

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-fourth Session
April 25, 2007**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 7:35 a.m. on Wednesday, April 25, 2007, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator William J. Raggio, Chair
Senator Bob Beers, Vice Chair
Senator Dean A. Rhoads
Senator Barbara K. Cegavske
Senator Bob Coffin
Senator Dina Titus
Senator Bernice Mathews

GUEST LEGISLATORS PRESENT:

Senator Mark E. Amodei, Capital Senatorial District
Senator Steven A. Horsford, Clark County Senatorial District No. 4

STAFF MEMBERS PRESENT:

Laura Freed, Program Analyst
Gary L. Ghiggeri, Senate Fiscal Analyst
Melinda Martini, Program Analyst
Larry L. Peri, Principal Deputy Fiscal Analyst
Cynthia Clampitt, Committee Secretary

OTHERS PRESENT:

Colonel Chris Perry, Chief, Nevada Highway Patrol, Department of Public Safety
Andrew Clinger, Director, Department of Administration
Major Mark Woods, Executive Officer, Division of Parole and Probation,
Department of Public Safety
Vinson W. Guthreau, Nevada Association of Counties
Michael E. Fischer, D.D.S., Director, Department of Cultural Affairs
Alan Glover, County Fiscal Officers Association
Laurel Moser, Representing Amy Harvey, Washoe County Clerk
Ron Longtin, Court Administrator and Clerk of the Court, Second Judicial
District Court
Craig Kadlub, Ed.D., Clark County School District
Anne Loring, Washoe County School District
David K. Schumann, Nevada Committee for Full Statehood
Ray Bacon, Nevada Manufacturers Association
Troy Dillard, Administrator, Compliance Enforcement Division, Department of
Motor Vehicles
Kyle Davis, Nevada Conservation League
Jeanette K. Belz, Associated General Contractors of Nevada and the Nevada
Psychiatric Association

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Denise Selleck Davis, C.A.E., Executive Director, Nevada Osteopathic Medical Association
Rosetta Johnson, M.P.A., President, Human Potential Development
James Merlin
Frank Siracusa, Chief, Division of Emergency Management, Department of Public Safety
Joseph P. Neal, Former State Senator
Dennis K. Neilander, Chair, State Gaming Control Board
Tim Rubald, Interim Secretary, Commission on Economic Development
Russell M. Rowe, Nevada Development Authority

CHAIR RAGGIO:

We have a Committee bill draft request (BDR) to fund the costs of the 74th Legislative Session in the sum of \$5 million. I would entertain a motion.

BILL DRAFT REQUEST S-1485: Makes appropriation to the Legislative Fund for the cost of session. (Later introduced as Senate Bill [S.B.] 559.)

SENATOR COFFIN MOVED FOR INTRODUCTION OF BILL DRAFT REQUEST S-1485.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION PASSED. (SENATORS MATHEWS, BEERS AND TITUS WERE ABSENT FOR THE VOTE. Those who were absent later requested to be recorded as in favor of the motion.)

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SENATOR COFFIN:

Note, the funding in this measure does not include pay for Legislators.

CHAIR RAGGIO:

That is correct.

There are bills the Committee has heard previously on which we may take action. The first bill is S.B. 187, a supplemental appropriation to the Nevada Highway Patrol (NHP). Staff, please explain the measure.

SENATE BILL 187: Makes a supplemental appropriation to the Nevada Highway Patrol Division of the Department of Public Safety to pay the increased costs of vehicle fuel. (BDR S-1264)

GARY L. GHIGGERI (Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

As recommended in the *Executive Budget*, this legislation would have provided a Highway Fund supplemental appropriation of \$1,015,040 to the NHP to pay for increased costs of vehicle operation in fiscal year (FY) 2006-2007. This legislation was heard in the Senate Committee on Finance on March 6, 2007. Budget Amendment 99 was received from the Budget Division reducing the need in the supplemental appropriation to \$670,885. Fiscal Analysis Division staff has met with the agency and recommends an additional reduction of \$24,939 for a total supplemental appropriation of \$645,946. In addition to the change in the appropriation amount, staff would also recommend the language

in the bill be revised to delete the word "operations" and insert "increased fuel costs."

COLONEL CHRIS PERRY (Chief, Nevada Highway Patrol, Department of Public Safety):

We have no objections to the proposed amendments.

SENATOR CEGAVSKE MOVED TO AMEND AND DO PASS AS AMENDED S.B. 187.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION PASSED. (SENATORS MATHEWS, BEERS AND TITUS WERE ABSENT FOR THE VOTE. Those who were absent later requested to be recorded as voting in favor of this motion.)

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CHAIR RAGGIO:

Senate Bill 338 was heard in this Committee on March 28, 2007. This measure provides a General Fund supplemental appropriation of \$39,613 to the Division of Aging Services to cover relocation expenses after a lease expired.

SENATE BILL 338: Makes a supplemental appropriation to the Aging Services Division of the Department of Health and Human Services for relocation expenses. (BDR S-1252)

MR. GHIGGERI:

Staff has reviewed the supporting documentation and recommends the legislation be approved without revision. However, staff would advise the Committee the appropriation includes approximately \$16,247 for contingencies. The total cost for relocation is \$117,335, including \$79,000 in tenant improvements to be provided by the landlord. The contingency amount is included in case that is not sufficient. Staff would recommend this legislation be approved as drafted.

SENATOR CEGAVSKE MOVED TO DO PASS S.B. 338.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION PASSED. (SENATORS BEERS AND TITUS WERE ABSENT FOR THE VOTE. Those who were absent later requested to be recorded as voting in favor of this motion.)

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CHAIR RAGGIO:

The Committee will now consider S.B. 339, a supplemental appropriation to the Department of Cultural Affairs for anticipated budget shortfalls. The amount of the request is \$70,624. This measure was heard in this Committee on March 28, 2007. Were budget amendments received concerning this measure?

SENATE BILL 339: Makes supplemental appropriations to the Department of Cultural Affairs for anticipated budgetary shortfalls for Fiscal Year 2006-2007. (BDR S-1248)

MR. GHIGGERI:

We received Budget Amendments 78 and 89. This revises the supplemental appropriation in section 1 of the bill as originally drafted. An appropriation of \$2,786 was recommended for the Nevada Historical Society to cover anticipated utility shortfalls. Staff recommends, based on review of the amendment, the amount be increased to \$6,194.

The second appropriation recommended in the legislation was \$57,913 to the Nevada State Library for salary costs. The budget amendment, as received, eliminates the funding need which reduces that request to zero.

Additionally, the legislation, as drafted, recommended \$9,925 to the Nevada State Museum for utility shortfalls. That amount, based on the budget amendment, is increased to \$16,566.

CHAIR RAGGIO:

Is the final amount \$6,194 for the Nevada Historical Society for utilities? It would eliminate the funding for the Nevada State Library for excessive federal authority and offset the unrealized vacancy savings for a reduction of \$57,913. The total request for the Nevada State Museum for utility shortfalls would be \$16,566. Are those statements correct? Are there other revisions?

MR. GHIGGERI:

Those figures are correct and represent staff recommendations in this measure.

CHAIR RAGGIO:

The bill would require an amendment for those adjustments. These are supplemental appropriations.

SENATOR COFFIN MOVED TO AMEND AND DO PASS AS AMENDED S.B. 339.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION PASSED. (SENATOR TITUS WAS ABSENT FOR THE VOTE. Senator Titus later requested to be recorded as voting in favor of this motion.)

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CHAIR RAGGIO:

Senators Mathews and Beers, the Committee has moved to process S.B. 187 and S.B. 338. Would you like to be indicated as voting in favor of all motions previously passed this morning?

SENATOR BEERS:

Yes.

SENATOR MATHEWS:

I was present on S.B. 338, but I would like to vote in favor of S.B. 187.

CHAIR RAGGIO:

The Committee will now consider S.B. 340. This is a supplemental appropriation to the Department of Taxation for information technology costs and a budget shortfall.

SENATE BILL 340: Makes a supplemental appropriation to the Department of Taxation for outstanding Fiscal Year 2005-2006 information technology costs. (BDR S-1247)

MR. GHIGGERI:

This legislation was heard by the Committee on March 28, 2007. Budget Amendment 91 was received which proposes to reduce the supplemental appropriation to \$208,573. That amount is for the Department of Information Technology (DoIT) billings for FY 2005-2006. Staff has reviewed the budget amendment and supporting documents and recommends the legislation be approved as revised. It would reduce the requested appropriation from \$710,575 to \$208,573.

SENATOR CEGAVSKE MOVED TO AMEND AND DO PASS AS AMENDED S.B. 340.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION PASSED. (SENATOR TITUS WAS ABSENT FOR THE VOTE. Senator Titus later requested to be recorded as voting in favor of this motion.)

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CHAIR RAGGIO:

The Committee will now consider S.B. 345, heard on March 26, 2007. This is an appropriation to the Office of the Attorney General to replenish the balance in the Tort Claim Fund.

SENATE BILL 345: Makes an appropriation to the Office of the Attorney General to replenish the balance in the tort claim fund. (BDR S-1204)

MR. GHIGGERI:

This legislation is a one-shot appropriation to replenish the Tort Claim Fund. As recommended in the budget, the request is for \$9,483,407. This funding can be broken into two components. An appropriation of \$2,979,282 would be for refunds to State agencies that were required to pay a special tort assessment to assist in the settlement of the arbitration award related to the construction of the Southern Nevada Veterans' Home.

CHAIR RAGGIO:

The Committee should recall funding was removed from State agencies to that extent, with the understanding that it would be replenished during this Legislative Session.

MR. GHIGGERI:

The remaining request of \$6,504,000 would replenish the Tort Claim Fund, allow for sufficient authority to fund claims for the remainder of FY 2006-2007 and restore the reserve category, exhausted in FY 2006-2007. Staff would recommend that funding be approved in the amount of \$4,255,865 comprised

of the \$2,979,282 and \$1,276,583 estimated as the need that may occur during the remainder of the fiscal year. The balance of the request for \$5,227,542 should be considered in a future piece of legislation during closing of the Tort Claim Fund budget. Staff is making this recommendation because of the Education First initiative requirements.

CHAIR RAGGIO:

Does the Budget Division have any objection to the revisions?

ANDREW CLINGER (Director, Department of Administration):

We have no objection.

CHAIR RAGGIO:

The bill would be amended as recommended by staff from the amount indicated to \$4,255,865.

SENATOR BEERS:

Is this entire request an appropriation to be spent in the current biennium?

MR. GHIGGERI:

It is anticipated to be spent prior to June 30, 2007.

CHAIR RAGGIO:

It is the best estimate of staff of what will be spent this fiscal year.

MR. GHIGGERI:

Staff has removed the amount we anticipate to be spent after July 1, 2007, in consultation with the Office of the Attorney General.

SENATOR BEERS:

If there are funds remaining at the end of this fiscal year, will those funds be reverted?

MR. GHIGGERI:

This legislation has no reversion provision.

SENATOR RHOADS MOVED TO AMEND AND DO AS PASS AS
AMENDED S.B. 345.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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CHAIR RAGGIO:

Senator Titus, would you like to be recorded as voting in favor of all previous motions this morning?

SENATOR TITUS:

Yes, please.

CHAIR RAGGIO:

We will now open the hearing on S.B. 33. This bill was heard in the Senate Committee on Judiciary and re-referred to the Senate Committee on Finance.

SENATE BILL 33 (1st Reprint): Makes an appropriation to the Division of Parole and Probation of the Department of Public Safety for the acquisition and installation of electronic devices to access gated communities. (BDR S-560)

SENATOR MARK E. AMODEI (Capital Senatorial District):

This bill was originally before the Judiciary Committee that sought to amend chapter 116 of the *Nevada Revised Statutes* (NRS) concerning home owner associations. The issue was one of operations for the Division of Parole and Probation (P&P), in an attempt to establish circumstances under which they could enter gated communities to perform unannounced home inspections, and in all other matters, to carry out their supervision duties of those on parole or probation. The issue was, they were experiencing difficulty getting through the entry gates of gated communities, whether or not the gates were staffed.

The bill originally sought to establish a procedure by which the Division would inform home owner associations of a probationer or parolee living within the gated community and establish a procedure for the Division to make unannounced visits.

The Senate Committee on Judiciary held two hearings on S.B. 33. At the conclusion of the second hearing, the testimony of individuals from the Clark County and Las Vegas fire departments, other fire service agencies and other law enforcement agencies was they had devices in their vehicles, universal in nature, allowing them to open entry gates. It struck our Committee that we were attempting to implement approximately \$100,000 of effort, a method for entry of the P&P officers in community home owner associations on multiple bases, and still perhaps experience privacy concerns from people living in the community.

Now, we are requesting funding for the entry devices for the P&P similar to those other police and fire agencies already have, to allow them to carry out their functions. It would allow the Division to perform their duties without asking someone at a gate for entrance, completing paperwork and, in other respects, making this an administrative process.

Senator Horsford has further information on the exact needs. There are State Motor Pool issues and I am not sure whether the amount of funding could be reduced at this time.

CHAIR RAGGIO:

The bill is in the Senate Committee on Finance because it was amended to provide an appropriation of \$24,300 for the acquisition and installation of these devices in the vehicles of the P&P.

SENATOR STEVEN A. HORSFORD (Clark County Senatorial District No. 4):

The estimate from the P&P is a cost of approximately \$200 for each device. Because the P&P uses primarily Motor Pool vehicles, the officers are not always in the same vehicle.

CHAIR RAGGIO:

Would the devices be installed in the vehicles?

SENATOR HORSFORD:

Yes, the devices would be installed in vehicles. However, approximately 200 vehicles would need the equipment.

CHAIR RAGGIO:

Who provided the estimate of \$24,300?

SENATOR AMODEI:

The P&P provided the estimate, although the Committee should probably coordinate more closely with the P&P on whether or not technology exists for mobile devices.

