

**MINUTES OF THE
JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT
OF THE SENATE COMMITTEE ON FINANCE
AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-fourth Session
April 27, 2007**

The Joint Subcommittee on General Government of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order at 8:09 a.m. on Friday, April 27, 2007. Chair Bob Beers presided 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.

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Bob Beers, Chair
Senator Dean A. Rhoads

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblywoman Kathy McClain, Chair
Assemblyman Tom Grady
Assemblyman Joseph P. (Joe) Hardy
Assemblyman Joseph Hogan
Assemblywoman Ellen Koivisto
Assemblyman David R. Parks

SUBCOMMITTEE MEMBERS ABSENT:

Senator Bob Coffin (Excused)

STAFF MEMBERS PRESENT:

Joi Davis, Program Analyst
Julie Diggins, Program Analyst
Rex Goodman, Program Analyst
Larry L. Peri, Principal Deputy Fiscal Analyst
Mark W. Stevens, Assembly Fiscal Analyst
Michael Bohling, Committee Secretary

OTHERS PRESENT:

Dino DiCianno, Executive Director, Department of Taxation
D. Roger Bremer, Administrator, Division of Industrial Relations, Department of
Business and Industry

CHAIR BEERS:

We will begin the hearing with the Department of Administration, budget account (B/A) 101-1320.

ADMINISTRATION

Information Technology Division – Budget Page ADMIN-29 (Volume I) Budget Account 101-1320

REX GOODMAN (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

There is one major closing issue noted in the Joint Subcommittee on General Government Closing List Number 6 ([Exhibit C](#), original is on file in the Research Library) involving the redistribution of Integrated Financial System (IFS) charges shown in decision unit E-225.

E-225 Eliminate Duplicate Effort – Page ADMIN-31

This is somewhat related to the IFS consolidation project approved last week by this Subcommittee. This project consolidates 15 file servers and a number of applications within the system into 2 larger servers. This decision unit requests to redistribute the historical costs paid by this budget account to the other core users of those applications, mainly the Department of Personnel (DOP) and the Department of Administration, Budget and Planning Division.

This would reduce the budget of the Information Technology Division of the Department of Administration by \$120,657 in fiscal year (FY) 2007-2008 and by \$121,404 in FY 2008-2009. There would be a slight General Fund reduction with this action since charges, which were currently paid directly by the General Fund, would be transferred to the DOP and then assessed across many different agencies with many different funding sources. Staff has no other issues with this decision unit.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE REDISTRIBUTION OF THE IFS CHARGES AS RECOMMENDED IN THE GOVERNOR'S BUDGET.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. GOODMAN:

Under other items, decision unit E-900 recommends the transfer of a master services agreement (MSA) contractor position, which supports the IFS software applications, into this budget account from the Division of Budget and Planning's budget account. There is a cost of approximately \$200,000 each year to support this position. Staff agrees it appears to be reasonable to move these costs into the support budget for the IFS. This action would continue the long-term reliance on an MSA contractor to support these vital State applications.

E-900 Transfer to 1320 – Page ADMIN-33

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Decision unit E-712 recommends funding to replace 50 desktop computers within the IFS training rooms for the Division. The computers are approximately five years old.

E-712 Replacement Equipment – Page ADMIN-32

Decision units E-711 and E-713 contain requests for replacement office hardware and software for the Division. This would include desktop computers, software, printers and a file server. An adjustment has been made to the cost of the file server to comply with the Governor's budget reduction request.

E-711 Replacement Equipment – Page ADMIN-31

E-713 Replacement Equipment – Page ADMIN-32

Decision unit E-901 recommends the transfer of some associated operating costs for a Personal Computer Local Area Network technician position which will now be funded through the Department of Administration, Budget and Planning Division. This position, and the operating costs for e-mail, telephone and associated costs, will be paid from the Planning Division budget account. Staff has no issues with these decision units and would ask for the authority to make technical adjustments based upon the Department's internal cost allocation, revisions and any revisions as to the equipment costs as projected by the Purchasing Division.

E-901 Transfer to B/A 1340 – Page ADMIN-33

SENATOR RHOADS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNITS E-900, E-712, E-711, E-713 AND E-901; AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

CHAIR McCLAIN:

I agree with the recommendation, but we should review these expensive contracts. The next time, we should add a technician to the budget instead of spending so much on contractors.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BEERS:

We will begin the hearing on the Information Technology Projects, B/A 101-1325.

Information Technology Projects – Budget Page ADMIN-36 (Volume I)
Budget Account 101-1325

MR. GOODMAN:

We should discuss the information technology projects recommended as one-shot appropriations in the Governor's budget which would be overseen by this budget account should they be approved. There are ten projects, one of which has been removed from consideration for oversight from this Division. The other nine projects are listed as closing items in your closing document ([Exhibit C](#)). At the Joint Subcommittee on General Government hearing on March 8, 2007, this Committee requested the Division to prioritize these projects in order of importance as seen by the Office of the Governor and the Division. In your closing document, these projects are listed in order of priority from first to last.

Project 1 is the Nevada Department of Transportation's (NDOT) 800 megahertz (MHz) radio system expansion. This project has funding of approximately \$7,630,000 in Highway Fund monies and includes the addition of ten mountaintop radio sites. Four of the sites would be new construction, and the other six would be jointly developed with other agencies. This would also include the addition of available radio channels, the addition of on-air programming, a contract for tuning all of the sites and controllers, the purchase of portable repeaters and a complement of spare equipment for the system.

CHAIR McCLAIN:

By the time we get this project completed, the 800 MHz radio system will be old technology. I am not a fan of this project. It is a sinkhole of money.

ASSEMBLYMAN HOGAN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE 800 MHz RADIO SYSTEM.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMEN McCLAIN AND KOIVISTO VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. GOODMAN:

The second project is a study of the Emergency Medical Services (EMS) radio system. This would pay a contractor to analyze the system and recommend a replacement system. At the hearing of the Joint Subcommittee on General Government on March 8, 2007, the Division indicated they would like to study the system since some of the local agencies which utilize the system have purchased, and would like to continue utilizing, their own equipment with this replacement system.

ASSEMBLYWOMAN KOIVISTO:

How many times will we study this project?

MR. GOODMAN:

It is my understanding this project has not previously been studied.

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CHAIR MCCLAIN:

Why will this study require \$150,000? It appears we already know the system is 25 years old, with 400 radios and 32 mountaintops. What is left to study?

CHAIR BEERS:

Have we heard any testimony on this project?

MR. GOODMAN:

I believe we heard brief testimony indicating the other units were using their own equipment at hearing of the Joint Subcommittee on General Government on March 8, 2007.

CHAIR BEERS:

Is the instance in which some individuals purchased their own equipment?

MR. GOODMAN:

Yes.

CHAIR MCCLAIN:

This project excludes Clark County where 75 percent of the State's population resides. We should review Clark County's process and use it as an example.

