

SENATE BILL NO. 108—SENATOR BEERS

FEBRUARY 19, 2007

Referred to Committee on Finance

SUMMARY—Provides for the use of zero-based budgeting in the state budget process. (BDR 31-476)

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

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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 the state budget process; providing for the use of zero-based budgeting in preparing the proposed budgets of a portion of the Executive Department of the State Government each biennium; requiring the Chief of the Budget Division of the Department of Administration to adopt certain regulations to carry out zero-based budgeting; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 **Section 1** of this bill amends the State Budget Act by providing that the
2 Governor must require approximately 20 percent of the departments, institutions
3 and agencies of the Executive Department of the State Government each biennium
4 to prepare their proposed budgets using zero-based budgeting, which is a method of
5 determining the budget of a department, institution or agency pursuant to which: (1)
6 the budget of the department, institution or agency for the biennium immediately
7 preceding the biennium covered by the budget is deemed to have been zero; and (2)
8 each proposed expenditure for the biennium covered by the budget must be
9 justified as if it were a new expenditure. **Section 1** also requires the Chief of the
10 Budget Division of the Department of Administration to: (1) adopt regulations to
11 provide appropriate instructions and guidance to departments, institutions and
12 agencies that are required to use zero-based budgeting; and (2) provide necessary
13 technical assistance to those departments, institutions and agencies to enable them
14 to complete their budgetary requests in a timely and efficient manner.



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

Section 1. Chapter 353 of NRS is hereby amended by adding thereto a new section to read as follows:

1. The Governor shall, for each biennium to be covered by a proposed state budget, require the proposed budgets of approximately 20 percent of the departments, institutions and agencies of the Executive Department of the State Government to be prepared using zero-based budgeting.

2. No department, institution or agency of the Executive Department may be required pursuant to this section to have its proposed budget prepared using zero-based budgeting more often than once every 10 years.

3. The Chief shall provide to a department, institution or agency of the Executive Department that is required pursuant to this section to have its proposed budget prepared using zero-based budgeting such technical assistance as is necessary to enable the department, institution or agency to complete its budgetary requests in a timely and efficient manner as determined by the Chief.

4. The Chief shall adopt such regulations as he determines are necessary to provide appropriate instructions and guidance to departments, institutions and agencies of the Executive Department in carrying out the provisions of this section.

5. As used in this section, "zero-based budgeting" means a method of determining the budget of a department, institution or agency pursuant to which:

(a) The budget of the department, institution or agency for the biennium immediately preceding the biennium covered by the budget is deemed to have been zero; and

(b) Each proposed expenditure for the biennium covered by the budget must be justified as if it were a new expenditure.

Sec. 2. NRS 353.150 is hereby amended to read as follows:

353.150 NRS 353.150 to 353.246, inclusive, *and section 1 of this act* may be cited as the State Budget Act.

Sec. 3. NRS 353.155 is hereby amended to read as follows:

353.155 As used in NRS 353.150 to 353.246, inclusive, *and section 1 of this act*, "Chief" means the Chief of the Budget Division of the Department of Administration.

Sec. 4. NRS 353.246 is hereby amended to read as follows:

353.246 1. Except as otherwise provided in subsection 2 of this section and subsection 6 of NRS 353.210, the provisions of NRS 353.150 to 353.245, inclusive, *and section 1 of this act* do not apply to agencies, bureaus, commissions and officers of the



- 1 Legislative Department, the Public Employees' Retirement System
2 and the Judicial Department of the State Government.
3 2. The Legislative Department, the Public Employees'
4 Retirement System and the Judicial Department of the State
5 Government shall submit their budgets to the Legislature in the
6 same format as the proposed executive budget unless otherwise
7 provided by the Legislative Commission. All projections of revenue
8 and any other information concerning future state revenue contained
9 in those budgets must be based upon the projections and estimates
10 prepared by the Economic Forum pursuant to NRS 353.228.
- Sec. 5.** This act becomes effective on July 1, 2009.