MAJOR MARK WOODS (Executive Officer, Division of Parole and Probation, Department of Public Safety):

At this time, in discussions with the Las Vegas Metropolitan Police Department (Metro), a mobile unit is not available. The Metro has implemented, and we would like to emulate, installation in all our vehicles. There are 200 vehicles in our case.

CHAIR RAGGIO:

Is \$24,300 the correct cost?

MAJOR WOODS:

That amount includes the cost for the devices and their installation.

CHAIR RAGGIO:

Would the appropriation cover 200 vehicles?

MAJOR WOODS:

That is correct.

SENATOR BEERS:

Is this the first customization of these Motor Pool vehicles that will take place for the P&P?

MAJOR WOODS:

No, sir. Currently, radios are being installed in our units.

SENATOR BEERS:

Who performs that work?

MAJOR WOODS:

It is contracted.

SENATOR MATHEWS:

If other agencies purchase such devices from within their budgets, is there a reason your current budget will not support the request?

MAJOR WOODS:

Our current budget would not cover this request.

SENATOR MATHEWS:

How often is it necessary for P&P officers to enter gated communities?

MAJOR WOODS:

It is difficult to answer your questions. We are finding more and more offenders are moving to gated communities throughout the State.

SENATOR BEERS:

Has your agency attempted to process a work program request to utilize vacancy savings for this request?

MAJOR WOODS:

When we first approached with S.B. 33, it was a policy decision request for access by approach to the association memberships.

SENATOR AMODEI:

The provisions in NRS 116 incorporate different provisions for different entities. The individual associations all wanted something different for P&P officers to gain access through their gates. There is also the issue of privacy, in terms of whether or not the request must be approved by the association board. Are they aware of the identity of the offender and does that knowledge violate other provisions? If other public safety agencies have the ability to access these communities to perform their legitimate public safety duties using the device, it was our valued judgment, in the Committee on Judiciary, this agency should have the same privileges.

SENATOR BEERS:

Do the P&P officers have the authority to issue citations?

MAJOR WOODS:

We are public safety officers; thus, we have that authority.

SENATOR BEERS:

Do your officers carry citation books with them?

MAJOR WOODS:

No, sir.

SENATOR BEERS:

I have successfully navigated the seas of NRS 116 once or twice. In my experience, sometimes common sense does not prevail. Perhaps the bill should be amended to allow the P&P officers to issue a \$500 citation to the associations in violation?

CHAIR RAGGIO:

Did the Senate Committee on Judiciary consider something along those lines?

SENATOR HORSFORD:

That was considered as an option. The problem is, gated communities include anything from apartments, to condominiums to large 1,000-unit master plan communities. Some home owner associations have the manager as a resident and others are operated by associations.

Returning to Senator Mathews' question, there is currently a low-compliance rate in offenders under the P&P. This bill, giving officers access to gated communities, will help improve compliance. Particularly in Clark County, these individuals are living in apartment complexes that happen to be gated. The officers cannot gain access to perform their required duties.

CHAIR RAGGIO:

Are the devices mechanical units allowing the officers to enter any gated community without any reporting requirement? Do they enter as if they were residents?

SENATOR HORSFORD:

I serve on a home owner association. There is a device law enforcement receives in case of emergencies. It is coded and allows access to the gated community. The coding identifies the user of the vehicle as an emergency or law enforcement vehicle. That is the same type of device we are requesting for the P&P.

SENATOR COFFIN:

Gated communities are also required to have crash gates at the back of the properties. Those gates are locked, but made so a fire vehicle can go through them, if necessary. There are ways of getting through in an emergency.

SENATOR AMODEI:

The focus in this bill is on operations. Normal operations for the P&P require unannounced visits. Unannounced visits do not include calling the association office across town and hoping they call the gate guard, or writing tickets if access is denied. It is a matter of needing access to the residents who are under supervision without drawing attention to P&P officers in the performance of their duties.

These devices are equivalent to an electronic skeleton key and allow officers to come and go as needed in the course of their duties. It is a more cost-effective solution operationally and legislatively, in terms of sending a bill through both Houses and trying to anticipate all eventualities of the human factor involved.

SENATOR BEERS:

I realize not all gates have a gate guard. Why has the agency not processed a work program request to utilize salary savings for this purpose?

MR. GHIGGERI:

It is probable vacancy savings could not be used for this purpose. The agency requires access to salary adjustment funds to pay for salary increases authorized in the 2005 Legislative Session. There is a policy prohibiting transfer of salary funds from that category if the agency requires salary adjustment funds.

CHAIR RAGGIO:

I will now close the hearing on S.B. 33 and open the hearing on S.B. 131.

SENATE BILL 131 (1st Reprint): Makes various changes regarding certain court fees charged by county clerks and information collected by governmental entities. (BDR 2-385)

VINSON W. GUTHREAU (Nevada Association of Counties):

I will present an overview of the bill. Mr. Alan Glover is present with me at the witness table.

On August 16, 2006, the Nevada Association of Counties (NACO), Board of Directors, unanimously passed a comprehensive legislative package to submit to the 2007 Legislative Session. Senate Bill 131 is a part of that package.

The NACO introduced this bill to offset technology costs associated with upgrades being instituted by county clerks.

CHAIR RAGGIO:

Senate Bill 131 (1st Reprint) apparently directed the Department of Cultural Affairs and the DoIT to conduct a study to determine the feasibility of creating and maintaining a shared digital archive to store, preserve and provide access to permanent digital records and other electronic information collected by State and local governments.

MR. GUTHREAU:

I do not believe those provisions are in this bill.

MR. GHIGGERI:

Section 3 of the legislation contains a requirement for the Department of Cultural Affairs to meet with the DoIT to conduct the study. The Department of Cultural Affairs has provided a fiscal note for the study indicating a cost of approximately \$478,192.

CHAIR RAGGIO:

That is the reason the bill is before the Senate Committee on Finance.

MR. GUTHREAU:

I appreciate the clarification. Mr. Glover can speak to that provision.

CHAIR RAGGIO:

This Committee is more interested in the fiscal aspects than policy issues in the bill. We have the memo from the Department of Cultural Affairs and attached fiscal note ([Exhibit C](#)).

MICHAEL E. FISCHER, D.D.S. (Director, Department of Cultural Affairs):

When Senator Amodei provided the amendment, he asked us to provide a fiscal note. This request is outside the *Executive Budget*, thus we are neither for nor against the bill. We envision a system of State archives that would work on the State, department or local levels.

As we progress further with individual silos of information such as this, it becomes more difficult to have a central repository. There is no intent to reduce funds to the counties or local governments in their provision of records. This would be a system of digital archives similar to that in the State of Washington. We have met with the DoIT and they are supportive of this proposal. Unfortunately, it comes with a cost.

CHAIR RAGGIO:

Is the cost of such a system \$478,192?

DR. FISCHER:

That is correct. The funding would include the study and implementation of the project. The danger occurs as each individual department goes forward and there is no concerted effort to address the issue.

CHAIR RAGGIO:

Are there vendors who provide these services?

DR. FISCHER:

That is correct. I have staff members with me for any technical questions you may have. Hiring a vendor would go through the regular process.

CHAIR RAGGIO:

According to the fiscal note, it would require 272 consulting days to conduct the required study.

ALAN GLOVER (County Fiscal Officers Association):

That portion of the bill was not proposed by the county clerks or the NACO. We had no objections when the provision was added to S.B. 131. We feel it is a good idea. We are primarily interested in the fee structure because there have been no adjustments in the last ten years.

CHAIR RAGGIO:

What was the purpose of section 1 of S.B. 131? Section 2 increases fees charged by the county clerks. Does it provide for a separate fund?

MR. GLOVER:

Section 1 creates a separate fund to provide technology needs.

CHAIR RAGGIO:

Neither the county clerks nor the NACO added section 3 to S.B. 131.

MR. GLOVER:

That is correct. When the bill was discussed in the Senate Committee on Judiciary, we had no objections to the addition of section 3.

CHAIR RAGGIO:

The requested appropriation is nearly \$500,000 at a time when funding is short. Without section 3, and if a study is not conducted, what happens?

DR. FISCHER:

I understand the fiscal constraints. The further we go, and the more independent silos occur, at some point in time, the State will face the burden of coordinating those silos and creating a records repository.

CHAIR RAGGIO:

I am asking if the bill could be processed without the provisions of section 3 and resultant costs to the Department of Cultural Affairs. The counties would collect the records, and at some point, they will be sent to a State repository?

DR. FISCHER:

As digital records become more prevalent, those records will be submitted to be housed in a central repository with backup provisions. One danger and one issue all archivists are currently considering is the loss of records such as in the

Hurricane Katrina tragedy, the loss of local records and how much protection is present currently. We are attempting to be proactive, but we understand your constraints.

MR. GUTHREAU:

If section 3 were removed, the bill would still accomplish what the NACO and the county clerks desired to accomplish.

CHAIR RAGGIO:

Under the provisions of the bill, the county clerks would receive a fee, establish a separate account, use the funds for technology enhancements to convert and archive records and purchase hardware and software.

MR. GUTHREAU:

That is correct.

CHAIR RAGGIO:

What would be the ultimate solution for a central repository to archive records?

MR. GLOVER:

We would maintain the information, accessible to the public, on a county-by-county basis rather than in a central repository. A central repository is a long-term goal, similar to the states of Washington and Illinois, making information easier to collect. We have to start somewhere.

My original testimony today was intended to inform the Committee the technology fund, authorized for county recorders by the Legislature a number of years ago, is effective in keeping staffing costs lower. Better information has been collected and stored. At some point, a central repository may be needed. I cannot testify whether this is the appropriate time.

CHAIR RAGGIO:

How were the amounts of the fee increases determined?

MR. GLOVER:

The NACO worked on an appropriate fee structure. The fees have not been increased in ten years.

CHAIR RAGGIO:

Do you have a breakdown of the amount of collections anticipated for each county if the fees were collected?

MR. GUTHREAU:

I do not have that information available today.

CHAIR RAGGIO:

Please gather that information, and present it to the Committee.

MR. GUTHREAU:

It would be my pleasure.

LAUREL MOSER (Representing Amy Harvey, Washoe County Clerk):

We rise in support of S.B. 131 and the \$5 technology fund for the Washoe County Clerk. The clerks in the Second and Eighth Judicial Districts do

not have access to the court clerk technology fund. The clerk duties are separated. We support the \$5 fund added to the notary bond filing fee to create a technology fund for the clerk's office. (A letter from Ms. Amy Harvey, Washoe County Clerk, was provided [[Exhibit D](#)].)

CHAIR RAGGIO:

Please provide an estimate of the amount of funding expected to be realized from the increased fees for this purpose.

MS. MOSER:

We will provide that information.

RON LONGTIN (Court Administrator and Clerk of the Court, Second Judicial District Court):

I am present representing the Second and Eighth Judicial District Courts and the National Judicial Council for the State of Nevada. We oppose S.B. 131 (1st Reprint) as written. As Chief Judge Kathy A. Hardcastle reiterated to the Senate Committee on Judiciary on March 14, 2007, the county clerks in the Second, Eighth and recently in the Sixth Judicial Districts, do not act as court clerks. This bill allows fees to be increased in various counties to be utilized for marriage bureaus, passports and fictitious name files. Their positions provide secretarial and clerical support for the county commission, and is neither related to judicial function services nor to services to individuals who file lawsuits.

CHAIR RAGGIO:

In which of your capacities are you indicating opposition to S.B. 131?

MR. LONGTIN:

I am indicating opposition as the Court Recorder for the Second Judicial District Court.

CHAIR RAGGIO:

Hearing no further testimony, I hereby close the hearing on S.B. 131 and open the hearing on S.B. 158.

SENATE BILL 158: Establishes the Special Needs Scholarship Program.
(BDR 34-10)

SENATOR CEGAVSKE :

This bill would allow students with Individualized Education Programs (IEP) to enroll in private schools as well as public schools other than those they are zoned to attend.

Children with special needs require a higher degree of individualized attention and accommodations than other students. Often, these needs lie in alternative forms of supervision, adjustment in the physical layout of a classroom, the location in which instruction is provided or in a specific relationship between a school and the community of which the student is a part.

To provide an education most suited to the child's circumstances, it is preferable to allow the widest array of options in their selection of a school. Senate Bill 158 would allow special education students to attend eligible private or public schools outside their regular school district. This bill includes a number

of provisions to ensure the suitability of eligible schools. It requires private schools to be fully licensed according to State law and be financially viable.

The student would not be required to participate in any religious activity otherwise a part of the educational program of a private school. Furthermore, a school would be required to provide the parent or legal guardian with a regular report on the student's academic progress.

This bill forbids the State from interfering with the operation of eligible private schools. The Department of Education (NDE) would administer the program and would be responsible for granting, revoking or certifying the eligibility of participating schools.

For the purpose of allocations from the Distributive School Account (DSA), S.B. 158 requires the student to be included in the count of pupils in the school district in which he attends school. Furthermore, the eligible school would receive the proportionate cost of providing special education to the child. However, the student's transportation costs would not be assumed by the school district in which the student was originally zoned or by the school district in which he chooses to attend school.

This special needs scholarship program was modeled after a Florida initiative, the McKay Scholarship Program, which began as a pilot project in 1999 and went statewide the following year with almost 1,000 participating students. A testament to the success of the program can be seen in the dramatic yearly increases in enrollment from 5,013 in the second year up to 17,300 in school year 2005-2006. According to a 2003 study published by the Manhattan Institute, the program has been extremely popular among families of participating students. Among participants, 92.7 percent reported being satisfied, or very satisfied, with their McKay schools. Parents also reported improvements provided in McKay schools and class sizes. The report also calls attention to the striking fact over 90 percent of parents who have left the program believe it should be continued and available to those who wish to use it.

Senate Bill 158 would be an opportunity for Nevada to mirror the success of the Florida program and to enhance education experiences of special-needs education students. Our public schools cannot assist with every child's needs. There are alternatives that are working. Parents should have the choice to find a program for their child's needs.

I toured a school in Las Vegas, the New Horizons Academy. If you talk to a student or a parent of a student attending this school, they were at the end of their rope, and this program has made a difference in their lives. Many parents cannot afford the cost of such schools. We are asking for your assistance for the parents and students in Nevada.

