

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-fourth Session
April 30, 2007**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:13 a.m. on Monday, April 30, 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 Valerie Wiener, Clark County Senatorial District No. 3

STAFF MEMBERS PRESENT:

Gary L. Ghiggeri, Senate Fiscal Analyst
Melinda Martini, Program Analyst
Larry L. Peri, Principal Deputy Fiscal Analyst
Michael Archer, Committee Secretary

OTHERS PRESENT:

Gloria Dopf, Deputy Superintendent for Instructional, Research and Evaluative Services, Department of Education
Ann Loring, Washoe County School District
Diana Glomb-Rogan, League of Women Voters of Nevada.
Stephanie Hartman, K-12 Social Studies Consultant, Department of Education
Larry Struve, Religious Alliance in Nevada
Julianna Ormsby, Nevada Women's Lobby
J. David Frasier, Executive Director, Nevada League of Cities and Municipalities
The Honorable T. Arthur Ritchie, Jr., Eighth Judicial District, Family Court Division, Clark County,
The Honorable Jerome M. Polaha, Second Judicial District, Washoe County
The Honorable James W. Hardesty, Associate Justice, Nevada Supreme Court
Scott Craigie, Nevada Public Broadcasting Association
Renny Ashleman, State Public Works Board
Steve Holloway, Executive Vice President, Associated General Contractors, Las Vegas Chapter
Mark Teska, Administrator, Division of Administrative Services, Department of Public Safety
Jim Wright, Chief, State Fire Marshal Division, Department of Public Safety
James Wells, Deputy Superintendent for Administrative and Fiscal Services, Department of Education

Mary Pierczynski, Ed.D., President, Nevada Association of School Superintendents
Darrell L. Hansen, Administrative Services Officer, Desert Regional Center, Division of Mental Health and Developmental Services
Kendall Howard, Administrative Services Officer, Rural Regional Center, Division of Mental Health and Developmental Services

CHAIR RAGGIO:

We will begin with a report from staff.

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

Please refer to my handout entitled "Senate Committee on Finance, Progress Report as of April 30, 2007" ([Exhibit C](#)) for information on the number of budgets heard and closed, as well as the number of bills still before this Committee.

I have also distributed a handout entitled "Bills in Senate Finance, 28-April-07" ([Exhibit D](#)). If any Committee member has a bill on this list which could be withdrawn, particularly in light of the recent revenue shortfall projections, please advise staff so we do not schedule it for hearing.

I have also provided an update on the Governor's recommended budget amendments ([Exhibit E](#)). We have received 118 budget amendments.

CHAIR RAGGIO:

We will now hear Senate Bill (S.B.) 55.

SENATE BILL 55: Authorizes the issuance of general obligation bonds to carry out the Environmental Improvement Program in the Lake Tahoe Basin. (BDR S-250)

This measure provides of the issuance of the balance of general obligation bonds authorized in 1999. This would carry us through June 30, 2010. Please refer to the handout entitled "Explanation of Amendment" ([Exhibit F](#)) for details of the proposed changes in the language of the bill.

Under this proposed amendment, section 2 of S.B. 55 will change the amount of funding for the continued implementation of forest restoration projects from \$1.25 million to \$1.2 million. It would also add a new subsection to provide \$3 million in funding for the continued implementation of the recreational elements of environmental programs of the Lake Tahoe Nevada State Park system. The amendment would also change funding for the water quality and erosion control to accommodate that \$3 million and which will reduce that amount from \$7.5 million to \$4.55 million. Another proposed change would move the fiscal year ending date from June 30, 2009 to June 30, 2010. Staff has verified with the Office of the State Treasurer that the issuance of these bonds is included in their debt affordability calculations.

Staff suggests we pass this bill as amended and send it to the Assembly, though the Assembly cannot act on it until final passage of the Education First appropriation.

SENATOR MATHEWS MOVED TO AMEND AND DO PASS AS AMENDED S.B. 55 WITH CHANGES IN THE LANGUAGE IN SECTION 2, SUBSECTION 1, LINE 23 FROM \$1,250,000 TO \$1,200,000; ADD A NEW SUBSECTION AT LINE 24 TO PROVIDE \$3 MILLION IN FUNDING FOR THE CONTINUED IMPLEMENTATION OF THE RECREATIONAL ELEMENTS OF THE ENVIRONMENTAL PROGRAMS OF THE LAKE TAHOE PARK SYSTEM; CHANGE SUBSECTION 2 TO SUBSECTION 3; CHANGE THE LANGUAGE AT LINE 27 FROM \$7,500,000 TO \$4,550,000; AND CHANGE SUBSECTION 3 TO SUBSECTION 4.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will now hear 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)

This bill was amended to add authorization for the Department of Cultural Affairs (DCA), in cooperation with the Department of Information Technology, to conduct a feasibility study into creating a shared digital archive for electronic records and information collected by governmental entities.

