in the legislation that should soon be available to us. I suggest we process this bill and have my previous statement on the record rather than amending the bill at this time.

CHAIR RAGGIO:

The Chair prefers that an amendment be added to this bill.

SENATOR BEERS MOVED TO AMEND AND DO PASS A.B. 175.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will consider A.B. 438. The bill was heard by this Committee on May 18, 2005, and again on May 31, 2005. At the request of staff, we will defer taking action at this time.

ASSEMBLY BILL 438 (1st Reprint): Revises provisions governing health insurance for certain retired public officers and employees. (BDR 23-792)

CHAIR RAGGIO:

Assembly Bill 576, the General Appropriations Act, is now in the Assembly and, by a rule of that House, must stay on the Clerk's desk until 4 p.m. I will have copies distributed to the Senators before our morning Senate Floor session. Although the bill is still in the Assembly, I want to give the Committee members time to familiarize themselves with the currently existing content. Does this reflect all the action taken by both the Senate Committee on Finance and the Assembly Committee on Ways and Means?

ASSEMBLY BILL 576: Makes various changes regarding state financial administration and makes appropriations for support of civil government of State. (BDR S-1489)

MR. GHIGGERI:

This is the General Appropriations Act. This legislation includes all appropriations from the General Fund and the Highway Fund that have been concurrently agreed upon by both the Senate and Assembly in closing the budgets for various state agencies for the FY 2007-2009.

CHAIR RAGGIO:

This Committee will stand in recess at 8:34 a.m. until the call of the Chair.

The Committee will come to order at 5:33 p.m. All members are present. The Assembly has added Amendment Nos. 1006, 1204 and 1214 to S.B. 341. This bill was originally processed in the Senate Committee on Judiciary; however, a motion to concur came back to the Committee on Finance because we had last dealt with the legislation. The Chair of the Senate Committee on Judiciary now recommends that we not concur on these amendments.

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SENATE BILL 341 (4th Reprint): Makes various changes concerning sex offenders and offenders convicted of crimes against children. (BDR 14-678)

SENATOR CEGAVSKE MOVED TO NOT CONCUR WITH ASSEMBLY AMENDMENT NOS. 1006, 1204 and 1214 TO S.B. 341.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:
We will now hear A.B. 127.

ASSEMBLY BILL 127 (2nd Reprint): Makes various changes concerning State Dental Health Officer and State Public Health Dental Hygienist and provides subsidies from Fund for a Healthy Nevada for coverage of certain additional benefits, including dental and vision benefits for certain senior citizens. (BDR 40-714)

ASSEMBLYWOMAN KATHY A. MCCLAIN (Assembly District No. 15):
This bill consists only of enabling language. There is no fiscal note. Once Medicare decides what benefits they will provide to our senior citizens, we will then have authorization to add dental and vision coverage to the Senior Rx program. There was an amendment to this bill which allows the State Dental Health Officer to more clearly outline the duties of that office.

CHAIR RAGGIO:
The Chair has been advised that this bill involves the State Dental Health Officer and the State Public Health Dental Hygienist. Does this legislation have the approval of those representing the Nevada Dental Association?

JAMES WADHAMS (Nevada Dental Association):
We support this bill.

CHAIR RAGGIO:
Let the record reflect that Mr. Wadhams is a member of the same law firm with which I am associated. There being no testimony in opposition to this bill, the Chair will now accept a motion.

SENATOR BEERS MOVED TO DO PASS A.B. 127.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

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CHAIR RAGGIO:
We were scheduled to discuss A.B. 198, the mandated kindergarten legislation. Our agreement with the Assembly is that \$22 million, of the \$100 million trust

fund which the Governor has proposed, will be utilized for certain schools. There will be provisions in the amendments to allow schools to "opt-out" of mandated kindergarten programs. Once we get the amendments, and they comport with that understanding, A.B. 198 will be processed. .

ASSEMBLY BILL 198 (1st Reprint): Makes appropriation for full-day kindergarten in certain schools and authorizes full-day kindergarten in certain other schools. (BDR 34-1197)

CHAIR RAGGIO:
We will next discuss A.B. 289.

ASSEMBLY BILL 289 (1st Reprint): Requires Administrator of Office of Historic Preservation of Department of Cultural Affairs to establish stewardship program for protection of cultural resources. (BDR 33-554)

MR. GHIGGERI:
This legislation utilizes approximately \$139,000 of Division of Tourism funds for the establishment of a stewardship program within the Department of Cultural Affairs.