CHAIR RAGGIO:

There is no appropriation noted in the bill, but it does have a fiscal note supplied by the NDE.

MR. GHIGGERI:

We queried the NDE when the legislation was passed from the other committee, and they advised the fiscal note was still valid.

CHAIR RAGGIO:

Is the amount of the fiscal note \$33,593 in FY 2007-2008 and \$139,000 in FY 2008-2009? I believe the Senator is aware there are a number of school districts that indicated they did not know how to determine the fiscal impact of this measure. Nye County determined it would have a high fiscal note of approximately \$7 million annually if all special education students applied for the scholarships.

SENATOR CEGAVSKE:

There are many reasons for the fiscal note, but one reason is the NDE assumed it would be required to perform the IEPs. At the New Horizons Academy, they have special education teachers who are qualified to conduct the IEPs.

CHAIR RAGGIO:

Is this measure termed a "scholarship program" because the money would follow the student to the selected school under the Nevada Plan?

SENATOR CEGAVSKE:

That is correct.

SENATOR BEERS:

If the bill were amended to require the school the student attends to conduct the IEP, would the fiscal note be deleted? I believe that is why the NDE placed a fiscal note on the measure.

SENATOR CEGAVSKE:

That was the NDE interpretation. It is not in the bill.

CHAIR RAGGIO:

That question would have to be asked of the NDE.

SENATOR BEERS:

In the third paragraph of the fiscal note attachment, second sentence, they state "the most difficult and time-consuming aspect with regard to the approval of individual student applications would be the process to determine the proportionate cost of providing special education to the child based upon the IEP."

SENATOR CEGAVSKE:

One issue was that some children might not have an IEP. The majority of children who moved to the New Horizons Academy already had their IEPs. They were unsuccessful in the public school system and their needs were not being met.

SENATOR MATHEWS:

Would the funds from the public school follow the student to whatever private school they chose to attend?

SENATOR CEGAVSKE:

Only a portion of the funds would follow the student to help them with costs in another program. Some would remain in the DSA.

SENATOR MATHEWS:

That answers my question of why funding is requested in S.B. 158. Is the use of the term "scholarship" in this bill another term for "voucher"?

SENATOR CEGAVSKE:

School districts will call it a scholarship.

CRAIG KADLUB, ED.D. (Clark County School District):

I am speaking in opposition to S.B. 158. We are not opposed to private or home schools; they play a vital role in education. Our opposition is based on the premise that taxes collected from the public, for public purposes, should not be diverted to private interests.

We are familiar with what voucher proponents have espoused in the past. That is, if a person pays taxes and does not use a service, they should reclaim those taxes for personal use. All of us pay taxes for many services from which we receive no personal benefit. I have never called the fire department, but I keep paying for it. If I decide to buy books instead of using a library, that is a personal choice. My taxes still support libraries. If I do not use public tennis courts or swimming pools, I do not receive a rebate for those taxes.

Schools are supported because they benefit the community. Vouchers are a step toward dismantling that structure. Public schools operate in an environment of extreme accountability. It seems inconsistent that the Legislature would fund one group of schools with the expectation that they comply with civil rights laws, No Child Left Behind (NCLB), the Nevada Education Reform Act, the Individuals with Disabilities Education Act, State standards for licensing, curriculum testing and frequent audits; and, at the same time, provide funds to other schools with no such expectations.

With specific regard to special education, public schools already provide special education services to both home-school and private-school students. We believe the private schools should remain private by not diverting public dollars to support their programs.

SENATOR BEERS:

I believe, for the record, the public purpose of our education process is to educate children, not to make you rich. Consequently, it is not, in any way, a diversion from the expected use of these funds to educate children. These are children your system is not educating. Placing these children in a school specialized to educate them makes a great deal of sense to me. I was startled to hear you suggest this bill is a violation of taxpayers' expectations.

ANNE LORING (Washoe County School District):

We are concerned that public funds would be used to provide education not accountable to the public. Private schools do not have to meet Nevada's academic standards. The students do not have to demonstrate proficiency on the State criterion reference tests and do not have to meet Nevada graduation requirements or pass the high-school proficiency examinations. One of the many benefits of the NCLB is that it requires reporting of the Adequate Yearly Progress (AYP) by aggregated groups of students, including those with special education needs. It is a potent means of accountability for public schools.

This bill would require a proportionate amount of money in the DSA and the federal special education fund to follow the student to schools that do not have to demonstrate AYP for special education students and have no inherent requirement to comply with the federal and State special education laws.

JULIE WHITACRE (Nevada State Education Association):

I had intended to focus on the fiscal aspects of the bill. However, I would like to quickly touch on Senator Beers' comments. Within the bill, the policy does not require a student to attend a school that will support their disability.

The Nevada State Education Association is particularly concerned with the proportionate cost of providing the child an education. In some instances, that can be anywhere from to \$10,000 to \$25,000 for a severely-disabled child. That \$25,000 would follow the child to a private school.

In addition, the bill does not consider fixed costs associated with education such as utilities, maintenance and transportation.

Studies have been completed that indicate roughly 50 percent of students who use scholarships or vouchers to attend private schools return to a public school setting. They draw their public school support, use it to pay tuition at a private school and then return to public school with none of the public funds returned to the public education system.

A school district in Texas had more than 800 students who used scholarships to attend private schools. One-half returned to public schools and although roughly \$5,000 was moved to private schools with them, the total loss to the school district was nearly \$5 million.

SENATOR BEERS:

Is that by a student attending a private school for one month and, in that month, the entire amount of the annual funding is diverted to the private school? Is that what happened in Texas? If a student transferred to a private school at the beginning of the school year and remained in the private school for the school year, there would be no loss to the school district. That is particularly true in Clark County, because education costs are subsidized with construction funds resulting in a net gain.

MS. WHITACRE:

That is correct.

SENATOR CEGAVSKE:

The New Horizons Academy has been in business for more than 30 years. They have a good track record. This bill did not indicate, and I am not sure who started that rumor, that all needs of the special education must be paid. That is not what S.B. 158 proposes.

The biggest complaint I hear from every school district, especially Clark County, is the cost of educating special-needs children. Federally, they pay approximately 15 or 16 percent for special-education students. School districts must pay the remaining costs.

I become frustrated when I hear people speak against vouchers or scholarships. The real issue is what is best for the student. I do not understand why everyone

is so afraid to help students outside the public arena. We should be helping students and parents to find the best possible education. This bill is a small step to help students in the public system who are experiencing difficulties. School districts cannot be the only solution.

I do not believe all tax dollars belong to public education. I believe funding should follow students and I believe in school choice. I think such students should be allowed those options with the support and assistance of the public school system. It is unfortunate there is opposition to this bill.

If I were in your shoes, I would be trying to find ways to help, rather than putting up roadblocks.

SENATOR TITUS:

I keep hearing testimony about the New Horizons Academy, but S.B. 158 reaches to all private schools. Some private schools have the ability to conduct IEPs, but would they all qualify?

SENATOR CEGAVSKE:

Senate Bill 158 is for special-needs scholarships. The students must have special needs, have their IEPs and there would be qualification procedures.

CHAIR RAGGIO:

Section 8 of S.B. 158 lists the procedures for a private school to qualify for the provisions of the bill.

SENATOR TITUS:

Does the bill include pre-kindergarten children for vouchers? Have pre-kindergartners previously been computed in the DSA formula?

SENATOR CEGAVSKE:

Child Find is one example of a program that has similar provisions. There are many programs available for early intervention efforts for disabled students.

SENATOR TITUS:

If a student is to receive a proportionate cost for an individualized education program, a special education student's costs are far greater than standard students. Could the bill provide more funding than for a typical student? This would be outside the formulas in place for student per capita calculations.

SENATOR CEGAVSKE:

Every special education student with an IEP has different needs. Some may need physical therapy; others might need tutoring in different areas; there is a whole host of possibilities. It is difficult to place a specific cost per student. Sometimes regular education students need more remediation or assistance than others. Students who take advanced courses in high school cost more than others.

SENATOR TITUS:

One troubling aspect of vouchers is when a child is given the total amount to be provided to a private school, it not only takes funding from the public program, it removes funding for fixed costs such as school buildings, buses or the cafeteria. Those fixed costs are spread across the children remaining in public education at a time when our public-education program has tremendous needs.

There is a need to make up the difference for sales- and property-tax shortfalls. This does not seem to be the time to remove funding from the public schools regardless of the merits of the legislation or the special needs of these students.

SENATOR COFFIN:

I have had the benefit of seeing the efforts at the New Horizons Academy and other special needs schools from the inside and from the outside. There is no question the school district is performing better in public schools with special-needs programs. On the other hand, the New Horizons Academy fills a niche the public schools do not.

As I recall, the Legislature provided a special appropriation two sessions ago to the New Horizons Academy. Is there a similar entity in northern Nevada? Removing funding from the DSA is problematic, but special appropriations can sometimes meet a need.

MS. LORING:

I have no personal knowledge of the New Horizons Academy. I am not aware of any comparable private facility in northern Nevada. That does not mean none exist.

CHAIR RAGGIO:

Section 16, subsection 3, of S.B. 158, is the formula for the amount of funding that follows the student. "The school is entitled to receive the sum of the basic support per pupil in the county in which the child attends school, plus the amount of local funds available." That provision relates to mineral leases and proportionate costs of special education. There are regulations within the bill, in section 7, that denote the proportionate amounts.

SENATOR BEERS:

I am trying to work through the fiscal impact to the DSA. If the child is not in a public school on the pupil count day, then the school or district would receive no funding for that child in any case.

CHAIR RAGGIO:

The child would need to be present for that count day or the count made for the special schools.

SENATOR BEERS:

The impact would be on the State rather than on the school.

CHAIR RAGGIO:

I had the privilege of visiting the New Horizon Academy. It is a wonderful institution. I was impressed with the quality of the school, the students' capabilities and achievements. I would hope someone would replicate it elsewhere.

DAVID K. SCHUMANN (Nevada Committee for Full Statehood):

Nevada taxpayers spend approximately \$6,000 each year on each student enrolled in government Kindergarten through Grade 12 (K-12) schools. Are the taxpayers getting their money's worth? Absolutely not. I have provided a packet of information giving expert evidence that all American schools are substandard ([Exhibit E](#), original is on file in the Research Library). It contains an Organization

for Economic Co-operation and Development (OECD) report and other documents.

The idea to take funds from the school districts is ludicrous. You are taking, not money, but children. The schools no longer have an obligation to teach the child. The father of modern, progressive education considered the observing of facts and truths selfish. The chief occupation of our school system is "dumbing down" American schools. [Exhibit E](#) includes a brochure written by Mr. John Dewey.

Senate Bill 158 at least offers those children with special needs a chance to escape the adult-imposed "dumbing down." Please read the documents I have provided. They present an amazing story. Mr. Bruce Alberts, President, National Academy of Sciences, in 1998 said in an article in the *San Francisco Chronicle*, "It is our responsibility to prepare our youth for the next century and we are failing them." Senate Bill 158 offers the adults of Nevada a chance to not fail at least some of the children. I will focus for a moment on the man *Educrafts* calls the father of modern education, Mr. John Dewey. In a speech made during the 1890s, Mr. Dewey said:

The mere absorbing of facts and truths is so exclusively an individual affair, that it tends, very naturally, to pass into selfishness. There is obvious social motive for the acquirement of mere learning. There is no clear social gain and success thereat. Indeed, almost the only measure of success is a competitive one in the bad sense of that term. A comparison result is in the recitation and the examinations to see which child will succeed in getting ahead of others and storing up and accumulating the maximum of information.

Reasonable people could ask, "What does a statement made 100 years ago have to do with today's needs?" One of the documents I have provided in [Exhibit E](#) is entitled "Characteristics of Empowering Mathematics Programs," chapter 2, pages 40 to 43 of the mathematics framework for California public schools in 1992.

Teachers are facilitators of learning rather than imparters of information. They are still using the "newspeak" of the 1890s. The verb "to teach" is defined in the dictionary as "to impart knowledge." Information is what you get from a bus schedule; knowledge is how you prove, in a quadratic equation, that the sum of the square of a hypotenuse is equal to the sum of the other two sides. You can prove that once you have learned geometry. That is knowledge.

As an expert in child abuse, I can clearly pronounce Mr. John Dewey a child abuser. I have been taught by a team of Iraqis. I claim expert status by reason of having an eight-month seminar on how to torture children by two employees of a customer of mine in 1979. They worked for the Iraq state organization for food industries. I have included Mr. Thabit I. Akrawi's card in [Exhibit E](#).

Before I spent time with Mr. Akrawi, I used to believe child abusers were rare, sick people. Now, you can find otherwise normal people who would physically abuse children. Mr. Dewey, with his sick philosophy, is willing to mentally abuse children. Was it selfish when he went to school and absorbed facts and truths? Obviously not. We have to stop failing our children and give them a chance, at

an early age, to all the facts and truths they are capable of absorbing. Senate Bill 158 allows children to escape the monopoly organization built by Mr. Dewey's philosophy. Let me be clear. I do not think current teachers in our schools are conscience child abusers as Mr. Dewey was. The problem is, after Mr. Dewey returned from studying Marxism under one of Karl Marx's students, he became president of the Columbia University School of Education, and then Columbia University. He was the principal organizer of the nascent government school system in America. The teachers' unions, and many schools today, still carry out his sick philosophy without knowing what they are doing.

Please note, over ten years ago, a state Legislator in Wisconsin initiated the first school choice system in Milwaukee. It has been followed by school choices in Cleveland, Ohio, and Washington, D.C. Recently, Utah adopted universal school choice.

Do not allow anyone to tell you this bill is not constitutional. That question was settled years ago by the Cleveland school district in a Supreme Court decision.

CHAIR RAGGIO:

There has not been a question of constitutionality regarding S.B. 158. Your written testimony in [Exhibit E](#) will be made a part of the record.

