

ASSEMBLY BILL NO. 196—ASSEMBLYMEN MARVEL,
MABEY, ARBERRY AND SETTELMAYER

FEBRUARY 27, 2007

Referred to Committee on Ways and Means

SUMMARY—Makes changes concerning the limitation on the total proposed expenditures of the State. (BDR 31-946)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to state financial administration; exempting from the limitation on the proposed expenditures of the Executive Department of the State Government any expenditures for the purpose of reducing an unfunded accrued liability of the State Retirees' Health and Welfare Benefits Fund; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law requires the Chief of the Budget Division of the Department of
2 Administration to prepare a proposed budget for the Executive Department of the
3 State Government. (NRS 353.185) Under existing law, the proposed total
4 expenditures in this proposed budget, excluding proposed expenditures for
5 construction, cannot exceed a certain amount. (NRS 353.213) This bill provides
6 that expenditures to reduce any unfunded accrued liability of the State Retirees'
7 Health and Welfare Benefits Fund are excluded from the limitation on proposed
8 total expenditures.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** NRS 353.213 is hereby amended to read as follows:
2 353.213 1. In preparing the proposed budget for the
3 Executive Department of the State Government for each biennium,
4 the Chief shall not exceed the limit upon total proposed
5 expenditures for purposes other than construction ***and reducing any***



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unfunded accrued liability of the State Retirees' Health and Welfare Benefits Fund created by section 4 of Senate Bill No. 547 of the 74th Session of the Nevada Legislature from the State General Fund calculated pursuant to this section. The base for each biennium is the total expenditure, for the purposes limited, from the State General Fund appropriated and authorized by the Legislature for the biennium beginning on July 1, 1975.

2. The limit for each biennium is calculated as follows:

(a) The amount of expenditure constituting the base is multiplied by the percentage of change in population for the current biennium from the population on July 1, 1974, and this product is added to or subtracted from the amount of expenditure constituting the base.

(b) The amount calculated pursuant to paragraph (a) is multiplied by the percentage of inflation or deflation, and this product is added to or subtracted from the amount calculated pursuant to paragraph (a).

(c) Subject to the limitations of this paragraph:

(1) If the amount resulting from the calculations pursuant to paragraphs (a) and (b) represents a net increase over the base biennium, the Chief may increase the proposed expenditure accordingly.

(2) If the amount represents a net decrease, the Chief shall decrease the proposed expenditure accordingly.

(3) If the amount is the same as in the base biennium, that amount is the limit of permissible proposed expenditure.

➡ The proposed budget for each fiscal year of the biennium must provide for a reserve of not less than 5 percent nor more than 10 percent of the total of all proposed appropriations from the State General Fund for the operation of all departments, institutions and agencies of the State Government and authorized expenditures from the State General Fund for the regulation of gaming for that fiscal year.

3. The revised estimate of population for the State issued by the United States Department of Commerce as of July 1, 1974, must be used, and the Governor shall certify the percentage of increase or decrease in population for each succeeding biennium. The Consumer Price Index published by the United States Department of Labor for July preceding each biennium must be used in determining the percentage of inflation or deflation.

4. The Chief may exceed the limit to the extent necessary to meet situations in which there is a threat to life or property.



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- 1 5. *As used in this section, “unfunded accrued liability”*
- 2 *means a liability with an actuarially determined value which*
- 3 *exceeds the value of the assets in the fund from which payments*
- 4 *are made to discharge the liability.*

