

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-Fourth Session  
May 1, 2007**

The Committee on Ways and Means was called to order by Chair Morse Arberry Jr. at 1:41 p.m., on Tuesday, May 1, 2007, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/74th/committees/](http://www.leg.state.nv.us/74th/committees/). In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblyman Morse Arberry Jr., Chair  
Assemblywoman Sheila Leslie, Vice Chair  
Assemblywoman Barbara E. Buckley  
Assemblyman Mo Denis  
Assemblyman Tom Grady  
Assemblyman Joseph P. (Joe) Hardy  
Assemblyman Joseph Hogan  
Assemblywoman Ellen Koivisto  
Assemblyman John W. Marvel  
Assemblywoman Kathy McClain  
Assemblyman David R. Parks  
Assemblywoman Debbie Smith  
Assemblywoman Valerie E. Weber

**COMMITTEE MEMBERS ABSENT:**

Assemblywoman Heidi S. Gansert

**GUEST LEGISLATORS PRESENT:**

Assemblyman David Bobzien, Assembly District No. 24  
Assemblyman Harry Mortenson, Assembly District No. 42  
Assemblyman Bernie Anderson, Assembly District No. 31  
Assemblywoman Bonnie Parnell, Assembly District No. 40

**STAFF MEMBERS PRESENT:**

Mark W. Stevens, Assembly Fiscal Analyst  
Linda Blevins, Committee Secretary  
Patti Adams, Committee Assistant



Chairman Morse Arberry called the meeting to order and opened the hearing for Assembly Bill 422 (R1).

**Assembly Bill 422 (1st Reprint): Requires disclosure of certain information by customer sales and service call centers. (BDR 52-1278)**

Assemblyman David Bobzien, District 24, Washoe County, presented testimony in favor of Assembly Bill (A.B.) 422 (R1). The idea behind the bill was to require employees of a call center to disclose, upon request, the state and country where the call originated. In the opinion of Mr. Bobzien, because of identify theft and credit card theft, the disclosure was a consumer protection issue.

James Campos, Nevada Consumer Affairs Division (NCAD), expressed support of A.B. 422 (R1). The fiscal note attached to the bill was to enable the NCAD to educate the community regarding the rights of the consumer. The \$15,000 fiscal note would allow NCAD to perform at the required level by providing consumers information through both written and broadcast media. The NCAD did not have the resources available in their requested budget to provide adequate consumer information if the bill was passed.

Assemblyman Denis pointed out that there was no way to assure the calling party would correctly identify his or her location if requested.

Mr. Bobzien agreed that was a good point. There was no guarantee, but the calling party would be guilty of deceptive trade practices if they were dishonest with the consumer.

Assemblywoman Koivisto agreed with Mr. Denis and stated there did not appear to be a way to enforce the bill.

Mr. Bobzien responded that the idea of including this practice as a deceptive trade practice would discourage agencies contracting with call centers that would refuse to divulge the requested information.

Jeanette K. Belz, J. K. Belz & Associates, Inc., spoke in opposition of the bill. Internet communications or other information technologies posed another disclosure issue. If, for example, an email included several questions along with a request for the location of the party, and the respondent inadvertently failed to disclose a location, it would be considered a deceptive trade practice. Ms. Belz did not believe that was the intent of the bill.

Another issue addressed by Ms. Belz was the inability of call centers throughout the United States to scrutinize calls to determine whether the call center was operating within the laws of the state they were calling.

Chris MacKenzie, on behalf of American Express, expressed opposition to the bill echoing the concerns of Ms. Belz. The cost outweighed the benefits in the opinion of Mr. MacKenzie.

There being no further testimony, Chairman Arberry closed the hearing on A.B. 422 (R1), and opened the hearing on A.B. 447 (R1).

**Assembly Bill 447 (1st Reprint): Creates an advisory bistate commission to study and make recommendations concerning various environmental and land-use issues. (BDR 22-914)**

Assemblyman Harry Mortenson, District 42, Clark County, testified in support of Assembly Bill (A.B.) 447 (R1). Mr. Mortenson introduced Elizabeth von Till Warren, Ph.D., Historian, to provide the background for the bill.