MR. SCHUMANN:

Someone raised the issue of constitutionality in the previous hearing on this measure.

RAY BACON (Nevada Manufacturers' Association):

Autism is the number one issue in the State. That is one area of focus at the New Horizons Academy. Those children will need special help.

All IEPs require accommodations for testing. Children with autism will not likely meet academic standards, whether or not they remain in public schools.

A good portion of those students at the New Horizons Academy will be taught a level of independence, making them perfect employees for other organizations. The Nevada Manufacturers' Association funds such organizations as Opportunity Village, Washoe Association of Retarded Citizens and High Sierra Industries. These programs at least allow these children enough independence to become long-term employees.

CHAIR RAGGIO:

I hereby close the hearing on S.B. 158 and open the hearing on S.B. 241.

SENATE BILL 241: Waives certain license plate, title and registration fees for a hybrid vehicle in certain circumstances. (BDR 43-780)

SENATOR TITUS:

This bill was originally heard before the Senate Committee on Taxation concerning exemptions from the registration fees for first-time buyers of hybrid vehicles. It does not include the taxes paid for vehicles. It is only the license and title fees. The exemption is approximately \$50 for each such vehicle. It is an incentive for people to drive hybrid vehicles. A number of states have such incentives.

The reason S.B. 241 is before the Senate Committee on Finance is, if new purchasers of hybrid vehicles are exempted, it will slightly reduce revenue to the Highway Fund.

SENATOR RAGGIO:

The reason S.B. 241 is referred to this Committee is because the Department of Motor Vehicles (DMV) projects a revenue loss to the Highway Fund, title processing fees to the DMV and prison industry fees. The total projected loss is \$159,734 in FY 2007-2008 and \$172,806 in FY 2008-2009. The projected loss in future biennia is \$345,000 or more.

SENATOR TITUS:

That is what I was suggesting. When we posed the question of how the DMV arrived at those numbers in the hearing before the other committee, they admitted it was a guess.

CHAIR RAGGIO:

The fiscal impact is the primary focus of this Committee regarding this bill. Would the bill exempt first-time hybrid-vehicle owners of all registration, title and license plate fees?

TROY DILLARD (Administrator, Compliance Enforcement Division, Department of Motor Vehicles):

Those would be the exempted fees. The definition used in S.B. 241 ties the measure to the definition used by the Internal Revenue Service (IRS) Code. That code is in a state of flux. Certain vehicles do not qualify under the IRS code that do qualify under the *Code of Federal Regulations* (CFR) as a hybrid vehicle. Once a vehicle meets a certain level nationwide, they no longer qualify. During that period of time, they receive a proportionate tax exemption under the IRS Code. For the purposes of the fiscal note, if an owner received any portion of the IRS tax exemption, they were included in the exemption computations under this bill.

The actual growth in hybrid vehicles, as defined by the CFR in Nevada, between 2005 and 2006, was 60 percent. That is the current percentage rate for FY 2006-2007.

CHAIR RAGGIO:

What does that mean in the number of vehicles?

MR. DILLARD:

Approximately 3,000 hybrid vehicles would meet the CFR definition. There are several new vehicles that are not typical hybrid vehicles. Those include the Toyota Prius and the Honda Civic.

CHAIR RAGGIO:

What that translates to is another 1,800 vehicles?

MR. DILLARD:

That is correct. This definition would not include all those vehicles. We used the doubled demographic growth of the State in our computations. Many of the vehicles that fit within the 60-percent growth ratio are not included under the definition used in S.B. 241.

SENATOR TITUS:

That was my point about the derivation of the calculations. The DMV used a different definition of hybrid vehicles than used in this bill and by estimating the demographic growth. What would happen on the fiscal note if the DMV used the definition in the bill or narrowed the bill definition? Why would you use the federal definition to make the calculations?

MR. DILLARD:

We did not. If we had used the federal definition, it would have been a 60-percent increase each year. We used only double-demographic growth. The demographic was 4 percent the first year and 3.8 percent in the second year. We doubled that number. That means the fiscal note is calculated on an 8-percent growth in the first year and a 7.6-percent growth in the second year rather than the 60 percent that would be likely using the federal definition.

KYLE DAVIS (Nevada Conservation League):

I am present to support S.B. 241. It is worth it. Providing incentives to people who purchase more hybrid vehicles is worth the lost revenue. The automobile component of greenhouse gas emissions is approximately 18 percent. This is a common-sense way to provide personal incentives.

JEANETTE K. BELZ (Associated General Contractors of Nevada):

We also testified in opposition to this bill before the Senate Committee on Transportation and Homeland Security. This is a policy issue. It would exempt hybrid vehicles from fees used by the Highway Fund. The Highway Fund already has problems. These vehicles use the roads the same as any other vehicle. The more they gain in popularity, the more they will impact the Highway Fund.

It is not a matter of believing in the value of hybrid vehicles. The use of an incentive that impacts the Highway Fund, and thus the roads these hybrids ride on, is what we believe is inappropriate.

We testify on nearly every bill concerning depletion of the Highway Fund. Our opposition is not specific to the bill.

CHAIR RAGGIO:

Was any policy discussion held concerning any type of partial exemption rather than full exemptions?

SENATOR TITUS:

That was not discussed. It is a possibility. I am looking for an incentive and recognition of conservation efforts. What it saves in terms of air quality and climate change is worth what it takes from the Highway Fund.

SENATOR COFFIN:

I agree with Ms. Belz. I confronted the same problem with S.B. 161 which causes a small reduction in the Highway Fund.

SENATE BILL 161: Revises the requirements for the inspection of motor vehicles for the control of emissions. (BDR 40-252)

The idea is there will be more and more hybrid vehicles on the road. We will need to consider a weight/distance formula for trucks and automobiles to help

maintain the Highway Fund in the future. I want to ensure the Associated General Contractors of Nevada are in support of that change.

MS. BELZ:

There is a pilot program in Oregon to determine the best method of taxation for hybrid vehicles. As we transition to less reliability on fossil fuels, we need to tax hybrid vehicles to maintain our roads. Gasoline will no longer be an option in the future.

SENATOR BEERS:

I have read that hybrid vehicles are exchanging a consumption of fuel benefit with a landfill detriment because the batteries have to be changed frequently and cannot be recycled. They are apparently leaking.

MR. DAVIS:

We are unaware of the total impact of that issue. Hybrid vehicles are somewhat new. Batteries need to be dealt with at some point, but I do not see that as any different than dealing with batteries in other situations.

SENATOR COFFIN:

I am a proud owner of a hybrid vehicle, and I have discussed this issue with Assemblyman Joe Hardy, who also owns hybrid vehicles. His vehicle is five years old. His vehicle is approaching, or has exceeded, 100,000 miles of service. Although these vehicles are warranted to 100,000, many are in use longer. Detroit created literature about the unreliability of these vehicles, but it was a vain attempt to try to slow down the future. The batteries in my 1997 Honda Prius are better than the batteries used in Assemblyman Hardy's 1992 Honda Prius.

CHAIR RAGGIO:

I hereby close the hearing on S.B. 241 and open the hearing on S.B. 326.

SENATE BILL 326 (1st Reprint): Creates the Committee on Co-Occurring Disorders. (BDR 40-1138)

DENISE SELLECK DAVIS, C.A.E. (Executive Director, Nevada Osteopathic Medical Association):

I am testifying in support of S.B. 326 but request an amendment in section 3, subsection 2(a). It requires one member, who is a psychiatrist, licensed to practice medicine in this State and certified by the American Board of Psychiatry and Neurology. Osteopathic physicians are the other fully-licensed physicians. They practice with a degree in Doctor of Osteopathy. They also are subject to a separate type of board examinations from the American Osteopathic Association. Their board examination is called the American Osteopathic Board of Neurology and Psychiatry. We ask that nomenclature be included in the bill, allowing these fully-licensed physicians to be considered for committee membership.

CHAIR RAGGIO:

Are you requesting the language on page 2 not be limited to practice medicine but include osteopaths?

MS. DAVIS:

We are merely asking that you recognize our boards.

CHAIR RAGGIO:

It is the policy of this Committee that all amendments must be submitted in writing.

Ms. DAVIS:

I will comply with your request.

ROSETTA JOHNSON, M.P.A. (President, Human Potential Development):

I am present to support S.B. 326. The bill is based on recommendations made by participants from the Department of Health and Human Services (HHS), the criminal justice system, the judicial system, the University of Nevada, Las Vegas, the Institute of Addiction and Prevention Studies, private nonprofit community-based agencies, the Department of Corrections, consumer and family members at the Nevada Symposium on Co-occurring Disorders. The symposium was held in Las Vegas on November 6, 2006. Co-occurring disorders of mental illness and substance abuse are regarded as an expectation, rather than an exception and must be treated simultaneously.

Key recommendations at the Symposium included: the need to employ a comprehensive approach to clinical administrative improvements to support the integration of substance abuse and mental health services and the criminal justice system. That means it would be an approach in which training, financing, licensing, certification, corresponding data collection and outcome measurement requirements regarding co-occurring disorders are aligned. Training and best practices alone will not produce results in the infrastructure.

The Symposium participants wanted to emphasize the necessity of joint efforts to ensure coordinated and integrated services that improve treatment outcomes for individuals with co-occurring disorders.

The next recommendation was to form a committee on co-occurring disorders to confirm the State's commitment to, and expectations for, treatment for persons with co-occurring disorders.

The Symposium also recommended establishment of training and technical assistance through the Substance Abuse and Mental Health Services Administrations Co-occurring Center for Excellence and other resources. The goal is a comprehensive system of care for persons with co-occurring disorders in Nevada.

Co-occurring disorders must be treated simultaneously. Senate Bill 326 is most important to Nevada because it will bring excellence to the treatment of co-occurring disorders through an integrated system approach. There would be an efficient use of funding streams so there is no "wrong door" for help. Recidivism to care providers, homeless persons, prisons, and violent acts would be significantly reduced. Quality of life will be returned to individuals with these disorders and their families. This bill supports involvement of families as powerful agents to gain knowledge of co-occurring disorders, how to assist their loved one in their recovery and advocate for best treatment practices.

I have submitted my written testimony to the Committee ([Exhibit F](#)).

CHAIR RAGGIO:

Are you supportive of the requested membership of the proposed committee?

Ms. JOHNSON:

The proposal is for a large committee.

CHAIR RAGGIO:

The bill was referred to this Committee from the Senate Committee on Health and Human Services. It is here primarily because of the fiscal note ([Exhibit G](#)) of \$63,807 in FY 2007-2008 and \$66,998 in FY 2008-2009 for the operation of the committee. The fiscal note was provided by the Division of Mental Health and Developmental Services.

JAMES MERLIN:

I am present representing myself as a person with a co-occurring disorder. I am a member of the Mental Health Planning and Advisory Council. We have been working toward this legislation for some time. My compliments to the Division of Mental Health and Developmental Services in their efforts. Their focus is narrow and this bill would broaden that focus.

I would not be present without having been treated at the same time for both of my disorders; the mental and the substance abuse. I define substance abuse to describe both drug and alcohol abuse.

Douglas County Rural Mental Health has a program for dual-diagnoses. Without that group and the emphasis of both working together, I would probably be costing the State by being in jail or something. I am working at returning to productivity as an individual. This bill will provide that benefit for many individuals and their families. It is an awesome step forward for this State.

CHAIR RAGGIO:

A letter from Dr. Charles S. Price, Nevada Psychiatric Association ([Exhibit H](#)) has also been submitted to the Committee in support of the bill.

Ms. BELZ (Nevada Psychiatric Association):

I am the representative who presented the letter from Dr. Price to the Committee. We appreciate Senator Randolph J. Townsend's support for mental health issues.

We feel the bill will highlight the importance of mental health and substance abuse disorders and recommend strategies for improving treatments and incentives to develop new treatment programs.

SENATOR RAGGIO:

I hereby close the hearing on S.B. 326 and open the hearing on S.B. 390.

SENATE BILL 390: Revises provisions governing certain grants to local governments for disaster relief. (BDR 31-1347)

FRANK SIRACUSA (Chief, Division of Emergency Management, Department of Public Safety):

This bill cleans up the language in the legislation that regulates the State Disaster Relief Fund. The background of this bill began with the significant flooding and winter storms in Lincoln County and the City of Caliente in 2005. Both the City and County applied to the State Disaster Relief Fund. The Division of Emergency Management worked with those entities in acquiring a Presidential declaration of emergency and provided them assistance with making

application to the Fund. As we reviewed the application, we found there were areas of concern within the previous legislation. We had not used the account since the legislation had been modified in 2001.

We asked the Legislative Counsel Bureau (LCB), Legal Division, for an opinion. Their opinion included a review of legislative intent. Senate Bill 390 is a result of their research and legislative intent.

CHAIR RAGGIO:

Senators Titus, Beers and Care recognized the bill because it was heard in the Senate Committee on Government Affairs. We are considering the bill because of the reasoning for the revisions and the suggested impact on disbursements from the Disaster Relief Fund.

MR. GHIGGERI:

Staff has a concern with the effect the measure may have on the Disaster Relief Fund. I have no knowledge of what Mr. Siracusa has testified to concerning the clarity of legislative intent, nor have I seen the Legislative Counsel opinion.

CHAIR RAGGIO:

Do you understand staff's concern?

MR. SIRACUSA:

I understand.

CHAIR RAGGIO:

I recommend Mr. Siracusa discuss this bill with our staff and the Legislative Counsel.

MR. SIRACUSA:

I will comply.

CHAIR RAGGIO:

I hereby close the hearing on S.B. 390 and open the hearing on S.B. 423.

SENATE BILL 423: Makes an appropriation to the Legislative Fund for the Legislative Auditor to enter into a contract with a consultant to conduct a performance audit of the electronic voting system used in this State.
(BDR S-814)

JOSEPH P. NEAL (Former State Senator):

I will begin my testimony on S.B. 423 by stating the purity of our elections in this State is mandated by Article 2 of the *Constitution of the State of Nevada*. Although case law, in this State, has determined voting to be a political privilege; once the vote is cast in a political election, the *Constitution of the State of Nevada* imposes a mandate that the vote be properly counted and assigned to the candidate or issue to which the voter intended.

