

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

**Seventy-Fourth Session
May 28, 2007**

The Committee on Ways and Means was called to order by Chair Morse Arberry Jr. at 8:11 a.m., on Monday, May 28, 2007, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, 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/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

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

COMMITTEE MEMBERS EXCUSED:

Assemblywoman Barbara E. Buckley
Assemblywoman Ellen Koivisto

GUEST LEGISLATORS PRESENT:

Senator Joe Heck, Clark Senate District No. 5
Assemblywoman Marilyn Kirkpatrick, Assembly District No. 1

STAFF MEMBERS PRESENT:

Mark W. Stevens, Assembly Fiscal Analyst
Barron Brooks, Committee Secretary
Patricia, Adams, Committee Assistant



Chairman Arberry opened the hearing on Senate Bill (S.B.) 173 (1st Reprint).

Senate Bill 173 (2nd Reprint): Revises provisions relating to money received from the Federal Government to prevent or respond to acts of terrorism. (BDR 31-224)

Senator Heck stated S.B. 173 (R2) dealt with the Commission on Homeland Security. The bill would require any state agency, other than the National Guard, which received federal grant dollars for the purposes of combating terrorism, be required to enter into memorandum of understanding with the Homeland Security Commission to keep them apprised of what funding was received, what it would be expended upon, and the progress that was made. In addition, the bill also required local governments who received direct federal funding to make similar reports. The reasoning for the bill was that since the Homeland Security Commission was formed, it had become the central agency for overseeing the State's response and planning to acts of terrorism. Local agencies were able to directly apply for federal grant dollars. There were other state agencies that received other grant dollars outside of those which came directly from the Department of Homeland Security. Decisions were being made in regard to grant funding without an open process by which all could see where the money was going. The state Department of Homeland Security also had "no visibility over these dollars." The bill would give the Department of Homeland Security the ability to see what was going on with all federal dollars coming into the State. The awarding of funding would not be impeded in anyway. Senator Heck referenced an email of support from the Executive Director of the Homeland Security Commission.

Bob Roshak, representing Las Vegas Metropolitan Police Department, registered support for the bill.

Chairman Arberry closed the hearing on S.B. 173 (R2).

Chairman Arberry opened the hearing on Senate Bill (S.B.) 517 (1st Reprint).

Senate Bill 517 (1st Reprint): Requires that certain payments to the State of Nevada be made electronically. (BDR 31-633)

Dave McTeer, Division Chief, Department of Administration, Information and Technology Division, stated the Department of Administration had sponsored the bill but without amendment number 876. Mr. McTeer had spoken to the staff of the Office of the Treasurer, and they had told him "the bill was unworkable with amendment 876."

Mark Stevens, Assembly Fiscal Analyst, Legislative Counsel Bureau, said subsection 4 of Section 1 of amendment 876 read: "Any fee charged for the payment of money made by a credit card, debit card, or electronic transfer of money pursuant to subsection 1 must be paid by the person who owed the money to the state agency." Mr. Stevens explained that if the bill was amended, it needed to be amended in a fashion that would be agreeable with the state agencies. The question was whether the person paying with a debit or credit card for payments in excess of \$10,000 would be responsible for the transaction fee.

Chairman Arberry questioned what would occur if the bill was not processed.

Dennis Colling, Chief, Administrative Services Division, DMV, stated the DMV was the largest acceptor of credit card payments in the State. The objective of

the bill was to have large payments made electronically so the Department would not be charged the large fees associated specifically with credit cards.

Mr. Stevens explained that the Treasurer's Office had stated electronic payments could be received, but they could not be involved with forcing someone else to pay the fee associated with the transfer.

Mr. Colling stated the objective was not to have every person or company pay the fee, but rather to eliminate the large fees the State was paying for credit card transfers over \$10,000. By requiring all large payments be made electronically, the State satisfied its agreement with the credit card companies because the requirement applied to all forms of payment, not just credit cards specifically. The credit card companies had contracts with the State which prevented the State from not accepting credit cards unless there were some exceptions such as this.