A fiscal note, supplied by the DCA, originally estimated the cost of this study as \$478,000. However, we received a letter from the Nevada Association of Counties dated April 25, 2007, requesting language in the bill be changed to remove the fiscal impact ([Exhibit G](#)).

There was testimony in opposition to this measure by a representative of the Second Judicial District Court. We requested information detailing how the funds would be collected by the county if the fee increases were a concern. They have not yet returned this information to us. Staff suggests we remove authorization for the feasibility study from the bill, thus removing the fiscal note.

SENATOR RHOADS MOVED TO AMEND AND DO PASS AS AMENDED S.B. 131 WITH REMOVAL OF AUTHORIZATION FOR THE FEASIBILITY STUDY.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED (SENATORS BEERS AND CEGAVSKE VOTED NO.)

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CHAIR RAGGIO:

We had considered hearing S.B. 161 at this time but will instead hold discussion pending a possible amendment.

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

We will not hear S.B. 301 today because it is awaiting a legal opinion on whether the State would be liable for reimbursement.

SENATE BILL 301: Clarifies the purposes for which money in the Fort Mohave Valley Development Account may be used. (BDR 26-1317)

We will now hear S.B. 453.

SENATE BILL 453: Revises the provisions relating to problem gambling. (BDR 40-1410)

This bill removes the "sunset provision" for funding the revolving account to support these programs. Please refer to the handout entitled "S.B. 453" ([Exhibit H](#)). This legislation would indefinitely continue the transfer of a portion of slot machine license fees to be used for this purpose. Funding will be counted against the expenditure cap.

The bill was amended to permit members appointed to the Advisory Committee on Problem Gambling to select a designee if they hold restricted or unrestricted licenses.

SENATOR BEERS MOVED TO AMEND AND DO PASS AS AMENDED S.B. 453 TO PERMIT MEMBERS APPOINTED TO THE ADVISORY COMMITTEE ON PROBLEM GAMBLING, WHO HOLD RESTRICTED OR UNRESTRICTED LICENSES, TO SELECT A DESIGNEE.

SENATOR CEGAVSKE SECONDED THE MOTION.

SENATOR TITUS:

Is there a provision in this bill to increase the amount that can be used for administrative purposes from 1 percent to 10 percent? This seems too high.

MR. GHIGGERI:

Yes. That provision is in this legislation and is based upon the estimated amount of revenue needed for this function. It would provide approximately \$160,000 for administrative costs. These administrative costs would also be included in the Department of Health and Human Services' Grants Management Unit budget account, so this Committee will have an opportunity to review the funding recommended for these costs.

HUMAN SERVICES

HHS – Grants Management Unit – Budget Page DHHS DIRECTOR'S OFFICE-29
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Budget Account 101-3195

CHAIR RAGGIO:

The cost includes a new position in the Grants Management Unit. They are projecting the cost will be below the 10-percent expenditure cap. The final determination has not yet been made by the Joint Subcommittee on K-12 and Human Services of the Senate Committee on Finance and the Assembly Committee on Ways and Means. I suggest we vote on this bill and move it to the Assembly.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will now discuss S.B. 455. Please refer to the handout entitled "Proposed Amendment to SB 455" ([Exhibit I](#)). The amount for the University of Nevada, Reno can be reduced from \$321,695,000 to \$312,695,000 because the Pack Village Phase II Academic Center would no longer require bond financing. Language in section 11 would be changed from "Parking facilities" to "Facilities" at the Community College of Southern Nevada (CCSN). Section 12 changes the amount of bonding authority for CCSN to \$45 million. This is \$5 million less than originally proposed in the legislation.

SENATE BILL 455: Increases revenue bonding authority of the Nevada System of Higher Education. (BDR S-273)

SENATOR COFFIN:

Revenues from parking fees will help fund some of the bond payments.

CHAIR RAGGIO:

Please refer to a memorandum from staff, dated April 23, 2007, containing follow-up information about S.B. 455 ([Exhibit J](#), original is on file in the Research Library).

MR. GHIGGERI:

This memorandum contains responses from the Nevada System of Higher Education (NSHE) to questions about whether the required bonding could be reduced based upon the estimated costs of the project. There is also an amendment to allow the Board of Regents to delegate authority to the Chancellor and Vice Chancellor of Finance to enter into loans similar to authority currently granted to them for negotiating bond sales.