Voting is the bedrock of our political system of democracy. Anytime there are doubts as to the purity of the vote, it must be examined to assure the voting public that the purity of the elections has not been compromised. Over the past 35 years or so, our system of political elections has evolved from marking a paper ballot to a sophisticated system of electronic casting of ballots. I dare say

that this electronic system of voting, which offers speed in calculating the ballot returns, is not understood by many voters of this State.

We have accepted, with blind faith, this evolution in voting technology. The time has come, after more than 35 years of use, to have an accounting as to how this voting technology operates and whether or not it guarantees the purity of our elections. In a few words, we need an audit.

The acceptance of this new technology has allowed our voting process to be outsourced to national companies of whom we know little. For example, the electronic voting machines used in this State utilize the software from Sequoia Voting Systems, Incorporated which is a subsidiary of Smartmatic, Incorporated, that is owned, primarily by three Venezuelans, according to the *Las Vegas Review Journal* in an article dated April 29, 2006, page 23A. I have provided my testimony and the article for the Committee ([Exhibit I](#)). I find it somewhat disturbing that our voting system is owned by foreigners. It does not speak well of us as a State or as a nation.

The software used to run our elections is proprietary and, therefore, not subject to public scrutiny. In other words, the company I mentioned owns the software which counts and assigns votes to a candidate or an issue which may be voted upon in a political election. We have outsourced our voting system to a software company who may or may not have the voters' interests at heart.

We do not know how our votes are counted and assigned to candidates or issues. All that we know is, we punched a card or touched a screen that seems to correspond to our intent. Then, we are given a card which is labeled "Voter Receipt." I have included an example of the receipt in [Exhibit I](#). The voter leaves the polling place, goes home, or back to work and waits on the tally.

The mechanical voting system used in this State is governed by NRS 293B. This voting system is defined in NRS 293B.033 as follows:

"Mechanical voting system" means a system of voting whereby a voter may cast his vote: 1. On a device which mechanically or electronically compiles a total of the number of votes cast for each candidate and for or against each measure voted on; or 2. By punching a card or marking a paper ballot which is subsequently counted on an electronic tabulator, counting device or computer.

The electronic compilation of the vote is the area which I believe poses the greatest threat to the purity of our elections. It is here the software is subject to abuse or misuse. It is at this juncture the software can be programmed to switch votes to a candidate or issue without the total number of votes being changed. The total is the key word in our statute governing elections. The total is a universal word in deciding the winner or loser, be it a candidate for political office or a measure on the ballot. This can be abused by the misapplication of the tabulating software. An audit is allowed under NRS 293B.084. However, it does not state who performs the audit or whether or not this is separate from a recount.

Subsection 1 of NRS 293B.084 reads as follows: "A mechanical recording device which directly records votes electronically must: (d) Be capable of providing a record printed on paper of: (1) Each ballot voted on the mechanical

recording device; and (2) The total number of votes recorded on the mechanical recording device for each candidate, and for, or against each measure." Subsection 2 continues: "The paper record described in subparagraph (d) of subsection 1 must: (a) Be printed and made available for a manual audit, as necessary; and (b) Be printed and serve as an official record for a recount, as necessary."

The conjunction in the title of the statute, and the language that follows, seems to suggest an audit can only be done with a recount. Furthermore, if this is not the case, the question arises as to who does the audit and who receives such an audit report.

The Legislature has given the authority for the approval and adoption of mechanical voting systems and recording voting devices to the Secretary of State. The Secretary of State is the State's elections czar. He is the one person who has access to the program's software across the State. No county or city shall use any electronic system of voting without prior approval and adoption by the Secretary of State.

I mentioned to a friend the power the Secretary of State has over our electronic system of voting. His comment was, "Whoever holds that office will never lose an election." While I do not know if that is true, the Secretary of State should not be allowed to audit himself or city or county election officials.

Whenever the Legislature entrusts one with a valuable tool in our democracy, such as conducting elections, the words of Former President Ronald Regan are instructive: "Trust, but verify." Thus, the verification of our electronic voting systems is an audit.

It is time to prove our 35-year-old system lives up to the intent and purity of elections our citizens demand.

CHAIR RAGGIO:

Senate Bill 423 is before this Committee to consider the requested appropriation to conduct the audit in the amount of \$150,000. It is necessary to speak to the Legislative auditor to determine if that is the cost to enter into a contract under this bill with a qualified-independent consultant.

FORMER SENATOR NEAL:

The appropriation request has appeared in the bill since the drafting of the measure. The bill is critical in terms of assuring the confidence of the voting public of this State that our elections are fair.

CHAIR RAGGIO:

Similar issues were considered earlier in this Legislative Session in the Senate Committee on Legislative Operations and Elections. We are not unfamiliar with the concern addressed.

SENATOR TITUS:

There are other places around the country where this is not an unusual request. Other places have hired consultants to perform similar audits and found interesting methods to manipulate computers.

FORMER SENATOR NEAL:

An audit was performed in Florida, and it has been shown these systems can be manipulated. Senator Bob Beers, a computer expert, can understand how software that can determine the number of votes a candidate receives can also subtract votes from that count.

One instance in Florida that amazed me was where they used a ballot containing "yes" and "no" responses with nine individuals marking the ballot. Seven marked "yes" and two marked "no" in response to a question of whether the machine could be tampered with. They gave it to a gentleman from Finland in another room using a memory card to count the ballots. He was able switch the vote to two "yes" votes and seven "no" votes.

The administrator of the Florida department had claimed his system could not be compromised. He went to great lengths to select a test to prove his point.

Legislation is being introduced in Congress that includes a heavy audit provision. I have had contact with Senator Harry Reid in reference to the legislation. I am aware the introduction of the bill by its sponsor made mention of the audit provision.

SENATOR CEGAVSKE:

I am Chair of the Senate Committee on Legislative Operations and Elections. We heard a bill originally sponsored by former Assemblywoman Sharron Angle. Because of that, we decided to do a field trip. Only two members went to the Office of the Carson City Clerk/Recorder. Representatives from Sequoia Voting Systems, Incorporated were present. We spent several hours and they demonstrated the entire process for us. Our staff wrote a summary of the visit.

Originally, when we discussed the Sequoia machines, I was skeptical. I have a better trust in the system after several personal visits and asking many questions.

Have you taken a tour or demonstration similar to what our Committee has taken?

FORMER SENATOR NEAL:

I have talked with Mr. Larry Lomax, in Clark County. He has gone to great lengths to ensure his elections are valid. My point is, these changes do not happen when Senators are taking a tour. Mr. Avi Rubin, an electronic voting expert at the Johns Hopkins University, could demonstrate how an election can be changed.

We have all seen the process where an election board member has a stack of cards that I have been told are memory cards. Those cards identify that a voter has cast their ballot. The question is whether or not that card can be compromised. One discussion I had was with an individual who sat on an election counting board. He stated one person went to a corner and returned with the vote totals and the other members approved it. He added, "I do not know exactly what was done."

Nevada needs an audit group independent of the employees of the Sequoia Voting Systems. That is what this bill requests. Read the article in

[Exhibit I](#) detailing the latest election in Venezuela. The candidate who ran against President Hugo Chavez decided to initiate a voter-receipt process. In Nevada, the voter does not receive the voter receipt. It is rolled up inside the machine. We view a screen to verify our vote is accurately reflected. We do not receive a printed copy. We do not know who checks the paper record against the number of votes recorded. Nevada voters receive a small piece of paper that shows we voted.

CHAIR RAGGIO:

Thank you for your appearance today. I hereby close the hearing on [S.B. 423](#) and open the hearing on [S.B. 557](#).

[SENATE BILL 557](#): Extends the reversion date of an appropriation made in the 22nd Special Session to the Advisory Council on the State Program for Fitness and Wellness. (BDR S-1466)

[Senate Bill 557](#) extends the reversion date of an appropriation made to the Advisory Council for the State Program for Fitness and Wellness during the 22nd Special Legislative Session.

MR. GHIGGERI:

This legislation was introduced in 2005 Legislature at the request of the Senate Committee on Finance, at the urging of Senator Titus, to provide a \$100,000 General Fund appropriation for the operational costs of the Advisory Council for the State Program for Fitness and Wellness. This legislation seeks to extend the reversion date of the appropriation from June 30, 2007 to June 30, 2009.

CHAIR RAGGIO:

What is staff's recommendation?

MR. GHIGGERI:

Staff would recommend this legislation be approved. It is similar to legislation we have seen in the past. This legislation includes new reversion language adopted during the current Legislative Session and additional reporting requirements.

SENATOR MATHEWS MOVED TO DO PASS [S.B. 557](#).

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION PASSED. (SENATORS CEGAVSKE, TITUS AND RHOADS FOR ABSENT FOR THE VOTE.)

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CHAIR RAGGIO:

The Committee will now move to [S.B. 314 \(1st Reprint\)](#). It was referred to this Committee upon the recommendation of our fiscal staff.

[SENATE BILL 314 \(1st Reprint\)](#): Requires the provision of information concerning services that are provided at certain residential facilities. (BDR 40-1169)

Staff advises the fiscal note was removed by the agency in the first reprint version.

MR. GHIGGERI:

That is correct. Staff would recommend this legislation be passed out of the Committee.

CHAIR RAGGIO:

This bill requires a provision of information concerning services rendered by certain residential facilities. With the removal of the fiscal note, is the Committee prepared to move this legislation?

SENATOR COFFIN MOVED TO DO PASS S.B. 314.

SENATOR RHOADS SECONDED THE MOTION.

SENATOR BEERS:

Has the HHS indicated it will have no expenditures related to the development of the brochure and Website?

MR. GHIGGERI:

The revised fiscal note indicates the provisions of this bill could be implemented at no cost. They included the estimated costs of both as zero.

CHAIR RAGGIO:

A Website is being established for the Aging and Disability Resource Center Program. The Website providing unlicensed independent-living facility information will be a simple, noninteractive informational site. I have included, for the record, a copy of their fiscal note amendment ([Exhibit J](#)).

THE MOTION PASSED. (SENATORS TITUS AND CEGAVSKE WERE ABSENT FOR THE VOTE.)

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CHAIR RAGGIO:

The Committee will now consider Closing List Number 4 ([Exhibit K](#)).

The first budgets on the list are those of the State Gaming Control Board (GBC). Representatives from the agency are present, and if there are concerns, we will invite comment as necessary.

COMMERCE AND INDUSTRY

GAMING

Gaming Control Board – Budget Page Gaming Control Board-1 (Volume I)
Budget Account 101-4061

LAURA FREED (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

There are two major closing issues in this budget. The first is the addition of three new positions at a total cost of \$246,901 in FY 2007-2008 and \$291,827 in FY 2008-2009.

The first position is a new supervisor position to administer the Records and Research Services within the Division of Administration. If this position is approved, staff seeks approval to move the office furniture for the new position from the operating category to the new equipment category. The other two positions are agent positions for the GBC's nonrestricted licensing team within the Investigation Division. Again, staff requests approval, if the positions are approved to move the office furniture from the operating category to the new equipment category.

The other major issue in this budget is additional travel and training funding. Page 2 of [Exhibit K](#) shows this decision unit was one of the budget-wide recommendations for budget reductions. Originally, the *Executive Budget* recommended \$312,421 in FY 2007-2008 and \$310,116 in FY 2008-2009. The revised recommendation is \$230,370 in the first year and \$294,025 in the second year of the biennium.

CHAIR RAGGIO:

Are those the Governor's requested budget reductions?

MS. FREED:

That is correct.

CHAIR RAGGIO:

Is the agency in agreement with that reduction?

DENNIS K. NEILANDER (Chair, State Gaming Control Board):

We are in agreement with the reduction.

CHAIR RAGGIO:

Does the reduction impact you in an adverse way?

MR. NEILANDER:

No, sir.

MS. FREED:

The next consideration is closing item 2, on page 2 of [Exhibit K](#) for enhancement decision unit E-710.

E-710 Replacement Equipment – Page GAMING CONTROL BOARD-5

This decision unit recommends replacement equipment of \$123,140 in FY 2007-2008 and \$115,095 in FY 2008-2009. This is funded by a combination of transfers from the Gaming Investigation Fund and the Employee Registration Program fees.

The agency has assumed two- to three-year replacements for computers. The computers to be replaced are for Tax and License, Audit and Enforcement Divisions and some for agency-wide use. However, the DoIT Technical Standard, 7.03, states standard technology users should replace desktop and laptop computers every four to five years. If the Committee wishes to comply with the DoIT time frame, staff recommends moving eight of the replacement desktops from FY 2007-2008 to FY 2008-2009 when they would be eligible for replacement; and elimination of four other desktops from the FY 2007-2008 equipment list.

MR. NEILANDER:

The Gaming Control Board (GCB) has no objection to the staff recommendation.

MS. FREED:

The enhancement in decision unit E-712, closing issue 3, appears reasonable to staff.

E-712 Replacement Equipment – Page Gaming Control Board-5

Closing issue 4 is in decision unit E-730. This was one of the enhancement units affected by the Governor's suggested budget reductions.

E-730 Maintenance of Buildings and Grounds – Page Gaming CONTROL BOARD-5

The Governor recommended reducing General Fund appropriations in the enhancement by \$11,369 in both years of the biennium. The revised recommendations total \$90,298 in FY 2007-2008 and \$100,376 in FY 2008-2009.

As a more technical issue, staff seeks approval to move the onetime expenses in this enhancement for construction and remodeling of the Board's new gaming lab on Pilot Road and modifications to the Grant Sawyer State Office Building for the benefit of the Enforcement Division, in Las Vegas, from the operating category to the maintenance of buildings and grounds, category 7.

CHAIR RAGGIO:

Does staff recommend removal of certain onetime expenditures in the next budget?

MS. FREED:

That is correct. The items to be removed from the budget are the remodels in the buildings mentioned previously.

CHAIR RAGGIO:

What is staff's overall recommendation in this decision unit?