In the prepared testimony attached as [Exhibit C](#), Dr. Warren expressed the need for the creation of an advisory bistate commission to study various environmental and land-use issues. According to Dr. Warren, the idea was to involve four counties that shared a common border, Nye and Clark counties in Nevada and Inyo and San Bernardino counties in California. The borders were politically defined but affected the use of natural resources that were oblivious to borders. Water usage, for example, on one side or the other of a border was controlled by one state, and the other state's practices and policies were not considered.

Dr. Warren believed the bill would prevent serious economic problems. State funding for the proposed advisory commission should be negligible if each of the four counties hosted one of the quarterly meetings proposed. Each county, in turn, would provide the administrative support needed by the advisory commission.

In response to Assemblyman Grady, Dr. Warren advised that of the two California counties involved, San Bernardino County had requested additional information, and Inyo County had expressed support and requested to be included.

Assemblyman Denis was not clear how California was planning to share the cost.

Dr. Warren explained that California would share the cost equally. Each county would host a meeting, provide space for a meeting, provide administrative support for a meeting, and provide record storage. The records or minutes of each meeting would be made available to the public at the county seat of each county included. Dr. Warren stated that to the best of her knowledge the California Legislature had not been presented with the proposal.

Dr. Warren clarified that the proposed commission was purely advisory, and the states would have a vital interest in the commission and the decisions of the commission. Dr. Warren was hopeful the residents of the areas along the borders would provide input to the commission. An important example was the water issue. Water laws were very different in California and Nevada.

Assemblyman Marvel agreed the water laws were very different and was unsure how Nevada could prevent California from pumping from the same aquifer.

According to Dr. Warren, that was a prime example of why the counties needed to communicate and to establish the commission.

Allen Biaggi, Director, Department of Conservation and Natural Resources, addressed the issue of water law between Nevada and California. Mr. Biaggi noted that Mr. Marvel was correct in the assumption that Nevada had a very strong and progressive water law while California had essentially no water law at the state level. The water law was left up to the counties.

Mr. Mortensen was concerned about the fiscal note of the bill, but he had discussed the matter with Mr. Biaggi and believed the fiscal note could be substantially reduced.

Mr. Biaggi stated the fiscal note was outside of The Executive Budget, and therefore, the Department could not support the bill as it currently existed. The Department originally provided the fiscal note based upon the assumption the bill reflected something similar to the Advisory Planning Commission for the Tahoe Regional Planning Agency. The Department recognized the bill had been modified from the original version and was willing to revisit the bill and provide a written revision of the fiscal note to the Committee.

John Bacher, President of the Sandy Valley Public Water Preservation Association, expressed support for A.B. 447 (R1). Mr. Bacher quoted Ruling 5132 from the Nevada State Engineer, Page 7 Section 5:

John Goss and Greg James represented San Bernardino and Inyo Counties, respectively . . . they wanted the State Engineer to consider the impacts that the project might have on the groundwater basin as a whole, not just on the Nevada side of the state line . . .

Continuing on Page 8:

. . . The State Engineer also has concerns about the welfare of Mesquite Valley and all valleys that are divided by the California—Nevada State Line, but he has not been empowered to develop regulations and administer water use in California.

. . . pumpage on the California side of the basin exceeds 8,000 acre-feet. [The United States Geological Survey standard for recharge, according to the State Engineer, is 2,200 acre-feet.] . . . The State Engineer finds the pumpage of underground water for irrigation purposes within the California portion of Mesquite Valley has contributed to the decline of water levels in Mesquite Valley.

Mr. Bacher stated an excerpt from a letter dated March 11, 2002, from Mr. John Goss of the Economic Development and Public Services Group to Mr. Hugh Ricci stated:

My reaction to the testimony at the hearing, and this is probably true in most other desert groundwater basins as well, is that there is a dearth of adequate information upon which to evaluate the impacts of projects such as Vidler's. That is why at least exploring the opportunity to develop a joint monitoring/management plan should be in everyone's best interests.

It was Mr. Bacher's belief that water usage in California could reduce the water levels in wells in Nevada resulting in a subsequent devastation of surface alluvium.

Leonard Smith, Vice President, Sandy Valley Mesquite Development Association, expressed support for A.B. 447 (R1). The creation of an advisory bistate commission was an opportunity for Nevada to be proactive to environmental issues.

John Hiatt, Amargosa Conservancy member, spoke in support of A.B. 447 (R1). It was important, in Mr. Hiatt's opinion, to create an advisory commission to raise awareness of problems along the bistate borders. Boundaries were often not recognized and the elected officials must be made aware of the problems.