CHAIR BEERS:

The problem is we have communities outside of Clark County with volunteer fire departments and EMS units which have purchased their own equipment with their own funds. We would like to avoid them having to purchase new, compatible equipment.

SENATOR RHOADS MOVED TO RECOMMEND TO THE FULL
COMMITTEE TO APPROVE FUNDING THE STUDY OF THE EMERGENCY
MEDICAL SERVICES RADIO SYSTEM.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

CHAIR BEERS:

The reason we need a study is due to the number of different entities using radio equipment manufactured by different companies which may not be compatible.

CHAIR MCCLAIN:

They can study the need for a new system; they just do not need \$150,000 to perform the study. This is part of the job of the people who work in this area.

CHAIR BEERS:

Actually, there are no personnel in this budget account.

CHAIR MCCLAIN:

The people in the EMS group should perform the study. They are the experts.

CHAIR BEERS:

It appears this budget account is attempting to hire a consultant rather than hire personnel.

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ASSEMBLY: THE MOTION FAILED (ASSEMBLYWOMEN McCLAIN AND KOIVISTO AND ASSEMBLYMAN PARKS VOTED NO.)

SENATE: THE MOTION PASSED UNANIMOUSLY.

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CHAIR BEERS:

We have a closing difference. We will move on to the next project.

MR. GOODMAN:

The third project is for the Nevada Executive Budget System (NEBS) application. The Governor recommends funding of \$220,500 to automate the existing work program process, which is currently performed manually, to make adjustments to the Legislature-approved budget during the interim periods. This application enhancement would utilize the same vendor which produced the NEBS. Pursuant to instructions from the Joint Subcommittee on General Government hearing on March 8, 2007, the Budget Division held a meeting between the proposed major users of this application on March 20. The application was discussed and no major issues were identified.

SENATOR RHOADS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE NEBS WORK PROGRAM ENHANCEMENT.

ASSEMBLYWOMAN McCLAIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. GOODMAN:

The fourth project is a public health data warehouse for the Health Division which would cost approximately \$2.2 million over the biennium. The project would develop a linked data warehouse to combine 33 separate databases within the Department of Health and Human Services into one consolidated warehouse. It would include a portal for State agencies and the public to utilize data more efficiently with less assistance from the biostatisticians who work within the Health Division.

At the hearing of the Joint Subcommittee on General Government March 8, 2007, the Division indicated it does not risk losing federal funding by not having a data warehouse, but estimates it could capture an additional 1 percent of their annual grant funding, which would amount to \$1 million each year, if they had a data warehouse.

ASSEMBLYMAN PARKS:

My concern is if they build this into one major system, it may become overloaded and inoperable. Of the 33 different databases, will they be linked together, or will it become its own separate system?

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CHAIR BEERS:

Typically, a data warehouse either inquires of other databases or receives from other databases the latest snapshot of the database and places it into a central repository. It does not interfere with the original database at all. The central repository then becomes the place from which to generate reports.

ASSEMBLYMAN PARKS:

Then, it becomes a hub and spoke type of system.

CHAIR BEERS:

My concern is the biostatisticians are putting lot of effort going into this by the biostatisticians, but there is no suggestion approval of this expenditure would reduce the number of biostatisticians. If they are making the case they do too much busywork and we spend the money to create this system, they should have the ability to eliminate some positions. Financially, we will not lose any money if we do not approve the funding. We might get grants which will pay for the system in two years, but they did not indicate any specifics.

MR. GOODMAN:

The Division has provided two specific grants which they could possibly receive if the system were in place. Those two are the Environmental Public-Health Tracking System grant, which they have received in the past, and the Heart Disease and Stroke federal grants.

CHAIR McCLAIN:

None of these will live or die by today's votes. Are these votes not only recommendations?

MARK W. STEVENS (Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

Subcommittee actions will be taken to full Committee. There are few occurrences when the full Committee will disagree with the Subcommittee's actions.

CHAIR McCLAIN:

Are these projects in a bill?

MR. STEVENS:

Yes, they are in a bill. The bill is in the Assembly Committee on Ways and Means where it will be heard within the next week. The Committee will put a lot of stock in the decisions made by the Subcommittee.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE FUNDING FOR THE PUBLIC HEALTH DATA WAREHOUSE.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

ASSEMBLYMAN HARDY:

In the interim Assembly Committee on Health and Human Services, we discussed the data we needed to track to determine what we are doing with the

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health in the State of Nevada. I would be supportive of the approval of funding for the public health data warehouse project.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN KOIVISTO AND ASSEMBLYMAN GRADY VOTED NO.)

SENATE: THE MOTION FAILED. (SENATOR BEERS VOTED NO.)

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CHAIR BEERS:

This motion has failed on the Senate side and we have a closing difference.

MR. GOODMAN:

The fifth project, also for the Health Division, would create an electronic birth-registry system to complete the Web Enable Vital Records Registry System (WEVRRS). The Division has been implementing phases of this system which first included the development of the work processes and functional requirements for registering births. The second phase implemented an electronic death-registry system. The second phase was funded with federal funding, but the birth registry is recommended to be funded with General Fund monies.

The Division stated the passage of the federal Real ID act would require electronic access to birth and death records; this project would assist with this requirement. The Division indicated 23 states have implemented these systems and 15 others are currently working on the process. The proposed vendor to complete this process has implemented five other similar systems in other states.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO NOT APPROVE FUNDING TO CREATE AN ELECTRONIC BIRTH-REGISTRY SYSTEM TO COMPLETE THE WEVRRS.

SENATOR BEERS SECONDED THE MOTION.

ASSEMBLYWOMAN KOIVISTO:

I like this one.

CHAIR McCLAIN:

If we need this for the Real ID act, the federal government can pay for it.

ASSEMBLYMAN HOGAN:

This is another example of the federal government backing away from supporting items which may be needed long term. They paid for the death registry but will not pay for the birth registry.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN PARKS VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. GOODMAN:

The sixth project is an enhancement for the NEBS which would create a Distributive School Account (DSA) module to allow the Department of Education and local school districts to electronically enter their budgets, enrollments and other information required for the development of the DSA directly into the application. This module would reportedly improve accuracy, data integrity, streamline processes and eliminate duplicate efforts on the part of the school districts. The Budget Division and the Legislative Counsel Bureau (LCB) will compile this information.