MS. FREED:

The revised recommendation in buildings improvements and maintenance is \$90,298 in FY 2007-2008 and \$100,376 in FY 2008-2009.

MR. NEILANDER:

We have no objection to the recommendation.

MS. FREED:

Budget decision 6 on page 4 of [Exhibit K](#) is for decision unit E-822.

E-822 Position Upgrades – Page Gaming Control Board-6

This decision unit recommends upgrades to the following existing unclassified positions at a total cost of \$20,028 in FY 2007-2008 and \$20,940 in FY 2008-2009. The positions recommended for upgrades and the new classifications are listed in the bullet points on page 4 of [Exhibit K](#).

One hearings officer is not proposed for reclassification but is recommended for a salary increase of 2 percent.

None of the salary increases in this decision unit were the result of reclassification studies by the Department of Personnel. These salary increases would be in addition to the 5-percent budget-wide increase recommended for the entire unclassified service that is in decision unit E-813.

E-813 Unclassified Step Adjustments – Page Gaming Control Board-6

These decisions concerning unclassified pay are made by the Unclassified Pay Subcommittee. Staff will make the Unclassified Pay Subcommittee aware of these proposed changes.

CHAIR RAGGIO:

How are the salary increases in decision unit E-822 funded?

MS. FREED:

The salary increases in decision unit E-822 are funded by the General Fund. Staff reviewed the revenue streams that support these positions, and the agency's fund map reflects the split in funding for the positions is 95-percent General Fund and 5-percent Investigation Fund transfers. Staff recommends cost allocating the positions to reflect the agency's fund-map split representing a General Fund savings of \$1,001 in FY 2007-2008 and \$1,047 in FY 2008-2009.

CHAIR RAGGIO:

Are these decisions that would necessarily be made when we review the unclassified pay bill toward the end of the Legislative Session?

MR. GHIGGERI:

The Committee makes the decisions for the salary level, but not for the funding split. The funding split is adjusted as needed in the review of the budget based on the fund map.

CHAIR RAGGIO:

What is the proposed funding split?

MS. FREED:

Staff proposes no change to the funding split. Staff proposes adjusting the funding to reflect the fund map as it was provided to the Fiscal Analysis Division.

MR. NEILANDER:

These are upgrades that became necessary because of changes in individuals' job functions. We have no objections to the staff recommendation.

MS. FREED

There are four technical adjustment requests in budget account (B/A) 101-4061. The first adjustment is in decision unit M-300.

M-300 Fringe Benefit Rate Adjustments – PAGE GAMING CONTROL BOARD-3

Fringe-benefit-rate adjustments are funded entirely with General Fund dollars; however, as discussed previously, not all positions in the GCB are solely supported by the General Fund. Staff recommends cost allocating according to the splits shown on page 4 of [Exhibit K](#). Approximately 76 percent would be General Fund, 22 percent from Gaming Investigation Fund transfers, 2 percent from investigation fees in FY 2007-2008 and a slight modification to those percentage splits in FY 2008-2009.

If decision unit M-300 were cost allocated to the percentage splits of salaries within the GCB, it would result in General Fund savings of \$232,212 in FY 2007-2008 and \$338,353 in FY 2008-2009. Staff seeks approval to perform the cost allocation.

CHAIR RAGGIO:

This is a maintenance unit. Does the agency have concerns with this proposal?

MR. NEILANDER:

No, sir. This affects how the cost allocations are made by the Legislature. We will continue to collect the same amount of fees.

MS. FREED:

Decision unit M-304 has a similar issue. The Governor's recommended cost-of-living adjustments (COLA) were funded entirely by the General Fund.

M-304 2 % yr 1 and 4 % yr 2 COLA – PAGE GAMING CONTROL BOARD-3

By using the same cost-allocation splits described in technical adjustment 1, if M-304 were cost allocated, it would result in a General Fund salary-adjustment savings of \$155,657 in FY 2007-2008 and \$466,882 in FY 2008-2009. Staff would note, the actual General Fund appropriated for salary adjustments in the "pay bill" is typically only 80 percent of what is budgeted in decision units within the budgets. The eventual General Fund savings would be approximately 80 percent of the General Fund salary adjustment savings.

MR. NEILANDER:

The only agency concern is to have an understanding of what is being proposed. If the proposal is that we somehow increase our billable hours to offset the costs, it may create an issue. If the proposal is to continue to collect the same amount as currently and allocated differently in the end result, we have no concerns.

MS. FREED:

I held a series of discussions with the LCB staff. One concern we had is the potential to capture billable revenue within the Investigation Fund. We obtained statistics from the Board which convinced us the Board has the ability to continue to pursue investigations yielding sufficient Investigation Fund revenue to retain the ability to make the transfers.

In the closing document ([Exhibit K](#)) for B/A 101-4063, page 8, the agency has advised it has 196 nonrestrictive license investigations in progress and over 300 nonrestrictive investigations awaiting assignment. In addition, the Technology Division was approved for 11 new employees during the interim. Those were to address the upswing in the number of system games and game modifications.

CHAIR RAGGIO:

It would appear the agency will not lack for inventory.

MR. GHIGGERI:

If I understand these adjustments correctly, the positions were funded initially with investigative fees. These recommendations would continue any salary increases or fringe-benefit-rate increases to be funded from the same revenue source as in the original intent upon approval of the positions.

MR. NEILANDER:

I do not want to be in a position, during the interim, of appearing before the Interim Finance Committee (IFC) to testify that because of the method of reallocation, we are short in funding revenue. We are not in any shortage of work. We have provided your staff with the projections for the next two years.

MS. FREED:

Decision unit E-813 reflects salary adjustments of \$1.48 million in FY 2007-2008 and \$1.52 million in FY 2008-2009 funding a pay increase of approximately 5 percent for the unclassified employees in this budget.

E-813 Unclassified Step Adjustments – Page GAMING CONTROL BOARD-6

The Committee should note the salary adjustment is wholly funded by General Fund appropriations. Not all unclassified positions are in the General Fund. Staff seeks approval to cost allocate the salary adjustments, if they are approved, to reflect the funding streams of the positions.

CHAIR RAGGIO:

Is there any opposition to staff's request?

MR. NEILANDER:

There is no opposition.

MS. FREED:

The fourth technical adjustment is in the Base Budget. Credential pay is received by Board employees with certain qualifications and the *Executive Budget* recommends \$475,000 in FY 2007-2008 and \$500,000 in FY 2008-2009. Page 5 of [Exhibit K](#) shows the Governor recommended funding splits for credential pay. It is approximately 60/30 Investigation Fund and General Fund. Staff, again, recommends cost allocating this provision according to the revenue support of the positions that receive credential pay. The LCB staff recommendations are also shown on page 5 of [Exhibit K](#). Staff recommends the General Fund at 82 percent and the Investigation Fund at 18 percent. That means adding the General Fund of \$217,000 in FY 2007-2008 and \$212,500 in FY 2008-2009. The Investigation Fund revenue would reflect a savings by those amounts.

CHAIR RAGGIO:

Why is it suggested to increase funding from the General Fund for credential pay?

MS. FREED:

This is staff's recommendation, in all fairness, after the cost allocations from the Investigation Fund in the other units we have discussed.

CHAIR RAGGIO:

If the Committee approves the credential pay, those amounts would be staff's recommendations. Would that represent an increase of 82 percent from the General Fund?

MS. FREED:

That is correct.

CHAIR RAGGIO:

Does the agency wish to state their reasons for the credential pay request?

MR. NEILANDER:

Credential pay was instituted approximately 12 years ago at a time when the Board was experiencing significant turnover and difficulty in recruitment and retention of credentialed employees. It has always been our goal to employ as many certified public accountants (CPA) as possible in the Audit Division.

CHAIR RAGGIO:

Does the Board employ CPAs that are also lawyers?

MR. NEILANDER:

Not at this time.

CHAIR RAGGIO:

Is the credential-pay provision a continuation, or are we compounding the provision?

MR. NEILANDER:

This request is a continuation of funding.

CHAIR RAGGIO:

This is a continuation of the credential pay overlay that has been given to these positions.

MR. NEILANDER:

That is correct.

SENATOR TITUS:

I am not clear as to whether or not increased fees have been placed in this budget. Can that item still be discussed? Is it now acceptable to the Governor because the GCB is willing to pay it?

MR. GHIGGERI:

The budget, as recommended by staff at this time, does not include any provision for the increase in fees. The gaming agency appeared earlier in the Legislative Session with a proposal to provide an additional 5-percent salary increase to their employees, funding it through an additional increase in fees. It is my understanding that has not been endorsed by the administration. There is no provision in these closing recommendations to address the issue. The Unclassified Pay Committee may, or may not, consider that. If there is a decision to provide an additional 5-percent increase at that time, I would guess it would require some type of fee increase.

SENATOR TITUS:

If the fees are increased, would all revenue be directed to salaries? Would there be no provision to reduce General Fund appropriations?

MR. GHIGGERI:

The original intent was a fee increase to provide only salary increases. What is being recommended by staff at this time is, in an effort to reduce the General Fund appropriations, to properly allocate the costs of certain positions to the investigative fees, based upon the funding sources when the positions were initially approved. It would be similar to when a position is established in the budget with federal funds and salary increases were requested, federal funds would pay for those salary increases.

These positions were established with fee revenue, so salary increases should be funded with fee revenues.

SENATOR TITUS:

I agree with that concept. I am considering the use of fee increases to offset the General Fund appropriations. I assumed the Governor did not support the fee increase nor did he favor fees increases in the health care area. The Legislature still placed fee increases in that budget. I would urge whatever subcommittee reviews this to consider the addition of fee increases. This is a service provided to gaming, for gaming, and the gaming industry is willing to pay the increased fees.

CHAIR RAGGIO:

A decision needs to be made on this budget today.

SENATOR TITUS:

That is why I am presenting the consideration.

MS. FREED:

Returning to the discussion on credential pay, historically the General Fund credential pay has been appropriated to the Board of Examiners and transferred to the GCB. In the 2007-2009 *Executive Budget*, the credential pay funding is in the GCB's budget. If the Committee approves continuation of credential pay for gaming employees, staff recommends the General Fund portion be appropriated to the Board of Examiners through the Unclassified Pay bill, consistent with past practice.

CHAIR RAGGIO:

Why do we have that provision?

MS. FREED:

That is the historical practice. The General Fund interest accrues to the General Fund. The agency appears before the Board of Examiners and requests funding to meet the needs as they occur.

I have one final note. Staff recommends the portion of credential pay remaining in the Board's budget, the Investigation Fund portion, have a dedicated object code to make funds tracking more clear. Staff seeks approval for the technical adjustment.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-4061
AS RECOMMENDED BY STAFF.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

BUDGET CLOSED.

* * * * *

MR. GHIGGERI:

Staff will interpret the motion to mean you would accept the recommendations that have been provided. Is that correct?

CHAIR RAGGIO:

That is correct. I will now open the hearing on B/A 101-4067.

Gaming Commission – Budget Page GAMING CONTROL BOARD-9 (VOLUME I)
Budget Account 101-4067

MS. FREED:

There are no major issues in this budget. There is only one minor issue of the credential pay. The Board has placed credential pay directly in the budget and staff would recommend moving it into the Board of Examiners' Salary Adjustment Account.

SENATOR MATHEWS MOVED TO CLOSE THE BUDGET AS
RECOMMENDED BY STAFF, PLACING THE CREDENTIAL PAY WITH THE
BOARD OF EXAMINERS.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

The Committee will now consider B/A 244-4063.

Gaming Control Board Investigation Fund – Budget Page GAMING CONTROL
BOARD-13
Budget Account 244-4063

MS. FREED:

There are no major issues in this budget. Staff requests the authority to make technical adjustments to the transfer of investigative fees from this budget to B/A 101-4061, based on the final approval of the GCB budget.

SENATOR TITUS:

Is this the budget in which a fee increase was initially proposed?

MR. NEILANDER:

The closing recommendations are those included in the *Executive Budget*. It does not include the fee increase. We would not implement the fee increase unless the Committee on the unclassified pay bill chose to increase that salary level. The fees have not been increased.

SENATOR TITUS:

I understand that. Was this the budget that initially proposed a fee increase?

MR. NEILANDER:

The fee increase was never in the budget. The agency proposed a fee increase during the initial budget hearing, but it was never in the *Executive Budget*.

SENATOR TITUS:

When is the last time the fees were increased?

MR. NEILANDER:

The investigative fees were increased in 2001.

SENATOR TITUS:

Were the fees increased from \$70 an hour to \$95 an hour and not increased since 2001?

MR. NEILANDER:

That is correct.

SENATOR TITUS:

Is there anywhere a fee increase could be utilized besides salary increases?

MR. NEILANDER:

Obviously, with the shift in allocation recommended by your staff, it may require us to seek a fee increase. The projections are difficult when you consider an aggregate number of applications. One application may take one hour to investigate and another may take one year. They both count as one investigation. That is an area we will need to watch closely.

Some of our positions are entities that provide a service to the industry. We try to identify the fees with those services. We try not to attach fees to services that are a direct benefit to the State but not the industry. When we conduct an audit of tax revenue that is a benefit to the State, not necessarily the licensee, we would not attach a fee in that instance.

SENATOR COFFIN:

How does the Board investigate the large holding companies that are acquiring smaller companies?

CHAIR RAGGIO:

Are you talking about the private equity groups?

SENATOR COFFIN:

That is correct. We are still short on investigative revenue. That is troublesome.

MR. NEILANDER:

If you track the Investigations Fund, we have hit our numbers for 20 years and I do not expect us to miss it this time. It fluctuates greatly over the course of a biennium. While it may appear we are short of funding at present, I am confident it will even out over the long haul. For example, we are engaged in two separate investigations. One is an investigation of a company in Italy, a major overseas lottery company. We are also engaged in a number of investigations in the Asian area. Those cases contribute more to the Investigations Fund than if we were investigating a local company.

