

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

**Seventy-Fourth Session
April 13, 2007**

The Committee on Ways and Means was called to order by Chair Morse Arberry Jr. at 8:06 a.m., on Friday, April 13, 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
Assemblywoman Barbara E. Buckley
Assemblyman Mo Denis
Assemblywoman Heidi S. Gansert
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

STAFF MEMBERS PRESENT:

Mark W. Stevens, Assembly Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Linda Blevins, Committee Secretary
Patti Adams, Committee Assistant

Chairman Arberry called the meeting to order and announced the Committee would hear testimony on Assembly Bill (A.B.) 454.

Assembly Bill 454: Makes an appropriation to the Nevada Discovery Museum for a hands-on children's museum. (BDR S-1236)

Ms. Sonja Leonard, Board Chair, Nevada Discovery Museum, testified in support of Assembly Bill (A.B.) 454 and the need for the museum. Ms. Leonard introduced Ms. Lynn Atcheson, Consultant, and Mr. Chris Riche, Executive Director and Founder, Nevada Discovery Museum.

Mr. Riche provided the Committee with [Exhibit C](#), a booklet which described the proposed Nevada Discovery Museum and the benefits to Nevada's children. A brief slide presentation describing the museum and the benefits was narrated by



Mr. Riche. The request for the project was \$2.1 million to purchase the property for the museum. The location was in the Reno redevelopment district with easy access for northern Nevada. The building was two stories, 66,000 square feet, on enough land to allow for future expansion and provide sufficient parking. According to Mr. Riche, 88 percent of the funding would come from private partnership donations.

During his presentation, Mr. Riche pointed out the importance of the project to the State. A hands-on children's museum was attractive to the entire community, regardless of language or social or educational status. Feasibility funding studies and business plans were completed by nationally recognized firms such as ConsultEcon, Inc., which had participated in more than 100 museum projects.

Mr. Riche continued, noting the exhibit building and master plan were completed by recognized expert, Haizlip Studio, a top exhibit and architecture firm for children's museum. Although there were more than 250 museums of this type, there were none of the magnitude proposed for the northern Nevada region.

Tourism was a key aspect for the project. Mr. Riche testified that on average 25 percent of visitors to children's museums across the country were tourists. Data showed that annually visitors to Nevada included 90,000 families with children aged 3-10 years. There were approximately 200,000 children visiting Nevada to focus on in this core market.

Mr. Riche stated that because of the realization by the community of the need and the subsequent broad community support, there was extraordinary campaign success. The campaign was only 25 percent complete, but had received near record gifts from multiple foundations, such as the Nell J. Redfield Foundation, Terry Lee Wells Foundation, E. L. Cord Foundation, Robert Z. Hawkins Foundation, and other large contributors.

According to testimony by Mr. Riche, state support was vital for funding the building acquisition. Although the foundations and organizations had been very supportive and generous with donations, bylaws often prohibited the funding of building acquisitions. The renovation costs had been combined with the gallery sponsorship prices, but the purchase of the building was the key to success of the project.

Ms. Lynn Atcheson, Lynn Atcheson Consulting, LLC, testified in support of A.B. 454. In her opinion, the project was unique in that the planning and support for the project was enormously successful. The project had a broad spectrum of reach, touching the elderly, parents and grandparents who wanted to enjoy the day with children and grandchildren, families, and schools. The museum could become one of the best in the nation.

Assemblywoman Leslie voiced her support for the project and questioned whether the museum organization had partnered with the Washoe County Library System for shared parking as the parking in downtown Reno was limited. Mr. Riche agreed there would be opportunities for partnering with other entities for parking.

Ms. Leslie asked Mr. Riche to review the building ownership. Mr. Riche explained that the Reno City Council approved the sale of the old Reno City Hall, which was located at 490 S. Center Street in Reno, to Panattoni Development Company. The Panattoni Development Company formed Old City Hall, LLC specifically to purchase the building for the Nevada Discovery

Museum. The Old City Hall, LLC, leased the building to the Museum organization for \$1 per month. There was a two-year agreement whereby the Museum organization had the exclusive option to purchase the building at cost until April 2008. The total purchase price, including insurance and other costs, was approximately \$2.1 million. The building had been inspected by structural engineers and appeared to be in good condition. However, the building had to be gutted and rewired for electrical purposes.