Beth Bacher, Sandy Valley Mesquite Development Association, testified in support of A.B. 447 (R1). The concept behind the advisory commission would work toward a goal of creating a venue in which the counties and states could communicate future growth plans.

Mr. Marvel asked whether the four counties had guaranteed to fund the proposed commission.

Mr. Mortensen noted the counties were not being asked to fund the commission. The counties were requested to provide a place to hold one meeting per year per county.

Dr. Warren added that development of the commission was still in process, and at this time, the cost for each county would be minimal. A budget had not yet been prepared.

Assemblyman Denis noted that Section 10 of the bill stated the act became effective on the date on which all members had been appointed to the Mojave Desert Advisory Commission by their respective appointing authorities.

Dr. Warren did not know how long it would take to form the commission but hoped it would be prior to the next legislative session.

There being no further comments or testimony, Chairman Arberry closed the hearing on A.B. 447 (R1) and opened the hearing on A.B. 460 (R1).

**Assembly Bill 460 (1st Reprint): Revises provisions regarding public schools and educational personnel. (BDR 34-1279)**

Assemblyman Bernie Anderson, District 31, Washoe County, presented testimony supporting Assembly Bill (A.B.) 460 (R1). Mr. Anderson noted there was a teacher shortage in Nevada, and the level of compensation was part of the problem. Research showed the single most important factor affecting student achievement was the quality of the teacher in the classroom. The legislation as presented sought establishment of teams to improve conditions of teaching and learning in each district.

According to Mr. Anderson, the bill required an administrator conducting an evaluation of a teacher to personally observe that teacher in the classroom for not less than 60 minutes during each evaluation period. Mr. Anderson stated the fiscal notes had been removed from the bill by amendment.

Assemblywoman Leslie agreed the evaluation of teachers was vital to the Nevada educational system. Ms. Leslie requested clarification regarding the fiscal note for the bill.

Although there appeared not to be a cost associated with the bill, Mr. Anderson pointed out the cost would be for the additional time required to form the evaluation teams and for the administrators to actually perform the evaluations required by A.B. 460 (R1). In Mr. Anderson's opinion it was important for administrators to observe what was going on in the classrooms.

Al Bellister, Nevada State Education Association (NSEA), spoke in support of A.B. 460 (R1). The appropriation was removed from the bill as stated by Mr. Anderson. The bill addressed two important areas resolving the question of teacher retention, compensation and administrative support. Research showed that teachers leaving the profession, after 3 to 5 years, cited lack of compensation and lack of administrative support. A.B. 460 (R1) touched on both of these issues.

Section 5 of A.B. 460 (R1) set out a framework for a system of compensation based on skills and knowledge. Mr. Bellister stated that research showed there was a statistically significant correlation between increased teacher education and improved student achievement.

Sections 6, 7, and 8 of the bill were directed to administrator accountability. An administrator would be required to be in the classroom a specific amount of time to conduct observations to prepare the annual teacher performance evaluations.

Lonnie Shields, Assistant Executive Director, Nevada Association of School Administrators (NASA), addressed the Committee regarding A.B. 460 (R1). The Association supported the design of the bill but believed the school administrators were already performing the responsibilities outlined in the bill, although the observation time was probably not a total of 60 minutes.

Mr. Shields pointed out that school administrators worked closely with probationary teachers who provided administrators with lesson plans, goals, and objectives. The administrator then observed the teacher in the classroom while presenting the previously reviewed lesson. While NASA supported the concept of the bill, the Association believed the administrator's time was better spent with a probationary teacher rather than a postprobationary teacher.

Dotty Merrill, Nevada Association of School Boards (NASB), testified in support of A.B. 460 (R1). Ms. Merrill especially appreciated Section 6 of the bill which required an administrator to observe postprobationary teachers not less than a cumulative total of 60 minutes during each evaluation period. Ms. Merrill stated that although the NASB supported the bill, the School Boards preferred to leave the money request in the bill.

Joyce Haldeman, representing the Clark County School District, testified in support of A.B. 460 (R1). In the opinion of Ms. Haldeman, Clark County was in compliance with the bill and recognized the benefit to teachers. Ms. Haldeman stated that subsection 4 of Section 5 which set forth the criteria to be developed by the design team, could be strengthened by requiring an improvement in student achievement.