CHAIR RAGGIO:
This measure was heard by this Committee on May 31, 2005. This bill is intended as a vehicle for using funding derived from hotel room tax and was agreed upon by the Assembly Committee on Ways and Means

SENATOR RHOADS MOVED TO DO PASS A.B. 289.

SENATOR BEERS SECONDED THE MOTION.

CHAIR RAGGIO:
Does this legislation contain language that states it will only apply during the next biennium?

MR. GHIGGERI:
This does not have that language and the Senate legislation, which we sent to the Assembly regarding the utilization of room tax, did not have that language either.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:
We will now consider A.B. 577. Though this legislation has not been formally received, it has been posted.

ASSEMBLY BILL 577: Increases salaries of certain state employees. (BDR S-1490)

MR. GHIGGERI:
This legislation has historically been utilized to provide pay raises that might be granted to state and university employees, both for classified and unclassified positions. This legislation establishes the maximum allowable salaries for

employees in the classified service for FY 2005-2007. It also provides an appropriation from the General Fund and Highway Fund to provide cost-of-living-adjustment increases for various groups of employees, an additional step in the state classified compensation plan and a two-grade salary adjustment for certain law-enforcement personnel, correctional officers, nurses, dispatch and youth correctional personnel in the state's classified services. The legislation provides for a 2-percent salary increase in FY 2006 and a 4-percent increase in FY 2007 in the classified and unclassified services, professional and classified employees in the Nevada System of Higher Education, legislative staff within the Legislative Counsel Bureau and employees of the Tahoe Regional Planning Agency (TRPA). The bill provides that if the state of California does not meet its matching share of funding for the salary increases, the amount authorized for TRPA must be used for onetime salary bonuses for those employees. The bill also authorizes credential pay salary for the State Gaming Control Board, providing up to \$5,000 annually for unclassified service employees. There is a General Fund appropriation of \$235,000 in FY 2006, and \$237,500 in FY 2007.

Because there was such a large number of employees moved from classified to unclassified service, language was inserted in section 2, subsection 3, to indicate that if the Department of Administration and the Fiscal Analysis Division of the Legislative Counsel Bureau jointly determine that the title or maximum salary for a position set forth in section 1, contains a typographical, or other error, the Interim Finance Committee may, upon recommendation by the Governor, review the duties and responsibilities of the position and establish the appropriate title and maximum salary for the position within the intent of the Legislature.

There is also new language contained on page 27, subsections 4 through 7, which provides a "hold-harmless" provision for state employees who are currently classified but do not wish to transfer to the unclassified service. It provides that those employees may remain in the state classified service; however, upon the position being vacated, that position would become an unclassified position. It also indicates the employee cannot choose to transfer from classified service to unclassified service and subsequently transfer back to classified. Subsection 7 provides a "hold-harmless" provision for state employees who may experience a pay reduction due to this legislation from the salary level they are currently receiving. Sections 4 through 8, 10, 11, 13 and 17 of A.B. 577, contain the appropriation for various pay raises to employees. In FY 2006, the General Fund appropriations will be \$39 million and in FY 2007 the appropriation will be \$73.7 million. The Highway Fund appropriation, contained in this legislation, is \$6 million in FY 2006 and \$145.9 million in FY 2007.

CHAIR RAGGIO:

Pages 1 through 26 of A.B. 577 delineate the unclassified-salary classifications. These are the result of a portion of the task-force survey that was completed over the last interim, by the Department of Personnel. The change affected positions down to the level of deputy administrator. The language now indicates that no one who is now in the classified service will be required to become unclassified unless they agree to the change.

We will now consider Bill Draft Request (BDR) S-1498 ([Exhibit C](#), original is on file at the Research Library). This is the agreement within the Senate that is

now in bill form. The legislation contains all proposed appropriations which are not in the *Executive Budget*. Although we intend to introduce this legislation, we will not take action on it at this time. In agreement with the Assembly Committee on Ways and Means, the amount of otherwise unappropriated funds were divided between the Senate and the Assembly. This BDR describes funding being recommended for the Senate share of those projects. The Senate has already allocated a portion of those unappropriated funds to the Modified Business Tax reduction. While this legislation is often termed a "pork bill," almost everything in it is worthwhile based on testimony before our Committees.