SENATOR COFFIN:

Does that method of funding reduce our costs?

MR. GHIGGERI:

These bonds would be funded by the NSHE through revenues generated by the universities. This would come from property tax.

SENATOR TITUS:

Will this increase the cost of parking on campuses?

MR. GHIGGERI:

I do not recall testimony about that.

SENATOR BEERS:

I, too, would like to know if this will increase parking costs on campuses. On page 1 of [Exhibit J](#), it appears they plan not only to build a parking facility but also a student services center. If these bonds are going to be paid for by a mandatory fee assessed on all students, whether the students use the student services facility or not, is something with which I disagree. This appears to be the same technique the NSHE used to build a gymnasium at the University of Nevada, Las Vegas (UNLV). The university now charges all students a fee, whether they use the facilities or not. This adds to the cost of getting a college education.

SENATOR CEGAVSKE:

I recommend the bill be held until we get further information.

MR. GHIGGERI:

The NSHE provided [Exhibit I](#) when the bill was originally heard by this Committee. The only new information since that time is about reducing the amount of bonds.

SENATOR COFFIN:

The students will be allowed continued access to the gymnasium after graduation or upon completion of the building.

CHAIR RAGGIO:

This has been a traditional method for facilities to be constructed on these campuses. If facilities could not be constructed unless every student used them, there would be few buildings on university campuses. This is the method the NSHE uses for doing capital improvement projects without using General Fund support.

We will close the discussion on [S.B. 455](#) and open the hearing on [S.B. 184](#).

[SENATE BILL 184 \(1st Reprint\)](#): Revises provisions governing education.
(BDR 34-419)

Under this bill, the State Board of Education, the State Board for Career and Technical Education (SBE) and each school district are required to prepare annual reports of accountability information. In addition, the SBE in each school district, and each public school, are required to prepare a plan to improve the achievement of pupils. This bill would eliminate the requirement for the establishment of Technical Assistance Partnerships.

If a public school is designated as demonstrating the need for improvement in three consecutive years or more, a School Support Team (SST) must be established for that school. This bill also revises the provisions for governing these SSTs. It will create a Commission on Educational Technology and require an assessment be conducted to determine the educational technology needs of each school district. It prescribes the minimum units of credit that a pupil must earn in core academic subjects before being able to graduate from high school. The bill also provides a student, his parents or guardian and an administrator or school counselor mutually agree to any modified plan. Existing law prohibits a student from being promoted to high school from eighth grade unless the student completes certain course work or credits.

The appropriation in section 25 of this bill has already been approved in the Joint Subcommittee on K-12 and Human Services and does not need to be deleted from this bill. In section 26, the remaining appropriation of \$340,200 is to pay for a study to measure how the alignment of class assignments keeps with standards for performance and content.

SENATOR TITUS:

Does this bill address the reorganization of the SBE?

CHAIR RAGGIO:

That is in another bill.

SENATOR TITUS:

How does this funding fit in with the concept of funding Education First?

CHAIR RAGGIO:

This is not part of the K-12 budget, except for the portion already approved by the Joint Subcommittee. That money would go to the Interim Finance Committee (IFC) to ensure that class assignments are in alignment with standards for performance and content.

GLORIA DOPF (Deputy Superintendent for Instructional, Research and Evaluative Services, Department of Education):

The SBE appreciates this legislation, particularly provisions eliminating the requirement for the establishment of Technical Support Partnerships. That provision was determined by school districts to be redundant of other efforts under the No Child Left Behind Act. The SBE also supports provisions allowing flexibility of the SST's representation.

Under statute, the SBE is a regulatory body and must hold workshops and public hearings prior to making code revisions for standards. They are not currently allowed to make changes based upon input received at public hearings, except to adopt what is put forth by the Council to Establish Academic Standards for Public Schools. This bill will allow the SBE to reflect some considerations and suggestions by the public with regard to academic standards.

CHAIR RAGGIO:

Do you recommend any further amendments to this bill?

Ms. DOPF:

No, we do not.

SENATOR TITUS:

How was the dollar amount for the alignment study determined?

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

Vendors provided these estimates. This will be a large-scale study of K-8 classes in about 100 schools throughout the State.

CHAIR RAGGIO:

The Joint Subcommittee on K-12 and Human Services felt strongly that we needed these classes to be taught to the standards. This study was the only way we could ascertain that information.

ANN LORING (Washoe County School District):

The Washoe County School District supports S.B. 184.