There being no further comments or questions, Chairman Arberry closed the hearing on A.B. 460 (R1) and opened the hearing on A.B. 485 (R1).

**Assembly Bill 485 (1st Reprint): Revises provisions relating to the attendance and truancy of pupils. (BDR 34-418)**

Assemblywoman Bonnie Parnell, District 40, Carson City, provided the Committee with a suggested amendment ([Exhibit D](#)) to Assembly Bill (A.B.) 485 (R1) and testimony supporting the request. The amendment deleted the fiscal note.

Ms. Parnell appeared before the Committee at the request of Senator Raggio, the chair of the interim Legislative Committee on Education. The bill addressed the issue of truancy and excessive school absences, a serious issue in Nevada schools. The policy of the bill sought to hold students and parents accountable for student attendance by requiring school advisory boards to review attendance and truancy issues. Under the provisions of the bill, the Clark and Washoe county school districts were required to establish an attendance council. The bill also addressed parents and legal guardians who knowingly induced a child to be unlawfully absent.

According to Ms. Parnell, the change proposed in the amendment was for Section 11 which created a subcommittee of the next interim's Committee on Education to study the issues of truancy and excessive absences. These issues would be studied by the full Committee, and therefore, a subcommittee would not be required. This amendment removed the fiscal note.

Neil A. Rombardo, Carson City District Attorney, testified in support of A.B. 485 (R1). The bill provided tools to assist the District Attorney's office in dealing with the serious issue of truancy in Carson City.

Chris Bayer, Court Appointed Special Advocates (CASA) for Children, testified in support of A.B. 485 (R1). Mr. Bayer had participated with others in the Carson City community on successful boards that were similar to the attendance board outlined in A.B. 485 (R1).

There being no further comments or questions, Chairman Arberry closed the hearing on A.B. 485 (R1) and opened the hearing on A.B. 486.

**Assembly Bill 486: Revises various provisions relating to veterans. (BDR 0-638)**

Tim Tetz, Executive Director, Office of Veterans' Services, testified in support of Assembly Bill (A.B.) 486 but disagreed with the fiscal note. According to Mr. Tetz, the intent of the bill was to redefine the definition of a veteran. Mr. Tetz referenced a letter forwarded to Assemblyman Hardy from the Office of Veterans' Services. A constituent stated in the letter that he was denied a Clark County tax exemption because his DD-214 stated he was discharged under "honorable conditions" rather than "honorably discharged." The constituent was a Viet Nam-era veteran.

Research by the district attorneys in Clark County had determined that a discharge under "honorable conditions" was not the same as an "honorable discharge." The constituent received 100 percent disability benefits from the Veterans Administration (VA) but could not receive the Nevada tax exemption. According to Mr. Tetz, this was one of many such letters.

Mr. Tetz voiced disagreement with the fiscal note of the bill. The fiscal note assumed all of the 300,000 veterans in the State would become eligible for the exemption benefits. In fact, less than 10 percent of the veterans would be included. In his opinion, the fiscal impact would be less than \$872,000 per year.

Mr. Tetz noted there was a projection of loss for jet fuel tax in the bill. These were based on gallons used by the Nevada National Guard and specifically referencing active duty military members. As stated in the bill, active duty military members and organizations were exempt from those taxes. The National Guard was not exempt from those taxes so the fiscal impact would not change in this bill.

Assemblyman Hogan asked whether the veteran definition was consistent with other states.

Mr. Tetz replied that the definition used by the Office of Veterans' Services was used by the VA and most other states. By changing the definition to be consistent with other states, any discharge other than "dishonorable" would be eligible for the exemption.

In answer to a question from Assemblyman Marvel, Mr. Tetz advised the Committee that there were a variety of sections such as Section 8 and Section 15 which could be used for processing dishonorable discharges. By Nevada definition, veterans medically discharged were not eligible for the exemption.

Assemblyman Hardy requested a chart or listing of all discharges for each branch of the military.

Mr. Tetz stated he would provide a list to the Committee.

Edgar Roberts, Administrator, Department of Motor Vehicles (DMV), Motor Carrier Division, provided testimony in opposition to A.B. 486. Mr. Roberts stated that the bill changed the definition of "veteran" to include active duty military. That would change the eligibility requirements to obtain a veteran's exemption increasing the number of eligible veterans. The DMV fiscal note reflected a revenue loss of \$79,794,986 over the biennium. Mr. Roberts' full testimony ([Exhibit E](#)) included a chart with a breakdown of the projected revenue losses.