Pursuant to the Joint Subcommittee on General Government hearing on March 8, 2007, the Budget Division held a meeting among representatives of the LCB, the Department of Education and four major school districts, including Clark and Washoe Counties, to discuss the program. After discussion, the parties in attendance agreed the project should go forward. Staff would note, \$25,290 was approved through the Interim Finance Committee to begin the implementation of this project in FY 2005-2006. Though this funding does not directly relate to what is requested at this time, the funding has not been removed to provide ongoing vendor support for the NEBS and Nevada Employee Action and Timekeeping System (NEATS) applications.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE FUNDING TO DEVELOP A DSA MODULE FOR THE NEBS.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

CHAIR McCLAIN:

I want to note the school districts currently use Microsoft Excel spreadsheet software to develop their budgets.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. GOODMAN:

The seventh project is for the Division of State Lands' land management system. The Governor recommends funds of \$449,800 to replace the Division of State Lands' database system and improve database reliability, implement a geographical information system component and reduce reliance on paper records.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE FUNDING TO REPLACE THE DIVISION OF STATE LANDS' LAND MANAGEMENT SYSTEM.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. GOODMAN:

The eighth project is an additional module for the NEATS application, Phase II of the travel tracking system. Phase I was implemented by the NDOT. Phase II would add components to the system and enabling this application to interface with the State Motor Pool's fleet management system allowing State employees to request Motor Pool vehicles for State travel automatically through the system. The system would also allow employees to create their travel reimbursement requests more easily.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE FUNDING FOR PHASE II IMPLEMENTATION OF THE NEATS TRAVEL TRACKING SYSTEM.

SENATOR RHOADS SECONDED THE MOTION.

ASSEMBLYMAN PARKS:

This more than a reservation system. It will create a reservation system and generate financial data reports automatically into an accounting system.

MR. GOODMAN:

The financial reports are mainly included in Phase I, but have not been implemented by all State agencies. The Division has indicated they need some enhancements in Phase II to make the first phase more usable and easily implemented by other State agencies.

ASSEMBLYMAN PARKS:

How much did Phase I cost?

MR. GOODMAN:

I do not have that information with me. I believe it was substantially less than Phase II. The cost of Phase II is \$226,000.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. GOODMAN:

The ninth project is a replacement system for the Office of Veterans' Services which is essentially a billing and database system to replace their financial billing and clinical software system. The Division reports that although the current system is only approximately three years old, it causes errors in resident's medical and billing files. It has never functioned correctly and the current vendor is unable to correct the system to the State's standards.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE FUNDING FOR A REPLACEMENT BILLING AND DATABASE SYSTEM FOR THE OFFICE OF VETERANS' SERVICES.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BEERS:

I will accept a motion at this time to accept the two items listed under other items on page 10 of the closing document ([Exhibit C](#)).

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE FUNDING FOR THE STORAGE AREA NETWORK FOR THE OFFICE OF THE ATTORNEY GENERAL; PURCHASE OF 21 REPLACEMENT NETWORK EDGE ROUTERS BY THE DEPARTMENT OF ADMINISTRATION; REQUIRE SEPARATE ACCOUNTS FOR EACH OF THE PROJECTS IN THIS BUDGET ACCOUNT; AND THE ABILITY TO MOVE ANY CONTINGENCY FUND BETWEEN PROJECTS.

SENATOR RHOADS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BEERS:

The next item is Budget and Planning, B/A 101-1340.

Budget and Planning – Budget Page ADMIN-1 (Volume I)
Budget Account 101-1340

JOI DAVIS (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

There are two issues in B/A 101-1340. The director's office cost allocation contained an error for the upcoming biennium. Budget amendment 50, submitted on March 14, adjusts the error by increasing General Funds in this account by \$73,078 in FY 2007-2008 and by \$77,931 in FY 2008-2009. The Subcommittee needs to determine whether or not they wish to approve this budget amendment.

SENATOR RHOADS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE BUDGET AMENDMENT 50.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DAVIS:

The next item is the UNIX/IFS server consolidation as shown in decision unit E-225. This Subcommittee took action last week to remove the Office of the State Controller as a participant as a core user in this project. The Subcommittee can approve this decision unit, but it would be subject to revised costs for the Division of Budget and Planning's portion of the cost of the project.

E-225 Eliminate Duplicate Effort – Page ADMIN-3

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT E-225 SUBJECT TO THE REVISED COSTS FOR THE BUDGET AND PLANNING DIVISION'S PORTION OF THE PROJECT.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DAVIS:

The next items are listed under other closing items on page 14 of the closing document ([Exhibit C](#)). Item 1 is for the purchase of Microsoft Project Server software with required license, in the approximate amount of \$10,000, to be purchased by the Division in FY 2007-2008 as shown in decision unit E-275. Staff does not believe this is a necessary expenditure and would seek the Subcommittee's decision whether or not to approve this funding.

E-275 Maximize Internet and Technology – Page ADMIN-4

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE NOT TO APPROVE \$10,191 FOR THE PURCHASE OF MICROSOFT PROJECT SERVER SOFTWARE WITH REQUIRED LICENSE.

SENATOR RHOADS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DAVIS:

The remaining items in this budget account appear reasonable to staff. I can review each of them if the Committee wishes.

ASSEMBLYMAN HOGAN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE STAFF RECOMMENDATIONS ON THE OTHER CLOSING ITEMS AS LISTED IN THE CLOSING DOCUMENT FOR B/A 101-1340 AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN McCLAIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DAVIS:

The next budget account is Insurance and Loss Prevention, B/A 715-1352.

Insurance and Loss Prevention – Budget Page ADMIN-40 (Volume I)
Budget Account 715-1352

The only issue in this account is budget amendment 51 to amend the \$100,000 insurance policy which would have provided insurance coverage for contractors inspecting the ongoing maintenance of the Hoover Dam Bridge project. This project has been delayed and the insurance policy is no longer needed in the upcoming biennium. This budget document includes the adjustment and the remainder of the account would close as staff recommended.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE BUDGET AMENDMENT 51; TO APPROVE STAFF RECOMMENDATIONS ON ALL OF THE DECISION UNITS; AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DAVIS:

The next budget account is the Division of Internal Audits, B/A 101-1342.

Division of Internal Audits – Budget Page ADMIN-47 (Volume I)
Budget Account 101-1342

The issue in this account is an auditor III position which has been vacant since December 4, 2004. This position was established in 2001 and was filled for

a period of approximately 2.5 years. The agency does not seem to have incurred an overage of overtime costs or compensatory time since the position has been vacant. Staff recommends this position be eliminated if the Subcommittee would so choose.

SENATOR RHOADS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO ELIMINATE THE AUDITOR III POSITION AS STAFF RECOMMENDED.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DAVIS:

The remaining items in this budget account, listed under other closing items on page 20 of the closing document ([Exhibit C](#)), include decision units for funding a statutorily-required peer review audit and replacement computers. These decision units appear to be reasonable and staff would recommend the remainder of the account close as recommended by the Governor with additional technical adjustments.

CHAIR BEERS:

We will also note any unclassified raises which exist in any of these budgets are being held pending the final unclassified budget bill.

ASSEMBLYMAN PARKS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE B/A 101-1342 AS RECOMMENDED BY STAFF AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN McCLAIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DAVIS:

The next item is Purchasing, B/A 718-1358.