BILL DRAFT REQUEST S-1498: Makes various changes relating to the state financial administration. (Later introduced as [Senate Bill 526](#).)

SENATOR COFFIN MOVED TO INTRODUCE BDR S-1498.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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SENATOR TITUS:

What happens to the money that is supposed to go for Modified Business Tax reduction if that legislation does not pass the Assembly?

CHAIR RAGGIO:

I have every assurance that will be a moot issue. If it does prove to be the case, we will immediately reconvene on that issue.

This Committee will be in recess at 5:53 p.m. until the call of the Chair.

The Committee will now reconvene at 10:03 p.m.

MR. GHIGGERI:

We have Amendment No. 1240 ([Exhibit D](#)) to A.B. 572.

ASSEMBLY BILL 572 (1st Reprint): Provides for one-time rebate of certain sales taxes and taxes on certain vehicle sales. (BDR S-1474)

CHAIR RAGGIO:

Amendment No. 1240 is the Assembly version of the \$300 million rebate program. There has been an ongoing meeting with the leadership groups and it appears, at this point, there is a recommendation forthcoming. Section 1 of this amendment sets up the Account for the One-Time Rebate. Section 2 appropriates \$300 million to the account for the purposes of issuing and paying a check to those entitled to the rebate. Section 3 establishes the program whereby each person who is the owner of a vehicle registered during the 2004 calendar year and each person who is at least age 65 and who held a valid identification card (ID), issued by the Department of Motor Vehicles (DMV) and still holds that card, may be eligible for a payment.

SENATOR BEERS:

Is "valid identification card" a mutually exclusive term from "driver's license"?

CHAIR RAGGIO:

Yes, that is what we were told. The program provides for the issuance of a check to each owner of a registered vehicle. The cap is described in section 3, subsection 2, paragraph (a). Subsection 2, paragraph (b) describes the amount paid to those ages 65 and older that possess a valid ID. Section 3, subsection 3, paragraph (b), subparagraph (1) describes the dates within which the checks must be issued. There is a provision authorizing the ability to borrow in order to cover the cost of this legislation, should the General Fund appropriation not be available for payment of these checks. Subsections 5 and 6 describe the mechanism for the Controller's Office to issue the checks. Subsection 8, paragraph (a) defines the term "registered owner" and excludes specifically from entitlement to the rebate utility trailers and trucks with a declared gross weight of over 26,000 pounds. Rental-car companies are also excluded under this provision. In addition, any monies not appropriated, up to \$5 million, will be deposited in a revolving account to make grants to persons who own or occupy homes damaged by a disaster.

SENATOR COFFIN:

Will all the vehicle fleets and companies with vehicles weighing less than 26,000 pounds receive this rebate?

SENATOR BEERS:

Because we have a mechanism for identifying rental-car fleets and large trucks, we can exclude them. There is no way to identify other fleets of vehicles. In order to provide funds for those who do not have vehicles, but may get the rebate by other means, we excluded rental-car fleets and large vehicles. The rental-car fleets already have a mechanism within their fare structure to recover registration charges.

SENATOR COFFIN:

Can the DMV records provide information about other fleets of vehicles, other than rental cars and large trucking companies?

SENATOR BEERS:

That might be possible if we already knew the names of all the other vehicle fleet owners.

SENATOR COFFIN:

I am puzzled why the effort was not made to get this information. It is only fair to limit each family or business to a maximum number of rebates available to them in order to spread this money out more equitably

SENATOR BEERS:

There was a fundamental philosophic difference between the two majorities. The Senate majority was interested in seeing a larger amount of money go back to those who paid a larger amount of vehicle taxes. The Assembly majority had an interest in seeing everyone getting the same amount of money back, regardless of how much or if they paid.

SENATOR BEERS MOVED TO AMEND AND DO PASS AS AMENDED
A.B. 572 WITH AMENDMENT NO. 1240.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR COFFIN VOTED NO.)

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CHAIR RAGGIO:
We still need to resolve our differences on the Millennium Scholarship bill which we will discuss later. Legislation regarding mandatory kindergarten is being discussed in a conference committee at this time. I have received word that the Assembly just passed S.B. 523.

SENATE BILL 523 (1st Reprint): Temporarily reduces rate of tax on certain businesses. (BDR 32-1478)

CHAIR RAGGIO:
There being no further business before this Senate Committee on Finance we stand adjourned at 10:17 p.m.

RESPECTFULLY SUBMITTED:

Michael Archer,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: _____