Responding to Assemblyman Marvel's question regarding the number of Nevada veterans, Mr. Roberts explained the estimate of 300,000 veterans was given to DMV by the Office of Veterans' Services.

Assemblywoman McClain was not in agreement with the revenue losses projected by DMV. In her opinion, all 300,000 veterans would not apply for the exemption.

Chairman Arberry explained that for budgeting purposes, the DMV must assume that all 300,000 would apply.

Mr. Marvel asked whether the majority of veterans claimed their exemptions on their property or vehicles.

Mr. Roberts noted most exemptions were claimed on vehicles.

Ed Gobel, Southwest Regional Director, Chapel of Four Chaplains, provided testimony in opposition to A.B. 486. Mr. Gobel pointed out that an honorable discharge was earned and not given unless earned. There were many types of discharges other than honorable which Mr. Gobel described by citing examples. Mr. Gobel worked closely with the military services in assisting veterans to receive services that were earned.

Mr. Gobel provided the Committee with [Exhibit F](#), "Veterans Degraded by Legislature," noting there were 47,618 veterans taking advantage of the property tax exemption in Clark County.

Section 25 of the bill removed the requirement that a veteran must have served during time of war to receive the exemption. Therefore, all veterans would be

eligible for the exemption, according to Mr. Gobel. Should all veterans in Clark County receive the exemption, the total amount of lost revenue would be \$41,214,824.

Linda West Myers, Chaplain, Chapel of Four Chaplains, testified in opposition to A.B. 486. The most redlined term in the bill was "honor" which, in her opinion, was not a term that should be stricken from the bill. Honor was earned by our service men and women.

There being no further comments or questions, Vice Chairwoman Leslie closed the hearing on A.B. 486 and opened the hearing on Senate Bill (S.B.) 282 (R1).

**Senate Bill 282 (1st Reprint): Makes supplemental appropriations to the Department of Corrections for increased costs at various facilities. (BDR S-1258)**

Lori Bagwell, Chief of Fiscal Services, Department of Corrections, provide the Committee background and support for Senate Bill (S.B.) 282 (R1). According to Ms. Bagwell, the Department had requested an amendment for the bill to provide sufficient funds for the Department to complete this fiscal year. Section 1, line 3 of the bill should be amended to read \$7,554,981, an increase of \$1,081,738.

A technical review by the Budget Division of the salary adjustment dollars available to the Department of Corrections had been overstated, resulting in the requested amendment to increase the supplemental appropriation.

Darrel J. Rexwinkel, Deputy Director, Support Services, Department of Corrections, advised the Committee that the expenditure projections had not changed. The amendment reflected the difference between the necessary expenditures and the salary adjustment revenues that could be provided to the Department.

**Assembly Bill 393 (1st Reprint): Makes various changes relating to the repair of motor vehicles. (BDR 43-821)**

Assemblywoman Buckley, Speaker of the Assembly, District 8, Clark County, presented Assembly Bill (A.B.) 393 (R1) to the Committee. The bill addressed complaints by consumers and state administrators regarding unscrupulous practices in the repair, salvage, and towing of motor vehicles. Sting operations in Clark County had uncovered mechanics who charged for services that were never delivered. According to Ms. Buckley, the majority of repair operations were reputable businesses that provided good service to the consumer.

Ms. Buckley pointed out that three different Chapters of the *Nevada Revised Statutes* (NRS), 487, 597, and 598, dealt with motor vehicle repairs. Chapter 487 of the NRS required the Department of Motor Vehicles (DMV) to register and regulate car dealerships, body shops, and garages. Chapter 598 of the NRS required Consumer Affairs Division to monitor complaints and investigate deceptive trade practices. Chapter 597 of the NRS allowed certain complaints against garages performing vehicle repairs to be handled by either DMV or the Consumer Affairs Division as both had concurrent jurisdiction.

Ms. Buckley stated that the original version of A.B. 393 (R1) was designed for one agency to register and regulate car dealerships, body shops, and garages. Unfortunately, there was opposition from the Executive Branch. The bill was revised to streamline the process of regulation and enforcement.