Purchasing – Budget Page ADMIN-64 (Volume I)
Budget Account 718-1358

The issue in this budget account is the repayment of project 03-S01 from the 2003 Legislative Session. There is no budgetary action involved, but the Subcommittee should note repayment should not occur through this budget account and should be in accordance with other projects which are

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cost allocated through the statewide cost allocation plan (SWCAP). Staff concurs with this and would recommend language to eliminate the repayment requirement be included in the capital improvement program bill for this upcoming Legislative Session.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO TAKE NO ACTION ON THIS ITEM, AND TO NOTIFY THE JOINT SUBCOMMITTEE ON HIGHER EDUCATION AND CAPITAL IMPROVEMENTS.

SENATOR RHOADS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DAVIS:

Listed under other closing items, on page 22 of the closing document ([Exhibit C](#)), is position transfers. This Subcommittee approved action last week in the DoIT budget closing to transfer four positions from the contract services unit into the State Purchasing Division budget account. However, staff has adjusted the rent which was brought over from the DoIT since these four positions will be located in the Purchasing Division. This closing document adjusts this recommendation.

This Subcommittee did not approve the additional training requested for these four positions in a decision unit in the DoIT budget account which would amount to \$5,040 in each year of the biennium. This adjustment has also been made in this account.

The remaining items, replacement equipment and an SUV from excess property, all appear to be reasonable to staff.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNITS E-125, E-915, E-916, E-917, E-711, AND E-813 AS RECOMMENDED AND AS ADJUSTED BY STAFF; AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DAVIS:

The next item is the Commodity Food Program, B/A 101-1362.

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Commodity Food Program – Budget Page ADMIN-72 (Volume I)
Budget Account 101-1362

This program is federally funded, contains five programs and has not been previously reviewed by the Subcommittee. There are no closing issues with this account. One adjustment has been made to include \$1,813 in expenditures for the Division's storage payment to the Purchasing Division which was not included in the *Executive Budget*. Other than this adjustment, staff would recommend the account be closed as recommended by the Governor with technical adjustments.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE B/A 101-1362 AS RECOMMENDED BY THE GOVERNOR; AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DAVIS:

The next item is the Department of Administration's Hearings Division, B/A 101-1015.

Administration - Hearings Division – Budget Page ADMIN-119 (Volume I)
Budget Account 101-1015

There are no major issues in this account. The account has been adjusted to eliminate one laptop computer in FY 2008-2009. Staff and the agency discussed their technology requests in decision unit E-710, and they are on track for their replacement schedule. They did not purchase desktop computers or printers in the last biennium even though they were authorized to do so. Staff believes they are now on track in maintaining replacement and inventory schedules of their software and hardware needs.

E-710 Replacement Equipment – Page ADMIN-121

An edge router is requested in decision unit E-719, and some miscellaneous furnishings are requested in E-720. Staff would seek authority to make any technical adjustments which may be required.

E-719 Replacement Equipment – Page ADMIN-121

E-720 New Equipment – Page ADMIN-122

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE B/A 101-1015 AS RECOMMENDED BY THE GOVERNOR WITH STAFF'S RECOMMENDATION ON E-710.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DAVIS:

The next item is Victims of Crime, B/A 287-4895.

Victims of Crime – Budget Page ADMIN-124 (Volume I)
Budget Account 287-4895

This account is funded through federal funds and court assessments. In the closing items, there was an expenditure category in which medical provider payments were inappropriately placed in the operating category. Staff has adjusted this closing document to reflect the correct placement of this expenditure. This account is under the Hearings Division and they had the same issue with their technology request. They are now on track in maintaining schedules for their software and hardware needs. Staff has adjusted this account for the removal of four desktop computers and one Ethernet port hub.

The Subcommittee should note the Judicial Branch is re-projecting their court assessments and anticipate an increase of \$1.6 million in FY 2007-2008 and \$2.2 million in FY 2008-2009. In addition to other entities, such as the Criminal History Repository, the Peace Officer Standards and Training Commission, the Nevada Highway Patrol, the Attorney General's Advisory Council for Prosecuting Attorneys and the Compensation for Victims of Crime, this account would receive 49 percent of the court assessments. Does this Subcommittee wish to authorize staff to increase the administrative assessments from courts into this account based on the action taken in the Judicial Branch closings next week?

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE B/A 287-4895 WITH STAFF'S RECOMMENDATIONS; TO GIVE STAFF AUTHORITY TO MAKE ADJUSTMENTS FOR THE ASSESSMENTS DEPENDING ON THE FINAL REVISED COURT ASSESSMENT FIGURES; AND TO GIVE STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS AS WARRANTED.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

CHAIR McCLAIN:

Are we secure in these new assessment figures?

Ms. DAVIS:

We are not positive the other entities, which are entitled to a portion of 49 percent of the assessment, will be making adjustments in their accounts for these court assessments. These projections are based on what the courts have projected as an increase which the Subcommittee may choose not to accept. It

is based on whether or not the Subcommittee chooses to approve the increase in court assessments.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DAVIS:

The next item is the Department of Personnel, B/A 717-1363.

PERSONNEL

Personnel – Budget Page PERSONNEL-1 (Volume I)
Budget Account 717-1363

The first issue in this account, budget amendment 97, eliminates decision unit E-250, preemployment drug testing for all new State employees. This amendment came to us on April 9, 2007. Based on the amendment, staff has adjusted the budget account to eliminate the decision unit and would note that the bill containing the statutory language for this provision has been withdrawn.

E-250 Working Environment and Wage – Page PERSONNEL-4

The next issue is the two new positions the Department is requesting. In decision unit E-252, a mental health counselor III for Elko is requested for the Employee Assistance Program (EAP). The Department provided information regarding the number of contacts received in the rural areas during calendar year 2006 as shown in the chart on page 31 of the closing document ([Exhibit C](#)). Staff did not believe this number of contacts was enough to justify a full-time position. If a counselor were in the rural areas, the Department anticipates the number of contacts would increase. Staff recommends allowing the agency to contract this service to serve the needs of the rural areas and determine what increase might occur in the region in future biennia. This recommendation is listed as option B on page 31 of the closing document.

E-252 Working Environment and Wage – Page PERSONNEL-4

SENATOR RHOADS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO AUTHORIZE THE AGENCY TO CONTRACT THE SERVICES OF A MENTAL HEALTH COUNSELOR AS STAFF RECOMMENDS IN OPTION B OF THE CLOSING DOCUMENT.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DAVIS:

The second position the Department is requesting, in decision unit E-255, is a compliance investigator II for the sexual harassment/discrimination unit established in 2003. The agency provided the caseload data shown on page 32 of the closing document. Staff was uncertain the caseload was significant enough to require a full-time position. The other issue is the investigations are protracted, requiring approximately 49 days for completion, and the courts have ruled these types of cases should be investigated within a couple of weeks. Staff has provided some options for the Subcommittee to consider and would recommend option B, which would approve a half-time compliance investigator II for the southern office to assist in completing investigations in a more timely fashion.