With respect to private equity companies, it is somewhat new in respect to their investments in the gaming industry. We have a structure in place to adequately allow us to investigate and license the appropriate companies and individuals who may ultimately exercise control over a Nevada licensee.

SENATOR COFFIN:

When we receive the unclassified pay bill, will we see an increase for linguists? We cannot rely upon contractors who come from the same locale as the entity under investigation.

MR. NEILANDER:

We have made a conscious effort to employ people, over the past several years, who speak different languages. We currently have employees who fluently speak Russian, Chinese, Mandarin, Cantonese and Spanish. I recently returned from Singapore meetings. I have good news for the Committee today. I know you get tired of reading Nevada is last on various lists. When it comes to gaming regulations, Nevada is at the top of the list. That is on a worldwide basis. Requests are related to maintaining that position as the lead regulator in the world in our budgets. In my conversations in Asia over the past two weeks, Nevada is well respected in the industry.

SENATOR COFFIN:

I would hope the linguists we employ are United States citizens. I want to ensure we are not relying on individuals with deep Asian connections where we do not identify their connections. That concern comes from the daily criticism we are receiving on the Pansy Ho licensing. It is difficult to tell how seriously to take the criticisms we are receiving.

MR. NEILANDER:

The linguists we currently employ are also agents. They are individuals who are U.S. and Nevada citizens who fill a double role. With respect to the Ho investigation, there is one particular anti-gambling group engaged in a propaganda activity, and it has decided not to publish the true facts about the investigation. That happens from time to time. That is my impression of this particular group. If one drilled down into the 12 hours of hearings we held on that investigation, one would readily dismiss the criticism.

SENATOR COFFIN:

I would like to see a digest of the investigation once it is complete. We need to ensure we document, for historical reference, what has occurred.

CHAIR RAGGIO:

There appears to be a recent decrease in gaming revenue. Is it a significant concern?

MR. NEILANDER:

I do not believe it will be significant in the long run. In the short term, table game revenues have increased. There is some softness in the slot machine revenue. It is a function of "coin-in" being somewhat soft. The overall percentages remain fairly steady. I do not anticipate the situation to have long-term implications. When we present our revised forecast to the Economic Forum in May, we plan to adjust our number with a \$3 million decrease in each year of the biennium. Our projections will not change substantially.

SENATOR MATHEWS:

I work in an area where passengers walk by and want to drop coins into slot machines. Have you seen slot revenue decreases because of the ticket-in, ticket-out increases?

MR. NEILANDER:

That does not seem to have made a difference on the revenue side. It has made a difference on the expense side, because ticketing is somewhat cheaper. Approximately ten years ago, when the first ticket-in, ticket-out system was tested at Caesar's on the Strip in Las Vegas, it failed miserably because patrons wanted to hear the coins drop and experience the sounds of money being played. A resurgence began approximately five years ago, and now, people are more sophisticated and aware of automated systems and there does not seem to be a negative impact.

SENATOR MATHEWS:

Does the Indian gaming industry utilize similar paper systems?

MR. NEILANDER:

That is a gaming-wide trend at this time.

SENATOR MATHEWS MOVED TO CLOSE BUDGET ACCOUNT 101-4063
AS RECOMMENDED BY STAFF.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION PASSED. (SENATOR BEERS WAS ABSENT FOR THE
VOTE.)

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

The Committee will now consider the budgets for the Commission on Economic Development and Tourism. The first budget is the Commission on Economic Development, B/A 101-1526.

ECONOMIC DEVELOPMENT AND TOURISM

Economic Development - Commission on Economic Dev – Budget Page ECON
DEV & TOURISM-1 (Volume II)
Budget Account 101-1526

MS. FREED:

There are two major closing issues in this budget. The first is General Fund support for regional development authorities of \$10.99 million. The Committee will remember that in 2005, the Legislature approved the following annual appropriations: \$2.75 million for the Nevada Development Authority (NDA), \$1.75 million for the Economic Development Authority of Western Nevada (EDAWN) and \$995,000 to be split between the other economic development authorities in the State.

The *Executive Budget* continues that funding in the Commission's Base Budget. The rural economic development authorities were required by the 2005 Legislature to utilize the Commission on Economic Development's existing grant application process and the NDA and the EDAWN were not required to utilize the grant application process. Prior to the 2005 Legislature, the NDA and the EDAWN were required to participate in the Commission's grant process to request funding. If the Committee approves pass-through funding for some or all of those authorities, staff would recommend funding be provided to development authorities on a quarterly basis so the interest income accrues to the General Fund.

In addition, the NDA and the EDAWN utilized a portion of their expanded funding to support the Commission's advertising campaign to attract new businesses to Nevada. This is joint effort to place advertisements in California business publications. The Committee will recall both organizations made a commitment of a portion of their General Fund appropriations to the advertising campaign. The Legislature appropriated General Fund to the two development authorities. They, in turn, returned General Fund dollars to the Commission to pay for advertising.

As an alternative, staff recommends the Committee appropriate advertising funds directly to the Commission on Economic Development with all parties agreeing on the advertising content and media buys but the Commission makes the actual expenditures. Staff recommends adding \$293,614 in the General Fund to the budget and reducing the appropriations to the NDA and the EDAWN by the amounts they contributed to the advertising campaign in the Base Year. That is \$145,000 from the NDA and \$148,614 from the EDAWN.

Furthermore, staff recommends reducing the cosponsor contributions revenue line item to \$10,000 to provide enough authority for the Commission to accept contributions from the other two participants in the project; the Northern Nevada Development Authority (NNDA) and Sierra Pacific Power Company which made contributions of \$5,000 each for the campaign.

Also, staff recommends a provision of funding directly to the Commission establishing that any unspent appropriations will revert to the General Fund. At the close of FY 2005-2006, the Commission did not revert \$85,145 in advertising contributions, although staff notes those had originally been General Fund appropriations with a reversion date of June 30, 2006.

The first choice before the Committee is: do you wish to continue funding the original economic development organizations at the Governor's recommended levels as shown on the top of page 12 in [Exhibit K](#).

The second choice is if the Committee wishes to fund economic development authorities at the recommended levels, do you wish to require all development authorities to make applications to the Commission?

The third choice is if the Committee wishes to fund any of the economic development authorities with pass-through appropriations, does the Committee wish to require quarterly disbursements from the Commission's budget?

Does the Committee wish to appropriate \$293,614 to the Commission to continue the joint advertising campaign and reduce the appropriations to the NDA and the EDAWN by the amounts each contributed to the joint advertising campaign in FY 2005-2006?

CHAIR RAGGIO:

Do we know whether or not the NNDA and Sierra Pacific Power will continue to provide that kind of support? Or, is the choice to provide the authority to the Commission to receive potential contributions?

MS. FREED:

That is correct. Staff would build in sufficient authority that, if the advertising campaign continues, every entity could make their contributions.

TIM RUBALD (Executive Director, Commission on Economic Development):

I would note, at this point in time, the NDA, EDAWN, the Commission, the NNDA and Sierra Pacific Power Company are not in the process of extending the California advertising campaign.

In January, when we began to review the program, a number of participants chose to pull back from the partnership, for an unspecified period of time, to fulfill other independent and individual commitments. The agency would like to retain the flexibility to reestablish the program.

CHAIR RAGGIO:

Our staff appears to feel the funding recommendations are more effective and controllable.

MR. RUBALD:

I have no objection to staff's recommendations if the project goes forward. The question I cannot answer today is whether or not the program will continue.

MR. GHIGGERI:

Staff would not have a concern in providing the appropriation to the two development authorities. Staff would go on record that any funding appropriated in a specific fiscal year is spent in that fiscal year; not given to the development authority but given to the Commission and balanced forward. That practice has a money-laundering connotation. When funding is appropriated, it is appropriated for one fiscal year. The money is to be spent in that year, and any unspent funding is to be reverted. It is not to be appropriated, disbursed or returned to the agency to spend in a subsequent fiscal year.

MR. RUBALD:

We have no objection to that policy.

MS. FREED:

The second major issue in this budget is continuing the General Fund support for inner-city economic development. That project is in Las Vegas at \$1 million over the biennium. The Committee will recall the 2005 Legislature approved \$500,000 in each year of the biennium to support the Valley Center Opportunity Zone (VCOZ). The initial appropriation was made pursuant to Assembly Bill (A.B.) No. 576 of the 73rd Legislative Session, section 59. That funding has been continued in the Base Budget.

The Committee will also recall, pursuant to A.B. No. 576 of the 73rd Legislative Session, the funding was to be disbursed after submittal of a detailed plan, reviewed by the NDA and recommended by the NDA to the Commission on Economic Development. The choice before the Committee is whether or not to continue the \$500,000 annual appropriation for the inner-city economic development expenditure category in the Commission's Base Budget as recommended.

If so, do you wish to retain the language utilized in A.B. No. 576 of the 73rd Legislative Session?

CHAIR RAGGIO:

Is this a positive recommendation affirming the funds have been appropriately utilized?

MR. RUBALD:

At this time, the funding has been utilized appropriately. This is a young program. It took considerable time to get the program in place. It is moving forward. Initial grants from the program were allocated last week. We continue to work closely with the VCOZ and assist in the process. The recently passed Assembly Concurrent Resolution (A.C.R.) 9, amended as recommended by Senator Beers, is the current focus through this process.

ASSEMBLY CONCURRENT RESOLUTION 9: Urges the Commission on Economic Development, regional economic development authorities and local redevelopment agencies to promote economic development and urban renewal and to stimulate employment in certain areas. (BDR R-191)

MS. FREED:

There are two minor items in this budget on page 13, item 5, of [Exhibit K](#). In the Base Budget, advertising expenditure category, the *Executive Budget* continues the contract for advertising. That has expired and has not yet been rebid. The existing contract expired in FY 2005-2006. The *Executive Budget* adds \$142,562 for advertising in FY 2007-2008 and \$135,062 in FY 2008-2009. Without a valid contract in place, staff feels the Base Budget adjustment is inappropriate.

If the Committee wishes to approve the funding in the Base Budget, absent a contract, staff recommends the Commission be required to report to the IFC when a contract agreement is reached.

CHAIR RAGGIO:

When is a contract anticipated to be in place?

MR. RUBALD:

If the purchasing process moves forward as currently scheduled, we expect to have a contract before the Board of Examiners at their July 2007 meeting.

CHAIR RAGGIO:

If the contract cost is less than the authorized amount, would the excess funding be reverted?

MR. RUBALD:

Staff's recommendation is appropriate.

CHAIR RAGGIO:

It leaves open the possibility the contractor will know the amount authorized, and make their bid for that amount.

MR. RUBALD:

I certainly hope not. I consider myself a strong negotiator and treat the State's money as my own.

SENATOR MATHEWS:

I have a question on decision unit E-325.

E-325 Services at Level Closest to the People – PAGE ECON DEV & TOURISM-4

I am looking at the travel request. There is a request for travel in the Base Budget. Is this decision unit a request for additional travel funding?

MS. FREED:

No, there is no travel money in the Base Budget. This enhancement represents the total funding requested.

CHAIR RAGGIO:

The major decision is whether or not to fund the regional development authorities at the levels indicated on page 12 of [Exhibit K](#). If so, do we want the development authorities to make application through the Commission on Economic Development? That was the historical practice and was recommended by our staff.

MS. FREED:

Staff offered no additional recommendations in this budget.

CHAIR RAGGIO:

That approach seems appropriate. Would the provisions allow monitoring capabilities?

MR. RUBALD:

That approach would allow our agency to monitor the funding. Currently, the development authorities report to the IFC on a quarterly basis. They have continued to voluntarily report their actions.

CHAIR RAGGIO:

I think the Committee would be more comfortable with an application being made to, and monitored by, your agency. Details could be provided.

MR. RUBALD:

I will accept the Committee's decision.

CHAIR RAGGIO:

The quarterly disbursement seems appropriate. It would allow interest earnings in the General Fund. The Committee should consider the other appropriations as recommended. Are there any objections?

SENATOR TITUS:

I object.

RUSSELL M. ROWE (Nevada Development Authority):

Our concern is with having to work through the grant application process.

CHAIR RAGGIO:

It simply requires you to make an application and tell the agency how the funds will be utilized.

MR. ROWE:

If that is the only requirement, we have no objection. As the law is currently written, the grant process requires the presentation of matching funds.

CHAIR RAGGIO:

I do not believe we are talking about matching funds.

MS. FREED:

The statute requires matching funds; however, they can be in-kind donations.

MR. ROWE:

That is the reason former Governor Kenny Guinn separated the NDA and the EDAWN and required pass-through funding. They reached a point where they could no longer raise the private funds to match grant requests and perform their developmental duties.

CHAIR RAGGIO:

I understand.

SENATOR TITUS:

When this funding was granted to the authorities in the previous Legislative Session, it was at a time of budget surplus. It was seen as a one-shot appropriation. Now, it is proposed to be an ongoing part of their budget. I have heard no solid progress as a result of the initial funding, except, we are doing a better job attracting businesses.

I think this funding is better spent as transfer payments to local governments who have active projects. How was funding spent in the other account on actual projects approved in 2005? It was funding directed to industrial parks and is not requested in the current budget.

MR. RUBALD:

I believe you are referring to the \$3 million in the Nevada Economic Development Fund. It was appropriated and made available to all nonprofits and local governments throughout the State. I do not have the information with me; however, there were approximately twelve grants provided

in that process. It included everything from infrastructure needs, industrial parks and additional marketing funds to a couple of rural development authorities for specific situations.

Most of the projects were required, through the Commission grant process, to be projected with tangible results. They did not consider applications for planning situations.

SENATOR TITUS:

Did the agency consider that program a success?

MR. RUBALD:

Absolutely.

SENATOR TITUS:

I would rather see the State make the appropriations into that type of program rather than into the operations of the development authorities. I object to this provision, especially in these lean fiscal times.

SENATOR COFFIN:

There is a bill being considered to audit all grants provided to all nongovernmental agencies. Does anyone know the status of the bill? It could address some of the concerns expressed by Senator Titus.

MR. GHIGGERI:

I believe the bill was in Senator Cegavske's committee regarding the auditing of grants.