Sections 3 to 12 of the bill provided DMV initial responsibility for consumer complaints regarding motor vehicle repairs. The DMV was selected because of its strong database and management reporting systems.

Section 29 required that when a garage registered with DMV, that garage must provide either a \$5,000 bond or a cash deposit or certificate of deposit, in lieu of the bond. Ms. Buckley added that the Consumer Affairs Division could perform investigations for complaints within their jurisdiction and assist the consumer with financial recovery. The Bureau of Consumer Protection would be alerted if a case involved egregious or repetitive conduct and set up sting operations as necessary.

In the 2003 Legislative Session, a bill was passed which mandated that vehicles considered a total loss carry a salvage title. Once repaired, DMV could issue a rebuilt title for that vehicle. The rebuilt title did not, however, indicate the vehicle had once been a total loss. Section 22 of A.B. 393 (R1) provided for the rebuilt title to include consumer information regarding the total loss of the vehicle.

The DMV had a fiscal note on A.B. 393 (R1) which was outlined in the testimony of Troy Dillard, Administrator, Compliance Enforcement Division, Department of Motor Vehicles (DMV). The fiscal note was based on the bill as originally submitted. The amendments to the bill reduced the fiscal note by transferring the authority in chapter 597 of the NRS to DMV and assigning the duties to one employee of the Department.

According to Mr. Dillard, the total impact in the first year of the biennium was \$83,662 and in the second year \$88,667. Although he did not have the information available, Mr. Dillard noted there was the potential for an additional \$7,500 per year for a sting account which was part of the Bureau of Consumer Protection budget.

Kathleen E. Delaney, Senior Deputy Attorney General, Bureau of Consumer Protection, Office of the Attorney General (AG), spoke in support of A.B. 393 (R1). The effort was to try to streamline the complaint process for car repair cases. The first responder would be DMV. If the case was identified as a deceptive trade practice, the case would then go to the Consumer Affairs Division. This process would prevent a duplication of effort.

Ms. Delaney advised the Committee that the role of the Bureau of Consumer Protection was to be the receiver of pattern and practice referrals. The passage of A.B. 393 (R1) ensured the pattern and practice fraud issues would be referred to the Bureau and pursued more effectively.

According to Ms. Delaney, the fiscal component of the \$7,500 sting account was originally included in the DMV fiscal note. The Bureau had not included a fiscal note. When the amendment was prepared, the Bureau was not aware they would be the holders of the sting account.

Ms. Delaney said A.B. 393 (R1) revised technical violations by moving the provisions of chapter 597 of the NRS to DMV, leaving deceptive trade practices under the Consumer Affairs Division, and providing the Bureau of Consumer Protection the ability to perform sting operations.

Assemblyman Grady supported the bill but believed towing companies should be included.

It was Ms. Buckley's belief that another bill had been introduced that included tow trucks.

Dylan Shaver, Petroleum Marketers and Convenience Stores Association, supported the bulk of the bill, but had concerns with the bonding section of the bill. Members of the Association who operated combination smog check stations, garages, and gas stations would be required to obtain three separate bonds.

Tracey Woods, Retail Association of Nevada, supported the concept of the bill but also had concerns with the bonding section. Ms. Woods advised the Committee she had been working with Ms. Buckley and had informed Ms. Buckley that the Association was opposed to the bonding section.

There being no further comments or questions, Chairman Arberry closed the hearing for A.B. 393 (R1).

Chairman Arberry requested that Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), provide the Committee with an overview of the May 1, 2007, Economic Forum and the resulting projections.

Mr. Stevens provided the Committee with [Exhibit G](#), a chart of the General Fund Revenues from the May 1, 2007, Economic Forum forecast.

Page 1 of the exhibit displayed all the General Fund revenues rolled together. On the bottom of the page the total General Fund Revenue estimate was shown as \$3.14 billion in fiscal year (FY) 2007, \$3.3 billion in FY 2008, and \$3.5 billion in FY 2009.

Pages 2-7 detailed other minor revenue projections. The Economic Forum gathered the figures for the major revenues to create the projections.

Page 8 displayed the difference between the Economic Forum projection on November 30, 2006, and the forecast made May 1, 2007. In FY 2007 there was a shortfall of \$21.2 million. In FY 2008 the shortfall [compared to the earlier projections] was \$40.1 million, and in FY 2009 the shortfall was \$48.2 million. The majority of the shortfall was from gaming, percentage fee revenues, modified business tax revenues, and sales tax revenues.