E-255 Working Environment and Wage – Page PERSONNEL-5

SENATOR RHOADS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE A HALF-TIME COMPLIANCE INVESTIGATOR II POSITION AS STAFF RECOMMENDS IN OPTION B OF THE CLOSING DOCUMENT.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DAVIS:

The next item is decision unit E-586, Phase II of the applicant tracking system. Phase I was funded and approved by the 2005 Legislature and went live on September 4, 2006. This allows prospective employees to review and apply for jobs online and was a successful implementation. This was originally meant to be a three-phase operation, but the agency can complete the project in two phases. If Phase II is approved, it would be completed in September 2008. The top of page 33 contains a list of items which Phase II will accomplish, mostly in the area of consideration and hiring of applicants. Staff views this as reasonable and would recommend approval.

E-586 Technology Invest: Maximize Internet & Technology
Page PERSONNEL-7

The next closing item is decision unit E-225, the IFS consolidation. This could be approved but would have to be adjusted by staff based on the recalculation of project costs since the Office of the State Controller has been eliminated from the project.

E-225 Eliminate Duplicate Effort – Page PERSONNEL-3

The next item is decision unit E-902, the transfer of a personal computer technician from DoIT, which this Committee approved in the DoIT budget closing.

E-902 Transfers – Page PERSONNEL-11

The next item is decision unit E-251, which recommends funds for the mediation program. Staff views this as reasonable.

E-251 Working Environment and Wage – Page PERSONNEL-4

Decision unit E-253 recommends funding for the DOP staff to attend some career fairs at 13 universities in the western states to recruit for some hard-to-fill positions. Staff views this as reasonable.

E-253 Working Environment and Wage – Page PERSONNEL-5

The only other item in these decision units is the Department's need for computers for their training and testing room. They are receiving a donation of 40 computers from the Department of Administration. If this Subcommittee approves their replacement request for 56 desktop computers in decision unit E-710, the agency will use some of those computers for their training and testing rooms, thereby eliminating their request for 20 desktop computers and reducing the number of monitors needed from 25 to 15.

There are other decision units in this budget account which staff views as reasonable, and staff would seek authority to make technical adjustments.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE BUDGET AMENDMENT 97 WHICH ELIMINATES DECISION UNIT E-250; APPROVE DECISION UNIT E-586; APPROVE DECISION UNIT E-225 AND THE AUTHORITY OF STAFF TO MAKE TECHNICAL ADJUSTMENTS; APPROVE DECISION UNITS E-902, E-251, E-253, E-276, E-710, E-280; TO GIVE AUTHORITY TO STAFF TO MAKE TECHNICAL ADJUSTMENTS FOR THE REDUCTION OF 20 DESKTOP COMPUTERS AND 10 MONITORS; APPROVE DECISION UNITS E-587 AND E-850; AND TO GIVE AUTHORITY TO STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NEEDED.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DAVIS:

The next budget account is State Unemployment Compensation, B/A 101-1339.

State Unemployment Compensation – Budget Page PERSONNEL-13
(Volume I)

Budget Account 101-1339

Staff recommends this account be closed as recommended by the Governor.

SENATOR RHOADS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE B/A 101-1339 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN McCLAIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BEERS:

The next budget is the Department of Taxation, B/A 101-2361.

TAXATION

Department of Taxation – Budget Page TAXATION-1 (Volume I)
Budget Account 101-2361

JULIE DIGGINS (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Department of Taxation has three major closing issues. The first is revised transition support costs for the Unified Tax System (UTS) project in decision unit E-275. The Governor originally recommended approximately \$7.4 million for the transition of the long-term maintenance support and development of the UTS project. Pursuant to the Governor's recommended budget reduction, the agency proposes reducing the transition support costs by \$471,236 which is reflected in the closing document ([Exhibit C](#)).

E-275 Maximize Internet and Technology – Page TAXATION-6

The transition costs would provide for the final training and knowledge transfer of the system from the vendor, Accenture, to the Department staff. The Department indicates this budget reduction would eliminate approximately 8 percent, or 92 support hours, from training. The Department also indicates this will not be critical since, by the second year of the biennium, internal support should be sufficiently trained to make up this difference. Staff believes the revised funding of \$6,930,000 appears reasonable.

According to a recently-updated verbal quote from the vendor, the Department indicates there is a shift in the funding requirements between fiscal years which will require \$4.4 million in FY 2007-2008 and \$2,530,000 in FY 2008-2009. The Budget Division has been apprised of this and concurs with this shift in funding. In discussions with the agency and the Budget Division, staff would recommend, if the Subcommittee approves this decision module, a provision be included to authorize the agency to carryforward any unspent funding to the second year of the biennium.

ASSEMBLYMAN GRADY MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE \$6,930,000, PURSUANT TO THE LATEST

COST ESTIMATE, RECOMMENDED FOR THE UTS TRANSITION
SUPPORT COSTS.

ASSEMBLYWOMAN McCLAIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DIGGINS:

The second major issue is the Information Services Division expansion shown in decision unit E-128.

E-128 Equitable, Stable Tax Structure – Page TAXATION-4

The Department has provided a revised organizational chart for this proposed expansion, as requested by the Subcommittee, which is shown on page 48 of the closing document ([Exhibit C](#)). The expansion would enable the Division to provide in-house maintenance of the UTS and overall information technology (IT) functions. The Governor recommends General Fund appropriations of \$467,747 in FY 2007-2008 and \$578,997 in FY 2008-2009. This decision module would include funding for six new positions, including a deputy director and other positions, listed in the table on page 40 of the closing document ([Exhibit C](#)).

This expansion would include funding for a dedicated database administrator (DBA) at a cost of \$269,338 over the biennium. The position would reside in the DoIT's budget account. Originally, there were two positions in the DoIT's budget account which would have been eliminated upon completion of the project; however, the Governor is recommending the transfer of the positions to the Department of Taxation. Subsequent to the budget hearing, one of those positions vacated and has been eliminated in the DoIT's budget account.

The Subcommittee asked the Department whether a DBA would be less expensive if the position were located in the Department of Taxation's budget instead of the DoIT's budget. Although there would some potential cost savings, the Department believes the benefits of having this position reside in the DoIT budget account outweigh the savings. They would have continual systems support and would be able to backfill any positions should any vacancies occur. The original decision unit did not include training for the new IT personnel and, as part of the Governor's revised funding recommendation, \$13,699 has been added in each fiscal year for travel and training costs.

Based on information provided by the Department on existing workload and the need to provide internal production support for the UTS, the addition of these six positions appears to be justified and reasonable. Does the Subcommittee wish to approve the Governor's recommendation to add six new positions and associated costs, including the additional funding of \$13,699 each fiscal year for travel and training costs?