SENATOR BEERS:

The bill was sponsored by Senator Mark E. Amodei. I believe it has passed out of the Senate.

SENATOR COFFIN:

Will the NDA be supporting that bill in the Assembly?

MR. ROWE:

On behalf of the NDA and the EDAWN, we support that proposed legislation. We have submitted quarterly reports to the IFC reflecting all companies that have moved to this State as a result of the funding. We would be happy to provide the report for this Committee.

SENATOR BEERS:

I would disagree with Senator Titus. California recently outlawed incandescent light bulbs. That will continue the exodus of small businesses from California. The remainder of western states are marketing themselves as places for those businesses to reestablish.

If Nevada is not competitive, we will lose. Marketing Nevada as a relocation point is a good effort for our funding.

MS. FREED:

I have nothing further on this budget.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-1526 WITH
STAFF RECOMMENDATIONS.

CHAIR RAGGIO:

Would your motion continue the funding to continue the funding to the regional
development authorities at the levels indicated?

SENATOR BEERS:

Yes, it would.

MS. FREED:

I would ask the Committee to include in the motion language to clarify for staff,
whether or not all development authorities must make application to the
Commission.

CHAIR RAGGIO:

The Committee is not making that reporting requirement.

SENATOR BEERS:

I agree.

MS. FREED:

What is the Committee's pleasure for quarterly disbursements for the
pass-through funding?

CHAIR RAGGIO:

Was that included in the motion?

SENATOR BEERS:

Yes, it was. The motion will also include any technical adjustments by staff.

SENATOR CEGAVSKE SECONDED THE MOTION.

MR. GHIGGERI:

I would like to clarify; does the Committee wish to continue the funding
provision for advertising?

SENATOR BEERS:

That is correct.

CHAIR RAGGIO:

That is included in the motion.

THE MOTION PASSED. (SENATOR TITUS VOTED NO.)

BUDGET CLOSED.

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CHAIR RAGGIO:

The Committee is in recess at 10:57 a.m. The Committee is reconvened at 12:31 p.m.

The Committee is considering the remainder of Closing Document #4 ([Exhibit K](#)). We will now consider closing issues for B/A 101-1527.

Economic Development - Nevada Film Office – Budget Page ECON
DEV & TOURISM-8 (Volume II)
Budget Account 101-1527

MS. FREED:

There are no major issues in the Nevada Film Office budget. I would direct the Committee's attention to page 15, item 3, of [Exhibit K](#). Decision unit E-710 is for replacement equipment.

E-710 Replacement Equipment – Page Econ Dev & Tourism-11

The recommended appropriations are \$7,441 in FY 2007-2008 and \$8,392 in FY 2008-2009. The DoIT standard for replacement assessment is that standard technology users should replace desktops and laptops every four or five years. In accordance with the DoIT time frame, one desktop computer budgeted for FY 2007-2008 is not eligible for replacement until FY 2008-2009. In the line item adjustments on the first page of the closing document for this budget. Staff has moved the computer replacement to FY 2008-2009. Staff seeks approval for that change.

CHAIR RAGGIO:

The only adjustment is in decision unit E-710.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-1527
WITH STAFF RECOMMENDATIONS.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION PASSED. (SENATOR TITUS WAS ABSENT FOR THE
VOTE.)

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

The next budget to be considered is B/A. 101-1528.

Economic Development - Rural Community Development – Budget Page ECON
DEV & TOURISM-13 (Volume II)
Budget Account 101-1528

MS. FREED:

There are no major issues in this budget. On page 17 of [Exhibit K](#), under Other Closing Item 3, decision E-710 was affected by the first round of the Governor's suggested government-wide reductions.

E-710 Replacement Equipment – PAGE ECON DEV & TOURISM-15

The Governor recommended elimination of a printer and a conference recorder from this enhancement unit. That is a General Fund reduction of \$4,999 in FY 2007-2008. The enhancement, as reduced, is now \$5,708 in FY 2007-2008. That budget adjustment appears reasonable to staff.

CHAIR RAGGIO:

Staff will also need authority for technical adjustments.

Ms. FREED:

That is correct.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-1528 AS RECOMMENDED BY STAFF AND AUTHORIZING TECHNICAL ADJUSTMENTS.

SENATOR CEGAVSKE SECONDED THE MOTION.

SENATOR COFFIN:

Staff stated a printer was deleted from this budget. How old is the current printer?

Ms. FREED:

This budget is not responsible for heavy desktop-publishing work in house. The printer requested for replacement was checked by staff and appeared to be eligible for replacement. Staff recalls it was purchased in 1999.

SENATOR COFFIN:

That is getting pretty old.

Ms. FREED:

Yes, it is. They do have other printers in the office.

SENATOR COFFIN:

Does the agency hold a number of meetings? Is there a recorder they can borrow?

Ms. FREED:

They currently own a recorder. It is old and quite heavy.

SENATOR COFFIN:

Is the recorder in working order?

Ms. FREED:

Yes, it is.

THE MOTION PASSED. (SENATOR TITUS WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

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CHAIR RAGGIO:

The next budget to be considered is B/A 101-4867.

Economic Development - Procurement Outreach Program – Budget Page ECON
DEV & TOURISM-18 (Volume II)
Budget Account 101-4867

MS. FREED:

There are no major closing issues in this budget. There are a few closing items to note.

The Committee will remember discussion, at the budget hearing, concerning the performance indicators in the *Executive Budget* showing the number and dollar value of contracts received by the agency.

CHAIR RAGGIO:

This is the budget that helps the agency generate contracts.

MS. FREED:

That is correct. This is the budget where staff performs training and assists small businesses in Nevada to procure government contracts. In the *Executive Budget*, the agency projected 130 fewer contracts received by procurement outreach clients at a value of \$275 million annually. After discussion, the Commission reevaluated how the performance indicators were calculated and provided staff revised projections. As a result, the Commission has advised staff, during FY 2005-2006, Nevada firms received 1,272 federal contracts with a combined value of \$526 million.

CHAIR RAGGIO:

That report is much better than the original projections.

MS. FREED:

It is better. The agency did not provide any new projections for FY 2007-2008 and FY 2008-2009. The federal government has revised how it calculates the dollar value captured per job. That information is only for the Committee's understanding. There is no decision necessary.

CHAIR RAGGIO:

The Committee is concerned whether or not the Procurement Outreach Program is effective.

MR. RUBALD:

It is a viable program. For the \$70,000 or \$80,000 in General Fund appropriation there is nowhere else in the agency's budget that would give the State a better return on investment. They assist small businesses to create jobs and help them in the process. Many Committee members, and I, have owned small businesses. Trying to understand the contract requirements at the federal, or even the State, levels is a complex undertaking. The individuals in this Division are specialists in their field and open many doors for small businesses.

CHAIR RAGGIO:

Who is the administrator of this program?

MR. RUBALD:

Mr. Rick Horn is Director of the Procurement Outreach Program.

CHAIR RAGGIO:

Please direct Mr. Horn to provide better performance indicators than those used in this budget process. Staff is recommending, prior to the next Legislative Session, more complete data must be supplied prior to the September 2008 budget meeting. The Committee will issue a letter of intent concerning those directions.

MR. RUBALD:

I agree. This is partially a matter of the turnover process the agency has experienced recently.

CHAIR RAGGIO:

It is a good program. The Committee simply wants to ensure they are performing at their best.

MR. RUBALD:

I agree.

CHAIR RAGGIO:

We want to generate contracts and we do not wish to lose business for Nevada.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-4867 WITH NO MAJOR CLOSING ISSUES. THE COMMITTEE WILL ISSUE A LETTER OF INTENT REQUESTING A REPORT NO LATER THAN SEPTEMBER 2008.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION PASSED. (SENATOR TITUS WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

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CHAIR RAGGIO:

The Committee wishes to compliment staff on your budget presentations and thoroughness.

MR. RUBALD:

The agency also offers its appreciation of the LCB staff.

CHAIR RAGGIO:

The Committee will now consider B/A 101-2666.

EDUCATION

K-12 EDUCATION

NDE - Commission on Postsecondary Education – Budget Page K-12 ED-103
(Volume I)
Budget Account 101-2666

MELINDA MARTINI (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

This is the second time this budget has come before the Committee. There is one major closing issue in this budget. It concerns a new full-time compliance auditor investigator III.

The Committee will recall the Commission on Postsecondary Education is requesting consideration for a new auditor position for the agency; this request was not included in the *Executive Budget*. The request is based upon testimony received earlier indicating the Commission does not have the personnel capacity to perform its function of reviewing certain schools.

The Budget Division submitted Budget Amendment 104 which would appropriate General Fund of \$55,274 in FY 2007-2008 and \$75,200 in FY 2008-2009 to support the new position. That includes related costs of \$4,185 in FY 2007-2008 and \$1,855 in FY 2008-2009 for a computer, printer, in-state travel allowing travel to the schools to perform audits and operating expenses.

CHAIR RAGGIO:

Without this position, the agency will be ineffective. They have only been able to review a few schools. Does staff consider the addition of the position a significant assistance to the agency to meet its goals?

MS. MARTINI:

Yes, Mr. David Perlman has indicated this position would allow the agency to review 100 percent of their active schools. The position would also manage the new Alcohol Awareness Program.

CHAIR RAGGIO:

Are there other closing items in this budget?

MS. MARTINI:

The other closing item before the Committee is a consideration of fee increases. The agency had requested fees be increased. The fees have not been increased since 1989. Senate Bill 63, which has been indefinitely postponed, would have increased the fees. The additional revenue the increased fees would have produced would have been \$64,100, as estimated by the agency.

SENATE BILL 63: Revises certain fees charged by the Commission on Postsecondary Education. (BDR 34-563)

CHAIR RAGGIO:

Are fee increases included in this budget?

MS. MARTINI:

The Governor did not support the fee increase.

CHAIR RAGGIO:

Would the appropriation for the new position be generated entirely through the General Fund?

MS. MARTINI:

That is correct.

CHAIR RAGGIO:

Is it your testimony there has been no fee increase in this budget since 1989?

MS. MARTINI:

That is correct.

CHAIR RAGGIO:

In other words, the fee increases, if approved would have offset the costs of the new position request?

MS. MARTINI:

That is correct. The agency believes the additional revenue, through fee increases, would have been \$64,100 directed to the General Fund.

CHAIR RAGGIO:

In either case, the expenditure would be through the General Fund?

MS. MARTINI:

That is correct.

CHAIR RAGGIO:

Who pays these fees? Is it from each school for reviews and for the initial application?

MS. MARTINI:

That is correct. There are a variety of fees in this budget. A copy of S. B. 63 is attached, on page 23 of [Exhibit K](#), where it lists the various fees that would have been affected.

CHAIR RAGGIO:

Senate Bill 63 was indefinitely postponed in the other Committee. If this Committee wished to reinstate those provisions, a new bill would need to be requested. What is the Committee's pleasure?

SENATOR COFFIN:

Not having heard the policy discussions on S.B. 63, the Senate Committee on Human Resources and Education may have decided the fee increases were not necessary.

CHAIR RAGGIO:

This Committee also heard the policy presentation. The issue was, they have not been able to perform their duties due to understaffing issues. The case has been made clearly that an additional staff position is necessary. If the position is approved, the agency will have the capability to review 100 percent of the schools under their purview.

The question is whether to fund the position through a General Fund appropriation. What amount would that requirement be?

MS. MARTINI:

The cost of the position is \$55,274 in FY 2007-2008 and \$75,200 in FY 2008-2009.

CHAIR RAGGIO:

If the fees were increased, it would offset the costs of the additional position. What is the Committee's pleasure?

SENATOR TITUS:

I was in favor of raising fees for the Gaming Commission that did not pass. If these fees have not been raised since 1989, they should be raised. This is a service to these schools because once they are certified, their students have the ability to apply for grants.

MS. MARTINI:

The schools pay the fees to receive service from the Commission. It does not affect the students.

CHAIR RAGGIO:

It is not a complete differential. I would note the Gaming Commission generates a large portion of the General Fund revenue. An agency such as this is not generating a similar amount of revenue.

SENATOR CEGAVSKE:

If I am reading S.B. 63 correctly, I would propose we raise the existing fee, but not approve any new fees.

CHAIR RAGGIO:

If we want to fund the majority of costs for the position through an offset fee increase, the Committee must introduce a bill to resurrect S.B. 63 in this Committee.

Our decision, at this time, is whether or not to close B/A 101-2666 based upon additional fee income in lieu of a General Fund appropriation.

SENATOR CEGAVSKE:

My question is, there is an existing fee that could be raised, and the previous bill recommended a new additional fee.

MS. MARTINI:

A new fee of \$500 is proposed for certification through the Alcoholic Beverage Awareness Program which was approved in the 2005 Legislature. That program has no fee increase attached to it at this time. The other programs have fees associated with them.

CHAIR RAGGIO:

An increase in existing fees that have not been increased since 1989 is under consideration.

The Chair would entertain a motion to close this budget, as indicated, with a new position. In addition, we would request a bill draft that would allow the imposition of a new fee.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-2666 AS RECOMMENDED BY STAFF; TO INCLUDE ONE NEW POSITION; AND THE COMMITTEE REQUESTS A BILL DRAFT FOR THE IMPOSITION OF A NEW FEE.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

BUDGET CLOSED.

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MR. GHIGGERI:

Senate Bill 423, which was heard this morning, had an appropriation of \$150,000 for an audit of the voting machines. I asked the Legislative Auditor, Mr. Paul V. Townsend, what he thought it would cost. He advised \$300,000 was paid for the audit of the Clark County School District in the last interim and \$278,000 for an audit of the child support enforcement programs.

CHAIR RAGGIO:

Does the auditor have an idea of what this type of audit might cost?

MR. GHIGGERI:

He does not. He provided these other sample audit costs for the Committee's information.

CHAIR RAGGIO:

There being no further business, this Committee is adjourned at 12:51 p.m.

RESPECTFULLY SUBMITTED:

Cynthia Clampitt,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: _____