In response to Chairman Arberry, Chris MacKenzie, representing American Express, stated the problem with the current version of the bill was that it was excluding all credit card payments in excess of \$10,000. The proposed amendment ([Exhibit C](#)), which the agencies he had spoken with were all in agreement with, gave the agencies the option of accepting credit cards as long as the consumer paid the fee.

In response to Chairman Arberry, Mr. Stevens stated the prior amendment had been agreed on by the Committee and sent to the floor, but was not adopted. A second amendment was also not adopted on the floor, so the bill was back in Committee.

In answer to Chairman Arberry, Mr. Colling explained the submitted amendment ([Exhibit C](#)) was acceptable to all of the agencies he had discussed it with, including the Treasurer's Office.

Assemblywoman Kirkpatrick stated the Senate Government Affairs Committee had heard the bill. The Committee was concerned that the bill would allow the state agencies to find a new revenue source when it came to credit card fees. There were agencies who testified they could go outside of their contracts and charge a "convenience fee." Referencing *Nevada Revised Statutes* 353.1465, nowhere did it say that credit cards could not be accepted. The statute specified how the regulations had to be adopted so that the consumer and the state agency broke even. The concern was not whether or not credit cards could be used, but what the fee was. To charge the consumer a fee over and above what the credit card company was charging the State created a problem.

In response to a question from Chairman Arberry regarding the proposed amendment, Ms. Kirkpatrick stated the proposed amendment looked okay; however, NRS 353.1465 provided that the Department of Administration shall adopt regulations providing for the payments. She did not know if there was a better way to provide for these types of payments.

Chairman Arberry questioned what would happen if the bill were passed in the form that it left the Senate Government Affairs Committee.

Assemblywoman Kirkpatrick stated she did not have a problem with S.B. 517 (R1), but some state agencies might. The problem with the amendment in question was that allowing the agencies by regulation to charge a fee, there was no determination on what the fee was. The amendment would need to read that the fee could not exceed the cost of the credit card company

doing business with the state agencies.

Assemblyman Hardy questioned whether the Treasurer's Office would have a mechanism to charge individuals for a wire transfer.

Assemblywoman Kirkpatrick answered that Section 1, subsection 4 provided the mechanism. As long as it would be excluded to charge the consumer more than the State was being charged for use of credit cards, everything appeared to be okay.

Assemblywoman McClain stated she did not see a reason for the amendment and recommended passing the original version.

Assemblyman Grady wished to confirm that the bill only affected transfers in the amount of \$10,000 or above.

Assemblywoman Kirkpatrick replied that was correct; however, the amendment did not specify what fee would be. The language needed to be tightened so that the fee was not established by regulation pursuant to NRS 353.1465, but rather by the cost that the credit card was charging the state agency.

In answer to Chairman Arberry, Mr. Colling stated the DMV would be okay with the amended bill or the original bill.

Mr. McTeer explained that one of the problems with the credit card fee was that the fee was not always known at the time of the transaction. There were downstream fees and that was why Senate Bill 554 had been submitted to try and make the agencies "whole and neutral over a period of time." Statute stipulated that agencies could not charge more than they were charged by the credit card companies. The Administration was okay with either the amended bill or the original bill.

In response to Chairman Arberry, Mr. MacKenzie stated the submitted amendment would not create any problems.

Assemblywoman Kirkpatrick, having noticed subsection 3 being specifically referred to in the amendment ([Exhibit C](#)), stated that the amendment would not pose any problems.

ASSEMBLYMAN DENIS MOVED TO AMEND AND DO PASS
S.B. 517 (R1) WITH THE [EXHIBIT C](#) AMENDMENT.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED. (ASSEMBLY MEMBERS LESLIE,
MCCLAIN, AND HARDY VOTED NO)

* * * * *

Assemblywoman McClain stated she preferred the original version of the bill.

Assemblyman Denis said he believed the amendment would address any concerns with the bill.

Chairman Arberry closed the hearing on S.B. 517 (R1).

Chairman Arberry opened the hearing Senate Bill (S.B.) 186 (R1).

Senate Bill 186 (1st Reprint): Makes an appropriation to the Office of the Governor to purchase replacement computer hardware and software and office furniture and machines. (BDR S-1202)

Elizabeth Barber, Deputy Budget Director, Department of Administration, stated S.B. 186 (R1) was a one-shot appropriation for the Office of the Governor to purchase computer hardware, software, furniture, and machines. The \$32,405 appropriated in the bill was acceptable to staff and the Governor's Office.