ASSEMBLYMAN PARKS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE ADDITION OF SIX NEW POSITIONS AND THE GOVERNOR'S RECOMMENDATION OF ADDITIONAL FUNDING OF \$13,699 EACH FISCAL YEAR FOR TRAVEL AND TRAINING COSTS.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DIGGINS:

The third major issue is the Department's request for four new positions in the Division of Assessment Standards shown in decision unit E-127.

E-127 Equitable, Stable Tax Structure – Page TAXATION-4

The agency has provided details relating to the need for these four new positions. The budget analyst II position would provide assistance with the increased technical financial assistance which the Department has been required to provide to the local governments and school districts, such as the severe financial emergency White Pine County has experienced over the last couple of years.

The management analyst III position is necessitated by increased responsibilities created by new legislation, particularly A.B. No. 489 of the 73rd Session and S.B. No. 509 of the 73rd Session, which require statistical analysis for revenue forecasting. The Department believes, with the addition of this position, the Division could reduce significant overtime as well.

With regard to the utility valuation analyst position, the Department indicates there has been an increase of approximately 52 percent in utility companies, from 86 to 131 companies, in 2006 and 2007.

There was discussion during the budget hearing regarding the auditor II position. There are currently two auditor II positions; while one needs to remain in the office to answer taxpayer inquiries, the other is in the field auditing smaller counties. The largest counties, Washoe and Clark, have not previously been audited. Washoe County is currently undergoing an audit, anticipated to be completed by the end of 2007. Clark County is scheduled for an audit in FY 2008; however, with the current staffing levels, the Department anticipates this audit could take as long as two years to complete.

In response to the Governor's recommended budget reduction, the Department prioritized these positions and selected the auditor II position for elimination. Staff believes the potential revenues lost from the inability to perform timely audits of the larger revenue generators, such as Clark and Washoe Counties, may outweigh the cost of the new position.

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Does the Subcommittee wish to consider the Governor's original recommendation to add four new positions to support the Division of Assessment Standards? Or, would the Subcommittee wish to approve the Governor's revised recommendation of three new positions which would eliminate the new auditor II position the Department identifies as its lowest priority?

CHAIR MCCLAIN:

It seems like the auditor II position is the highest priority since Clark and Washoe Counties have never been audited. The centrally-assessed section could probably use a utility valuation analyst. Their priority numbers three and four should be priorities one and two.

ASSEMBLYMAN PARKS:

Having come from local government finance, I support the Department's number one priority. The real property-transfer-tax position is definitely an area which needs to be closely monitored. If there are errors in collections, all levels of government would be advantaged by finding them. I would defer to the Department for its priorities. I do not have a problem with any of these four positions.

DINO DICIANNO (Executive Director, Department of Taxation):

Given the testimony provided by Ms. Diggins, we understand the needs which have been expressed. We also understand we must live within our budget. I agree with Assemblyman Parks on our priorities. The budget analyst II position is the number one priority. Mr. Chairman, are you asking me to reprioritize our needs?

CHAIR BEERS:

No. I am asking why the auditor II position is on the bottom of your priority list.

MR. DICIANNO:

After reviewing the needs within our available funding, this is the best priority list I could design. There is no question the budget analyst II would be the number one priority. With respect to the changes which have occurred, due to the passage of A.B. No. 489 of the 73rd Session and S.B. No. 509 of the 73rd Session, the management analyst III position is critical to perform the statistical analysis functions. With the increase in the number of utility companies, the centrally-assessed section is falling behind. The auditor II position is important from a revenue collection standpoint. I attempted to meet the Governor's recommendations and best utilize the funds which were available.

SENATOR RHOADS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE ADDITION OF FOUR NEW POSITIONS.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DIGGINS:

Listed under other closing items, on page 42 of the closing document ([Exhibit C](#)), the first item is a position to be transferred from the DoIT shown in decision unit E-500. This position is an information services manager III which is recommended at a cost of \$114,990 in FY 2007-2008 and \$120,301 in FY 2008-2009.

E-500 Adjustments - Transfers In – Page TAXATION-6

The original recommendation was for two positions, but the information service specialist IV position has been eliminated in DoIT's budget.

The second item is the decentralization/outsourcing of data entry and scanning function shown in decision unit E-130. This is the lockbox-enhancement contract which would allow the Department to have the vendor, who currently processes the payments for the Department, process and scan the tax returns, permitting the Department immediate access to this information. The Department proposes to postpone the implementation of lockbox enhancement until January 2009 in conjunction with the Governor's budget-reduction recommendation. This would eliminate the \$659,190 recommended in FY 2007-2008.

E-130 Equitable, Stable Tax Structure – Page TAXATION-5

Based on information regarding the Department's efforts to avoid falling further behind in their scanning and imaging backlog and improve access to taxpayer information, staff would recommend this decision unit be implemented as originally recommended in the first fiscal year rather postponement to FY 2008-2009.

Does the Subcommittee wish to approve the postponement of a lockbox services contract enhancement at a cost of \$659,190 in FY 2008-2009 or to approve the decision module as originally recommended by the Governor without postponement?

The third item, shown in decision unit E-131, is for funding electronic payment of fees (E-payment). The Governor had recommended additional funding for E-payment; however, the Department does not anticipate the need for this additional funding. As a part of the Governor's budget-reduction recommendation, they have eliminated \$148,630 in FY 2007-2008 and \$134,230 in FY 2008-2009. This decision unit appears to be reasonable to staff.

E-131 Equitable, Stable Tax Structure – Page TAXATION-5

The fourth item, shown in decision unit E-750, is the front counter remodel for the Las Vegas office. The governor proposed an appropriation of \$96,247 in FY 2007-2008 for this remodel. The Department indicates they are proposing to

postpone this remodel to the second year of the biennium to meet the targeted funding for their budget. This \$96,247 does not include inflationary factors for the 12-month delay. If the Subcommittee were to approve this decision module, staff would recommend it be approved in the first fiscal year as originally recommended by the Governor.

E-750 Building Construction Outside Cap – Page TAXATION-7

Staff believes the new equipment, shown in decision unit E-720, appears to be reasonable.

E-720 New Equipment – Page TAXATION-6

The last major item is decision unit E-805, the reclassification of several positions within the Department. The director of the Department indicates these reclassifications are not the result of an occupational study. These positions have been selected for reclassification, based on the increased difficulty of their work duties, and as an effort to retain qualified individuals with commensurate pay. The director also confirms these new classifications match the work duties being performed. The agency proposes to postpone the implementation of these reclassifications from FY 2007-2008 to FY 2008-2009 which would result in a \$30,860 reduction in FY 2007-2008 and a nominal increase of \$496 in FY 2008-2009.

E-805 Classified Position Reclassifications – Page TAXATION-7

With respect to the requested State demographer expenditure increase, as part of the Governor's budget-reduction recommendation, the agency proposes to eliminate the Base Budget expenditure increase, which included a new full-time equivalent position, for a reduction of \$83,408 in FY 2007-2008 and \$85,673 in FY 2008-2009. This appears to be reasonable to staff.