Assemblywoman Gansert also commended the efforts of the Museum organization. Mrs. Gansert confirmed the state share of the cost for the project was approximately 12 percent. Mr. Riche responded that bids were coming in for renovation costs, and the capital campaign would range from \$16 to \$20 million, which would make the requested \$2.1 million fall into the range of 10 to 14 percent of the total cost. Base acquisition of the building would cost approximately \$32 per square foot.

There being no further questions or testimony, Chairman Arberry closed the hearing on A.B. 454 and opened the hearing on A.B. 547.

**Assembly Bill 547: Revises provisions relating to the State Highway Fund.
(BDR 35-1425)**

Mr. Dennis Colling, Chief, Administrative Services Division, Department of Motor Vehicles (DMV), testified in support of Assembly Bill (A.B.) 547. The bill was necessary to implement the Real ID portion of the DMV budget. The bill exempted Budget Account (BA) 4746 from the provision of *Nevada Revised Statutes* (NRS) 408.235 which required the cost of administration for the collection of the proceeds for any license or registration fees and other charges with respect to the operation of any motor vehicle must be limited to a sum not to exceed 22 percent of the total proceeds so collected.

Chairman Arberry asked what happened if the federal government did not implement the Real ID program. Mr. Colling responded that most of the money would be returned, and a final plan should be in place before personnel were hired for the project.

There being no further questions or comments, Chairman Arberry declared the hearing closed on A.B. 547 and opened the hearing on A.B. 549.

Assembly Bill 549: Makes a supplemental appropriation to the Emergency Medical Services Section of the Department of Health and Human Services for radio system repair. (BDR S-1429)

Ms. Amy Roukie, Administrative Services Officer, Health Division, Department of Health and Human Services, provided testimony for Assembly Bill (A.B.) 549. According to Ms. Roukie, A.B. 549 was a request for supplemental appropriation in the amount of \$79,535, a pass-through for ongoing maintenance and repair costs of the radio system for the rural volunteer Emergency Medical Services (EMS) network. Future costs were built into the biennial request for fiscal year (FY) 2008-09, but ongoing repair costs for FY 2007 were higher than anticipated.

Chairman Arberry asked whether the requested appropriation would cover only repairs or would it update the system. Ms. Roukie responded that \$79,535 would cover the repair of the system. There were plans to update the system to the 800 MHz system to make it compatible with the Department of Public Safety system, but it was not in the budget at this time.

There being no further questions or comments, Chairman Arberry declared the hearing closed on A.B. 549 and opened the hearing for A.B. 551.

Assembly Bill 551: Makes appropriations to the Department of Cultural Affairs.
(BDR S-1211)

Mr. Michael Fischer, Director, Department of Cultural Affairs, presented testimony on behalf of Assembly Bill (A.B.) 551. During his testimony, Mr. Fischer referenced Page 2 of Exhibit D, which summarized the expenditures for A.B. 551.

In answer to a question from Chairman Arberry, Mr. Fischer explained the computer replacements would bring up-to-date equipment to the Department. New computers would not be used for general public usage, only for the operational employees.

Assemblyman Denis asked how many of the computers were to be replaced. Mr. Scott Sisco, Administrative Services Officer, responded that the requested computers replaced approximately 60 percent of the older systems. The computers for mainstream users were replaced every 4 years, and the computers for power users were replaced every 3 years.

Mr. Sisco further advised the Committee that the replacement computers were only one component of this one-shot appropriation.

Mr. Fischer pointed out that the State Records Center section of Exhibit D explained the appropriation for the Department of Information Technology (DoIT) approved Technology Investment Request (TIR). The system currently in use was antiquated. The new system would make data available online.

Mr. Guy Rocha, Assistant Administrator for Archives and Records, advised the Committee that the system was approximately 15 years old and badly needed updating. To efficiently respond to requests from State agencies and provide access to over 60,000 boxes of recorded data, a new system must be put into place.