SENATOR CEGAVSKE MOVED TO AMEND AND DO PASS AS AMENDED S.B. 184 BY REMOVING SECTION 25.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will now hear S.B. 247.

SENATE BILL 247 (1st Reprint): Creates the Nevada Youth Legislative Issues Forum. (BDR 34-52)

SENATOR VALERIE WIENER (Clark County Senatorial District No. 3):

Please refer to my handout entitled "Proposed Amendment 3743 to Senate Bill No. 247-R1, First Reprint" ([Exhibit K](#)). The fiscal note for this bill has been removed. The Nevada Youth Legislative Issues Forum (NYLIF) will be provided with support services through hiring an administrator or using volunteer services. We have established a coalition of volunteers to staff the forum, including the League of Women Voters, the Nevada League of Cities and Municipalities and the Nevada Women's Lobby. The Department of Education (NDE) social studies professionals are adding their support as well. We have received a pledge of \$34,000 from the Campaign for the Civic Mission for Schools, and I have personally pledged \$2,000 for this project.

CHAIR RAGGIO:

If we pass this bill without the fiscal note, would this commit the State to funding in the future?

SENATOR WEINER:

We are searching for sponsors. Our major cost is staffing which the coalition groups have volunteered to perform.

DIANA GLOMB-ROGAN (League of Women Voters of Nevada):

The League of Women Voters of Nevada supports S.B. 247. I have submitted a prepared statement providing a detailed explanation of the reasons for our support ([Exhibit L](#)). The League will provide volunteers to help make the NYLIF a success.

STEPHANIE HARTMAN (K-12 Social Studies Consultant, Department of Education):

I support S.B. 247 and have established a committee of educators across Nevada who are interested in having students become more involved in civic education. They will also provide support to this program.

CHAIR RAGGIO:

Exactly how will the NYLIF function? Will this be a nonpartisan group?

SENATOR WEINER:

They will parallel activities of the State Legislature, such as holding hearings on issues. As funds are available, they will come to the State Legislature to observe.

With regard to the issue of nonpartisanship, each youth "Senator" will go through a process of application to their own Senator. That may determine the partisanship of the NYLIF committees.

LARRY STRUVE (Religious Alliance in Nevada):

The Religious Alliance in Nevada and the Campaign for the Civic Mission of the Schools support S.B. 247. We strive to achieve greater participation in the democratic process. The Advisory Group for Participatory Democracy has, in statute, a goal to have 75 percent of our State's eligible voters registered to vote. We also hope to have 70 percent of voters cast ballots in the 2008 Presidential Election. During the 2004 Presidential Election, only 38.4 percent of people in the 18- to 24-year-old age bracket voted. Programs such as the NYLIF will help promote our goals. The State Bar Association of Nevada will also likely be an NYLIF sponsor if the legislation is approved.

JULIANNA ORMSBY (Nevada Women's Lobby):

The Nevada Women's Lobby supports S.B. 247 and will contribute our time to make the NYLIF a success.

J. DAVID FRASIER (Executive Director, Nevada League of Cities and Municipalities):

The Nevada League of Cities and Municipalities supports S.B. 247 and will contribute our time to work directly with the NYLIF. We will also inform our corporate members who may wish to contribute.

SENATOR MATHEWS MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 247 BY APPROVING AMENDMENT NO. 656.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will now hear S.B. 556.

SENATE BILL 556: Creates the Supreme Court Commission on Law Libraries and the District Court Commission on Law Libraries. (BDR 1-1475)

THE HONORABLE T. ARTHUR RITCHIE, JR. (Eighth Judicial District, Family Court Division, Clark County):

I will now read my prepared statement ([Exhibit M](#)). I support S.B. 556. This bill addresses pay equity for off-cycle Nevada Supreme Court Justices and off-cycle district court judges. The provision in the *Constitution of the State of Nevada*

requiring staggered terms for justices and judges has created a lack of uniformity with regard to salary increases. In addition to addressing the inequity of judicial salaries caused by off-cycle service, the Nevada Supreme Court Commission on Law Libraries also help with the challenge of increasing numbers of unrepresented litigants in Nevada courts. Some of our most-experienced and highly-rated jurists have been adversely impacted. On page 8 of [Exhibit M](#) is information about the fiscal impact of this legislation.

SENATOR TITUS:

Why not change the Constitution rather than circumventing the intent of the law by establishing these commissions?

CHAIR RAGGIO:

We at the Legislature have tried to change the Constitution to get paid for every day we work, but the voters have rejected that change.