Listed in the other items, on page 46 of [Exhibit C](#), is a follow-up discussion on the Streamlined Sales Tax Initiative. The Department has provided information requested by the Subcommittee during the budget hearing. The Department indicates there is approximately \$5 million which has already been collected and \$1.5 million will go to the General Fund. The Department is unable to collect this funding since the system is not in place to accept this electronic payment. These are for voluntary registrants to the Streamlined Sales Tax Initiative, and no closing action is required.

Staff would also note there are technical adjustments made in the closing document and would request authority to make any additional technical adjustments.

ASSEMBLYMAN HARDY MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE REVISED GOVERNOR RECOMMENDATION FOR THE POSITION TRANSFERS IN DECISION UNITS E-500 AND E-900; AND TO GIVE STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS AS NEEDED

ASSEMBLYWOMAN McCLAIN SECONDED THE MOTION.

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ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR McCLAIN:

If we postpone decision unit E-130 for one year, we will reduce the budget by \$979,030.

CHAIR BEERS:

We would delay spending \$979,030 until the next biennium.

SENATOR RHOADS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE GOVERNOR'S ORIGINAL RECOMMENDATION OF BEGINNING DECENTRALIZATION AND OUTSOURCING DATA ENTRY AND SCANNING IN DECISION UNIT E-130 IN FY 2007-2008.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BEERS:

I would accept a motion to eliminate funding for the increased E-payment transaction fees in decision unit E-131 as recommended by the adjusted Governor's recommendation.

ASSEMBLYMAN HARDY MOVED TO RECOMMEND TO THE FULL COMMITTEE TO ELIMINATE FUNDING FOR THE INCREASED E-PAYMENT TRANSACTION FEES IN DECISION UNIT E-131 AS RECOMMENDED BY THE ADJUSTED GOVERNOR'S RECOMMENDATION.

ASSEMBLYMAN McCLAIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BEERS:

The next decision unit is E-750 for the front counter remodel.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE FUNDING FOR DECISION UNIT E-750 AS ORIGINALLY RECOMMENDED BY THE GOVERNOR.

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ASSEMBLYMAN HARDY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BEERS:

The next decision unit is E-720 for new equipment.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE FUNDING FOR DECISION UNIT E-720 AS ORIGINALLY RECOMMENDED BY THE STAFF.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BEERS:

The next decision unit is E-250 for home-office refurbishment.

E-250 Working Environment and Wage – Page TAXATION-5

ASSEMBLYMAN HARDY MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE FUNDING FOR DECISION UNIT E-250 AS RECOMMENDED BY THE GOVERNOR'S RECOMMENDED ADJUSTED BUDGET AND POSTPONE FUNDING UNTIL FY 2008-2009.

SENATOR RHOADS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BEERS:

The next decision unit is M-101 for inflationary increases for cigarette revenue stamps.

M-101 Inflation - Agency Specific – Page TAXATION-3

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT M-101.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

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ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BEERS:

The next decision unit is E-805 for position reclassifications.

ASSEMBLYMAN HARDY MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT E-805 PURSUANT TO THE GOVERNOR'S ADJUSTED RECOMMENDATION.

SENATOR RHOADS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BEERS:

The next item is the Governor's recommendation to reduce the Base Budget expenditures for State demographer expenditures.

ASSEMBLYMAN HARDY MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE GOVERNOR'S RECOMMENDATION TO ELIMINATE THE BASE BUDGET FUNDING INCREASE FOR STATE DEMOGRAPHER EXPENDITURES.

ASSEMBLYWOMAN McCLAIN SECONDED THE MOTION.

CHAIR BEERS:

I would request if this is proposed again, it should come to the Committee in the form of an enhancement request.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BEERS:

I will accept a motion to close B/A 101-2361.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE B/A 101-2361 AND GIVE STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS AS NEEDED.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

ASSEMBLYMAN HARDY:

Is there a way to receive the funds we are unable to collect due to the system not being in place to accept electronic payment for the streamlined sales tax?

CHAIR BEERS:

I believe this will be a bonus in the next biennium if they can determine how to collect those funds. We are not including the funds in the budget.

ASSEMBLYMAN HARDY:

Can we consider budgeting to access these funds?

CHAIR BEERS:

Not until we receive acknowledgment there is a way to access the funds.

ASSEMBLYMAN HARDY:

What is the cost-benefit ratio of spending money to collect these funds?

CHAIR BEERS:

The initial recommendation was over \$3 million to access the funds of \$1.5 million which would go to the General Fund. The local governments might offer to help finance the system which will access these funds since the majority of the funds will go to them.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DIGGINS:

The next item is the Department of Business and Industry Industrial Relations, B/A 210-4680.

BUSINESS AND INDUSTRY

B&I, Industrial Relations – Budget Page B&I-166 (Volume II)
Budget Account 210-4680

This budget account has three major closing issues, two of which are for new positions. In the worker's compensation section, the Governor is recommending two new administrative aide II positions to provide administrative support to the six auditors and supervisors of the employer compliance unit as shown in decision unit E-325. The positions would be located in Carson City and Henderson.

E-325 Services at Level Closest to People – Page B&I-169

The Henderson position would assist in making the enforcement unit more productive and efficient, thereby increasing the number of administrative fines and premium penalties the Department could issue and reduce the time it would take to issue them.

Staff believes this recommendation to add two administrative aide II positions is reasonable based on the Division's testimony and information provided by the agency on existing workload.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT E-325.

SENATOR RHOADS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DIGGINS:

The second position, which is shown in decision unit E-326, is for an administrative assistant IV in the Administrative Services unit. This new position will be utilized to increase collection efforts and would also be responsible for auditing third-party administrator payments and billing. The Division indicates this position would also assist other sections within the Division with their collection activities and would streamline the collection process within the Division of Industrial Relations.

E-326 Services at Level Closest to People – Page B&I-169

Staff believes the addition of the administrative assistant IV position appears reasonable.

ASSEMBLYMAN HARDY MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT E-326 FOR THE ADDITION OF AN ADMINISTRATIVE ASSISTANT IV POSITION.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DIGGINS:

The third major issue is the worker's compensation data system technology investment request shown in decision unit E-586.

E-586 Technology Invest: Maximize Internet & Technology – Page B&I-170

The Governor recommends \$270,015 in FY 2007-2008 and \$25,000 in FY 2008-2009 for the development of a worker's compensation data system. This Technology Information request has been heard in the director's office budget and there is no closing action required.

Listed in other closing items, on page 52 of the closing document ([Exhibit C](#)), staff would point out budget amendments 67 and 68 were received from the Budget Division to revise the Attorney General and SWCAP cost allocations originally recommended. Staff notes there may be additional closing adjustments as these budget accounts are finalized. Staff also made some technical adjustments to allocate some decision units which were not previously allocated and would seek approval for further technical adjustments if necessary.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE STAFF RECOMMENDATIONS ON B/A 210-4680 AND TO GIVE STAFF AUTHORITY TO MAKE ADDITIONAL TECHNICAL ADJUSTMENTS AS NEEDED.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DIGGINS:

The next item is Occupational Safety and Health Enforcement, B/A 210-4682.