Mr. Fischer next discussed the Division of Museums and History's new and replacement equipment and the artifact acquisition request. The request included \$131,992 for new and replacement equipment and \$374,100 for the Liberty Belle slot machine collection.

Chairman Arberry noted that A.B. 551 requested \$1.3 million for the Department of Cultural Affairs for the purchase of three microfilm remote access systems, for replacement of staff chairs and rolling ladders, and to provide collection development funding for public libraries.

Mr. Fischer pointed out that the three microfilm remote access systems would be covered later in the presentation. In the Division of Museums and History section of Exhibit D, a breakdown of the requested appropriation showed a \$1,000 reduction because the Fey family donated one slot machine to the Nevada Historical Society that had been in the original purchase agreement. According to Mr. Fischer, the Liberty Belle slot machine collection was a unique piece of Nevada history which should be preserved.

Mr. Fischer began the overview for the Library and Archives which included new and replacement equipment totaling \$68,115 and Library collection

development funding of \$1.2 million. The collection development funding gave access to federal funding for the State library. The Library and Archives section of [Exhibit D](#) gave a complete breakdown of the distribution of the funds which supported libraries throughout the State.

Assemblyman Denis suggested the \$1.2 million recommended for library acquisitions should be made a part of the base budget.

Mr. Fischer continued with the overview of the McKeen Motor Car restoration project, the final section of [Exhibit D](#).

Mr. Peter Barton, Acting Administrator, Division of Museums and History, addressed the Committee regarding the McKeen Motor Car. The Car, a significant piece of railroad history, was placed on the National Register of Historic Places in September 2005 and on the state's register in December 2005. When the Car was completed, the Division would apply for National Historic Landmark status.

Chairman Arberry asked whether the historic designations provided any monetary award. Mr. Barton replied that the designation was awarded from the U.S. Department of the Interior, and the State did not receive any financial compensation for the award.

Assemblywoman Buckley commented that it was her hope the Committee would be able to award some one-shot money to the program.

Assemblywoman McClain voiced agreement with Ms. Buckley.

Chairman Arberry expressed agreement with his colleagues.

Mr. Daniel Waters, Executive Director, Las Vegas-Clark County Library District, spoke in support of the \$1.2 million recommended for library acquisitions. The funding was critical for constituents throughout the State. The majority of the allocations for the districts were for services to children.

Ms. Sara Jones, Carson City Library Director, supported [A.B. 551](#). The funding provided by the State was critical to the success of the library system throughout Nevada. The funding was first made available by the Legislature in 1995 and given to the rural counties. In 1997 *Nevada Revised Statutes* (NRS) 378.087 was enacted, which provided funding for all counties. In 2003 there were difficult financial decisions made by the Legislature, and there was no funding provided for the county libraries. Since 1995 the Legislature had provided nearly \$6 million for books and materials for the county libraries. The county libraries believed the distribution formula was equitable and that it leveraged local and federal money.

Assemblyman Denis asked whether the money was used as match for federal grants. Ms. Jones explained that one-shot money could not be used as match, but if the money was put into the base budget, it could then be used to match federal funds.

Ms. Lucy Bouldin, Storey County Library, testified in support of [A.B. 551](#). Ms. Bouldin described the Storey County Library as a joint-use facility in cooperation with the Virginia City High School. The library supported students in their endeavors. Ms. Bouldin thanked the Committee for past support.

There being no further questions or comments, Chairman Arberry declared the hearing closed on A.B. 551 and opened the hearing on A.B. 599.

Assembly Bill 599: Increases the administrative cap on certain allocations distributed from the Fund for a Healthy Nevada. (BDR 40-1409)

Mr. Michael Torvinen, Deputy Director, Finance, Department of Health and Human Services provided the Committee with Exhibit E and a statement of support for Assembly Bill (A.B.) 599.

Mr. Torvinen noted the bill increased the administrative allowance for the Tobacco Funds used in the grants management unit from 3 percent to 5 percent. Page 2 of the exhibit provided a chart which demonstrated that the Senior Rx administration and client base workload were brought into line in fiscal year (FY) 2006 because of the 5 percent allowance increase.