Mr. Stevens continued his presentation by advising the Committee that the projections did not include the shortfall in sales tax in the Distributive School Account (DSA). Unlike the General Fund, the DSA projections for sales tax revenues involved the exemption for sales tax for Leadership in Energy and Environmental Design (LEED) certified buildings. The shortfall in the school fund was undetermined, but Mr. Stevens projected it would be substantial. The Fiscal Division had projected an \$80 million shortfall from sales tax in the DSA over the biennium; however, a new projection was forthcoming.

Chairman Arberry asked whether the Forum had anticipated increased revenue from new development projects.

Mr. Stevens explained that the Gaming Control Board tracked new project developments and reported the information to the Fiscal Division.

Responding to Chairman Arberry's question regarding whether future event revenues were considered in the deliberations of the Fiscal Division, Mr. Stevens

noted that gaming revenues for the remainder of the year were anticipated to increase at a higher rate than they had so far this fiscal year, partially because of upcoming events and because of quarterly technical adjustments.

Assemblyman Marvel was unclear what the shortfall would do to the Distributive School Account (DSA).

Mr. Stevens indicated staff had been carrying an \$80 million shortfall in the Local School Support Tax (LSST) portion of the DSA. That number would change based on the Economic Forum projections. The exemption for LEED-certified buildings created a significant impact.

According to Mr. Stevens, when compared to the Governor's original budget recommendations, additional revenue must be generated or expenditures must be cut to increase the General Fund by \$88 million.

The projections compared numbers between the Governor Forum's revenue projections made on December 1, 2006. The Governor had recommended in his budget that some General Fund revenues be reduced. Those reductions were not taken into account in these projections.

Mr. Marvel asked whether the reduction in the modified business tax, a reduction from 0.65 percent to 0.62 percent, was a consideration when developing the projections.

Mr. Stevens stated that the Economic Forum was required to project revenues based on existing law. Therefore, the projections were based on the 0.65 percent rate. If, as the Governor recommended, the tax was reduced to 0.62 percent, the revenues would have to be lowered by \$13 million to \$14 million per year.

Assemblywoman Smith had missed a portion of the discussion at the Forum regarding LEED in regard to the local school support tax and requested Mr. Stevens to elaborate.

Mr. Stevens explained that the Forum had asked whether the projections had taken into account exemptions for LEED-certified buildings. Staff stated there was not an exemption from the 2 percent General Fund sales tax for LEED-certified buildings. However, LEED-certified buildings were exempt from the 2.25 percent LSST and other local sales tax rates. The exemption did not impact the revenues that were projected by the Economic Forum, but it did impact the DSA.

Ms. Smith requested information regarding the discussions at the Economic Forum on the mining taxes.

Mr. Stevens indicated that the net proceeds tax was handled by the Technical Advisory Committee and there was no discussion by the Economic Forum. The Forum discussed the real property transfer tax. That projection was retained from the projection in November 2006.

Addressing a question from Assemblyman Hardy, Mr. Stevens informed the Committee that the numbers were not yet available showing the difference between the Economic Forum projections and the Governor's recommended budget reductions. Mr. Stevens would provide that information as well as information on the property tax to the Committee as soon as it was available. The budget must be balanced as quickly as possible.

There being no further questions or comments, Chairman Arberry adjourned the meeting at 3:35 p.m.

RESPECTFULLY SUBMITTED:

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Linda Blevins  
Committee Secretary

APPROVED BY:

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Assemblyman Morse Arberry Jr., Chair

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

<u>EXHIBITS</u>			
<b>Committee Name:</b> <u>Committee on Ways and Means</u>			
<b>Date:</b> <u>May 1, 2007</u>		<b>Time of Meeting:</b> <u>1:30 p.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A	-----	Agenda
	B	-----	Attendance Roster
AB 447	C	Dr. Elizabeth von Till Warren	Prepared Testimony
AB 485	D	Assemblywoman Bonnie Parnell	Amendment to A.B. 485 (1st Reprint)
AB 486	E	Edgar Roberts, DMV	Prepared testimony.
AB 486	F	Ed Gobel, Chapel of Four Chaplains	Veterans Degraded by Legislature
	G	Mark Stevens, Fiscal Analyst, LCB	General Fund Revenue Chart