B&I, Occupational Safety & Health Enforcement – Budget Page B&I-175
(Volume II)
Budget Account 210-4682

The major closing issue in the budget account is the request for 12 new positions shown in decision unit E-325. The agency indicates since 1999 there have been no new positions in the budget account. Boiler and elevator inspections have increased by 107 percent, with 115 new objects requiring 230 new inspections each month before becoming operational, in addition to the annual inspections. The safety specialists are required due to the increase and number of employers since 1999. The Division also indicates they are required to conduct 2,790 annual safety inspections each year and fatality inspections, discrimination complaints and other additional duties have diverted an increasing amount of time and resources from this purpose.

E-325 Services at Level Closest to People – Page B&I-178

At staff's request, the Division has provided a prioritization of the 12 recommended positions and indicated there are 7 positions which fit into the first priority category; 3 boiler/elevator inspectors, 3 safety specialists and 1 safety supervisor. These are deemed as critical positions by the Division, without which they would be in violation of statutory requirements regarding inspection frequency. They would also be incapable of completing as many inspections of employers with high injury rates as required by the federal Occupational Safety and Health Administration (OSHA).

Staff believes the agency has provided sufficient justification for these positions based on their projected workload, federal mandates and statutory

requirements. Staff believes the recommendation for 12 new positions appears reasonable. As an alternative, the Subcommittee may wish to consider approving the Division's first priority list of six positions; however, if the Subcommittee chooses this option, staff would recommend approving an additional position for clerical and administrative support.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT E-325 WITH ALL 12 POSITIONS.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

CHAIR McCLAIN:

Since we are building so many high-rise buildings in Las Vegas, do we really need an additional elevator inspector in Reno?

CHAIR BEERS:

Yes. We are also building high-rise buildings in Reno, but they are residential facilities instead of hotels.

CHAIR McCLAIN:

How many elevator inspectors are currently in Reno?

MS. DIGGINS:

I do not currently have the information concerning the location of the elevator inspectors.

D. ROGER BREMER (Administrator, Division of Industrial Relations, Department of Business and Industry):

I will have to accede to Mr. L. Tom Czehowski, the chief administrative officer for the Nevada OSHA program, the areas in which elevator inspectors are located, as he is the person who determines the workload. These are positions we can relocate if required.

CHAIR McCLAIN:

I agree. We need to be flexible in where these inspectors are located.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MS. DIGGINS:

In the other closing items listed on page 55 of the closing document ([Exhibit C](#)) are decision units E-715 and E-720 for replacement equipment and industrial hygiene equipment, and a position transfer which staff believes is reasonable. The final issue is budget amendment 68 which decreased the SWCAP cost allocation by \$32,602 each fiscal year. Staff also requests authority for technical adjustments as necessary.

E-720 New Equipment – Page B&I-179

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE B/A 210-4682 AS STAFF RECOMMENDS INCLUDING STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DIGGINS:

The next item is Safety Consultation and Training, B/A 210-4685.

B&I, Safety Consultation and Training – Budget Page B&I-183 (Volume II)
Budget Account 210-4685

This budget account requests three new safety specialist positions, shown in decision unit E-325. Two positions would begin in FY 2007-2008 and one would begin in FY 2008-2009.

E-325 Services at Level Closest to People – Page B&I-185

Staff notes budget amendment 75 was submitted by the Budget Division to transfer three new vehicles in decision unit E-720 to decision unit E-325 as the vehicles are intended for use by these three new positions.

As a result, the revised funding request for this decision unit is \$173,075 in FY 2007-2008 and \$244,405 in FY 2008-2009. The Division states there is a substantial backlog in survey requests due to the increase in Nevada employer work sites. At its peak, the backlog was 128, a demand which significantly exceeds the work performance standards assigned to each safety inspector. The Division indicates if the new positions were to be approved, it would enable the Division to perform 138 additional surveys which would result in reducing the workload to only 9 percent over the production capacity required to meet the standard. Based on the Division's testimony and the information provided on their existing workload, the addition of these new safety specialists appears reasonable.

ASSEMBLYMAN PARKS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT E-325 INCLUDING BUDGET AMENDMENT 75, WHICH TRANSFERS THREE NEW VEHICLES FROM DECISION UNIT E-720 TO DECISION UNIT E-325.

ASSEMBLYWOMAN McCLAIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DIGGINS:

In the other closing items, listed on page 59 of the closing document ([Exhibit C](#)), decision unit E-327 recommends \$18,000 in FY 2007-2008 for training videos. Each of the 3 offices would receive 20 videos. Staff has reviewed the documentation and believes this recommendation is reasonable.

E-327 Services at Level Closest to People – Page B&I-186

Replacement and new equipment recommended in decision units E-710 and E-720 appears to be reasonable to staff.

E-710 Replacement Equipment – Page B&I-186

E-720 New Equipment – Page B&I-187

Staff would note this budget account was also affected by the Attorney General and SWCAP cost allocation budget amendments.

SENATOR RHOADS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE B/A 210-4685 AS STAFF RECOMMENDS INCLUDING AUTHORITY FOR STAFF TO MAKE TECHNICAL ADJUSTMENTS WHICH MAY BE REQUIRED.

ASSEMBLYWOMAN McCLAIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DIGGINS:

The next item is Mine Safety and Training, B/A 210-4686.

B&I, Mine Safety & Training – Budget Page B&I-190 (Volume II)
Budget Account 210-4686

There is one major closing issue in this budget account, shown in decision unit E-325, which is a new training position.

E-325 Services at Level Closest to People – Page B&I-192

The Division indicates they are required by statute to inspect over 480 mines at least annually and more frequently if necessary. The Division is also required by federal regulation to provide training to all new miners. New miners must initially attend a three-day course, eight hours each day, in addition to one eight-hour course annually. The Division notes, as market prices increase for precious metals, mining becomes more active and their workload increases significantly.

The new position would be located in Carson City and would primarily be responsible for training which allows the district inspector, who is currently spending one half of his time training, to spend more time conducting more thorough investigations. The closing document reflects a technical adjustment to this decision unit to reduce in-State travel costs by \$11,178 each fiscal year and to increase expenditures for gasoline and software by \$6,300. Staff believes the information provided by the Division to substantiate this position is reasonable and would recommend approval.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE B/A 210-4686 AS STAFF RECOMMENDS AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS WHICH MAY BE REQUIRED.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RHOADS:

There being no further business before the Committee, the meeting is adjourned at 10:04 a.m.

RESPECTFULLY SUBMITTED:

Michael Bohling,
Committee Secretary

APPROVED BY:

Senator Bob Beers, Chair

DATE: _____

Assemblywoman Kathy McClain, Chair

DATE: _____