According to Mr. Torvinen, the Grants Management Unit showed an increase in the number of grants, but a decrease in the administrative allowance.

Mr. Torvinen advised there were no General Fund monies involved in the bill. There was a letter of intent prepared by the 2005 Legislature which encouraged the Department to charge as much as possible to the administrative allowance. The Department believed the budget request was reasonable and asked for the Committee to support A.B. 599.

Assemblywoman McClain commented the Fund for a Healthy Nevada was doing a good job for the State; however, there was a 2 percent allocation to the Treasurer's Office which possibly could be offset.

Assemblywoman Buckley responded she was not certain how the Treasurer used the money received from the 2 percent fee, but agreed the Committee could look into the issue.

There being no further questions or comments, Chairman Arberry declared the hearing closed on A.B. 599. Chairman Arberry requested the Committee consider A.B. 70.

Assembly Bill 70: Revises provisions governing the compensation of the members and certain officers of the boards of trustees of school districts. (BDR 34-878)

Mr. Mark Stevens, Assembly Fiscal Analyst, provided a brief overview of Assembly Bill (A.B.) 70 noting the bill increased the compensation for members of the boards of trustees of school districts. The bill was not exempt.

Assemblywoman Smith clarified that an amendment to the bill used the term "may" rather than "must" or "shall," and suggested the Committee might want to consider an additional amendment to change from the word "may" to "shall."

Chairman Arberry asked what the effect would be on the smaller counties who did not have the funds to cover the requirements of the bill. Ms. Smith stated the amendment changed the bill to a 2-tier system that increased the 15 small counties' per meeting fee, excluding Washoe County and Clark County, from \$85 to \$115, allowing them to be paid for a third meeting during the month if necessary. Washoe County and Clark County would provide a \$2,000 salary per month to members of the board of trustees rather than a per meeting fee.

Assemblyman Grady noted the small increase in the rural counties appeared to be acceptable, but it was unclear whether the school districts needed to ask the Distributive School Account (DSA) for additional money to cover the costs.

Mr. Stevens explained the amendment was drafted, there would not be additional money in the current biennium, but an increase would be built into the cost for future reimbursements.

Mrs. Smith noted the effective date of the bill was July 1, 2008, which would allow one year to implement the change.

ASSEMBLYWOMAN MCCLAIN MOVED TO AMEND AND DO PASS
A.B. 70.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION PASSED. (Mr. Parks was not present for the vote.)

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Assembly Bill 319: Pledges that the retirement benefits for certain public employees will not be increased without adequate funding. (BDR 23-750)

Mr. Mark Stevens, Assembly Fiscal Analyst, reminded the Committee that Assembly Bill (A.B.) 319 was heard on March 28, 2007. The bill disallowed increases in the Public Employees Retirement System (PERS) until the fund was actuarially at 85 percent of funding. Currently PERS was 79 percent funded. Speaker Perkins testified previously on the bill and mentioned a potential amendment whereby the benefit changes that were cost-neutral should be allowed. The Committee could consider an amendment to the bill to allow changes in benefits that were cost-neutral. Staff could work with the Legal Division to prepare an amendment if the Committee desired. The bill was not exempt.

Assemblywoman Leslie supported the proposed amendment and suggested a second amendment to change the effective date to October 1, 2007.

Assemblywoman McClain was not clear about the intent of the bill. Mr. Stevens explained that until the PERS fund was determined by the actuary to be funded at least 85 percent of full funding, no additional benefit increases could be approved. The bill sent a message that until the 85 percent funding level was reached, no one should consider improving retirement benefits.

Ms. McClain asked whether the bill had been created because of the Governmental Accounting Standards Board (GASB). Mr. Stevens replied the bill was not required by GASB. Prior to September 11, 2001, the investment returns were high, and PERS benefits were increased. After September 11, 2001, the investment return dropped dramatically, and consequently, the percent the system was funded dropped. There were highs and lows in the return on investments, but over the long term the returns leveled out. Unfortunately, if benefits were improved when investment returns were high, the improvements created difficulties when the investment returns were low.