Mr. Stevens explained that the bill could not pass until the education funding bill passed both houses of the Legislature.

Assemblyman Denis questioned if the bill followed the Department of Information and Technology guidelines.

Ms. Barber replied that it did.

Chairman Arberry closed the hearing on S.B. 186 (R1).

Chairman Arberry opened the hearing on Senate Bill (S.B.) 253 (R1).

Senate Bill 253 (1st Reprint): Makes appropriations to the Division of Mental Health and Developmental Services of the Department of Health and Human Services for computer hardware and software, vehicles, furniture and other equipment. (BDR S-1215)

Mike Torvinen, Deputy Director of Finance, Department of Health and Human Services, stated the bill provided an appropriation to the Department for computer hardware and software, vehicles, furniture, and other equipment. The bill followed the Department of Information and Technology guidelines.

Assemblywoman McClain questioned why the bill could not have been in the Department's budget request.

Mr. Stevens explained that because the bill dealt with equipment, the amount could be appropriated from surplus funds rather than ongoing revenues. If there were surplus funds available, equipment and other one-time type items could be paid for with surplus funds; there was no mechanism to do that in the budget. Placing it in the form of a bill with the effective date upon passage and approval took the funding from surplus monies.

Assemblyman Denis questioned what would occur if there were not surplus funds.

Mr. Stevens responded that the Governor determined how much surplus money was available when he put the budget together. Unless the Legislature approved additional bills expending surplus funds, there would be proper funding for the bill.

Chairman Arberry closed the hearing on S.B. 253 (R1).

Chairman Arberry opened the hearing on Senate Bill (S.B.) 570.

Senate Bill 570: Makes an appropriation to the Office of the Director of the Department of Health and Human Services to fund a working group to study the methamphetamine problem in Nevada. (BDR S-1504)

Mike Torvinen, Deputy Director of Finance, Department of Health and Human Services, explained the bill funded fiscal year 2008 operating costs for the Governor's methamphetamine work-study group. It allowed for six meetings and the hiring of consultants. Any unused funds would revert to the General Fund.

Chairman Arberry questioned what was being done to address issues regarding other types of drugs.

Mr. Torvinen replied the Executive Order referred specifically to methamphetamine, but other drug problems may be able to receive consideration.

Assemblywoman McClain questioned if the working group related to the bill was the same one Assemblywoman Leslie was involved with.

Assemblywoman Leslie replied that it was, and it had been previously funded for one year.

Chairman Arberry closed the hearing on S.B. 570.

Chairman Arberry opened a hearing on Senate Bill (S.B.) 319 (R2).

Senate Bill 319 (2nd Reprint): Revises provisions governing motor vehicles that are exhibited or displayed in certain museums. (BDR 43-1131)

Virginia Lewis, Director, Department of Motor Vehicles, explained that the Department had submitted a fiscal note on the original version, but the bill had been amended and passed out of the Transportation Committee without a fiscal note.

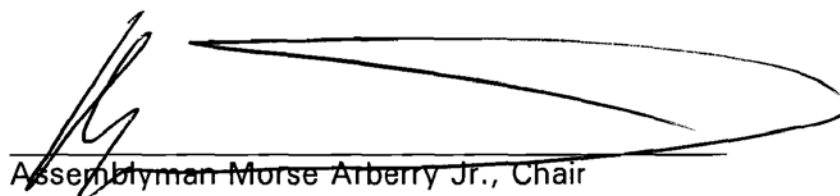
Chairman Arberry closed the hearing on S.B. 319 (R2).

Chairman Arberry adjourned the meeting at 9:35 a.m.

RESPECTFULLY SUBMITTED:

Barron Brooks
Committee Secretary

APPROVED BY:



Assemblyman Morse Arberry Jr., Chair

DATE: _____

<u>EXHIBITS</u>			
Committee Name: <u>Committee on Ways and Means</u>			
Date: <u>May 28, 2007</u>		Time of Meeting: <u>8:11 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 517 (R)	C	Chris MacKenzie	Proposed Amendment