Assemblyman Grady agreed with Ms. McClain that passing the bill would place a restriction on future legislators that seemed unfair. Mr. Stevens explained

that if future legislators did not want to follow the guidelines of this bill, the bill could be statutorily undone. The purpose of the bill, in Mr. Stevens' opinion, was to show the intent of the 2007 Legislature. Future legislation could be enacted to delete the provision.

Assemblywoman Gansert supported the bill.

Assemblyman Hardy supported the bill and the concept behind it.

Assemblywoman Buckley also supported the bill. Future legislatures could repeal the legislation, but the bill made a legislative policy statement. Agencies would always request bills to expand programs regardless of whether it was PERS, Public Employee Benefits, workers' compensation, or other programs. Often the groups presented very compelling testimony supporting their programs. This bill set a policy statement that the Legislature wanted to get to a level of full funding and would not consider benefit expansion until the 85 percent level was reached.

ASSEMBLYWOMAN LESLIE MOTIONED TO AMEND AND DO
PASS A.B. 319.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION PASSED.

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Assembly Bill 323 (1st Reprint): Revises the amount paid to witnesses for mileage in traveling to and from a proceeding. (BDR 4-1176)

Mr. Mark Stevens, Assembly Fiscal Analyst, reminded the Committee that Assembly Bill (A.B.) 323 was heard by the Committee on April 11, 2007. The bill increased travel reimbursement to court for witnesses. There was an amendment (Exhibit F) which requested the act become effective on July 1, 2008.

ASSEMBLYMAN HARDY MOTIONED TO AMEND AND DO PASS
A.B. 323.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION PASSED.

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Assembly Bill 434: Revises provisions governing education. (BDR 34-1270)

Chairman Arberry reminded the Committee that Assembly Bill (A.B.) 434 was heard by the Committee on April 11, 2007. The proposed amendment (Exhibit G) deleted Section 1, revised language for Section 2, and deleted Sections 3 and 4.

Assemblywoman Smith noted that even with the added amendment, the bill was not consistent with legislative responsibilities. The State Board of Education did not adopt the standards, that was done by the State Standards Council. The Board adopted the standards as developed by the Standards Council. If the bill was submitted to the Education Committee, a letter would

be sent to the Standards Council requesting them to incorporate the language of the bill into the standards. Once adopted, it would become statute. Normally, curriculum was not mandated in statute. All issues were processed through the Standards Council.

Assemblyman Marvel asked staff to explain the fiscal impact. Mr. Mark Stevens, Assembly Fiscal Analyst, explained the bill as originally introduced could be exempt. If there was no action on the bill, it would remain alive. Mr. Stevens did not have the fiscal note available.

Assemblywoman Buckley suggested the Committee hold the bill and consider a letter of intent.

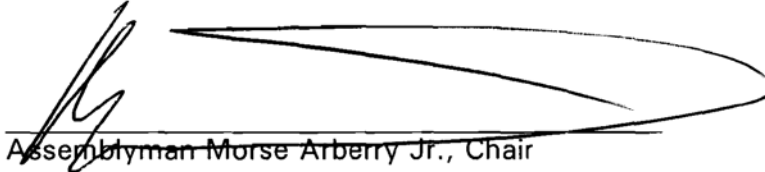
Chairman Arberry agreed to hold the bill and discuss the letter of intent with the sponsor.

The meeting was recessed at 9:14 a.m. until call of the Chair and because of time constraints was not reconvened.

RESPECTFULLY SUBMITTED:

Linda Blevins
Committee Secretary

APPROVED BY:



Assemblyman Morse Arberry Jr., Chair

DATE: _____

<u>EXHIBITS</u>			
Committee Name: <u>Committee on Ways and Means</u>			
Date: <u>April 13, 2007</u>		Time of Meeting: <u>8:00 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Mr. Chris Riche, NV Discovery Museum	Booklet for proposed project.
	D	Mr. Michael Fischer, Cultural Affairs	One-shot appropriations.
	E	Mr. Michael Torvinen, Health & Human Services	Fund for a Healthy Nevada charts.
	F	Mr. Mark Stevens, Fiscal Division	AB 323 proposed amendment.
	G	Chairman Arberry, Ways & Means	AB 434 proposed amendment.