DISTRICT JUDGE RITCHIE:

The judges would prefer a permanent solution to this problem of off-cycle salary inequity. The Constitution provided for six-year terms, and it is unlikely that will change in the future. The work of the judges on these Commissions is not just a façade to achieve pay equity. These judges have been surveying the law libraries and amended the Supreme Court rule allowing and expanding the ability of law libraries and staff to provide assistance to self-represented litigants. These Commissions serve an important function and further the policy of the State of Nevada.

SENATOR CEGAVSKE:

If salary equity is achieved by this bill, will judges stop working additional hours on these Commissions?

DISTRICT JUDGE RITCHIE:

These judges always work additional hours. This is about fairness. The judges agreed to their salary level at the time they were elected, but must work on these Commissions to earn as much money as some of their peers.

SENATOR BEERS:

Does longevity pay make up for a large part of this pay inequity?

DISTRICT JUDGE RITCHIE:

If judges are eligible for longevity, they may have a variable in their pay. At the bottom of page 3 of [Exhibit M](#), you will see by the late 1990s experienced district court judges were making \$42,000 less than newly-elected judges. If those judges received longevity pay, it would only be a 2-percent increase in each year.

SENATOR BEERS:

We are processing S.B. 248 which deals with judicial compensation. That legislation cites judicial compensation from other states in determining equity. Is income from programs, like the Commission on Law Libraries, included in statistics for determining equitable pay?

SENATE BILL 248: Revises provisions concerning the salaries of justices of the Supreme Court and district judges in Nevada. (BDR 1-663)

DISTRICT JUDGE RITCHIE:

The calculations concerning compensation for every judge in the State has been provided by the Chief Justice of the Nevada Supreme Court. This included every measure of compensation, including longevity pay.

SENATOR BEERS:

The calculations used in S.B. 248 do not include longevity pay.

DISTRICT JUDGE RITCHIE:

If you are referring to information provided by the National Center for State Courts, I do not know.

THE HONORABLE JEROME M. POLAHA (Second Judicial District, Washoe County):
I am here in support of S.B. 556.

THE HONORABLE JAMES W. HARDESTY (Associate Justice, Nevada Supreme Court):
I support S.B. 556.

SENATOR CEGAVSKE:

I would ask staff to provide more information about the kind of compensation included in the pay calculations.

CHAIR RAGGIO:

We will close the hearing on S.B. 556 and open the hearing on S.B. 290.

SENATE BILL 290: Makes an appropriation to the Department of Education for the support of public broadcasting. (BDR S-448)

SENATOR MATHEWS:

Senate Bill 290 is a place-holder bill. Mr. Scott Craigie will provide additional information.

SCOTT CRAIGIE (Nevada Public Broadcasting Association):

Please refer to my handout ([Exhibit N](#)) for more information about the Public Broadcasting Service (PBS) television station KNPB/Channel 5 in Reno.

Senate Bill 290 is a back-up bill. At the end of the 2005 Legislative Session, an Assembly Bill provided Nevada PBS with an additional \$300,000, though the *Executive Budget* had not approved room for this appropriation. In past years, when the *Executive Budget* did not recommend a \$300,000 appropriation, we asked Senator Mathews to introduce a bill for that appropriation. In years when the *Executive Budget* did recommend the \$300,000, we did not traditionally ask for a bill. The current *Executive Budget* recommends \$300,000, but given our past working relationship with the Senate Committee on Finance and the Assembly Committee on Ways and Means, I have asked for a bill to be introduced. I realize this appears redundant, but given the pattern and level of support we have received from the Legislature, I felt it was important to have this on the record.

CHAIR RAGGIO:

We will hold this bill pending a determination by the Joint Subcommittee on K-12 and Human Services. There is a question in that Subcommittee regarding the \$300,000 for each fiscal year of the coming biennium. There is also

additional funding for a single PBS television station in Las Vegas that requires further explanation.

SENATOR COFFIN:

Is this proposed legislation similar to Assembly Bill (A.B.) 270?

ASSEMBLY BILL 270: Makes an appropriation to the Department of Education for the distribution of grants to certain public broadcasting organizations. (BDR S-455)

MR. CRAIGIE:

Assembly Bill 270 would create a onetime appropriation to fund the purchase of studio equipment that would last for 25 to 30 years.

CHAIR RAGGIO:

We will close the hearing on S.B. 290 and open the hearing on S.B. 365.

SENATE BILL 365: Requires the continuation of the VHF Highband Radio Project. (BDR S-1323)

MR. GHIGGERI:

An amendment is pending which would delete sections 2 and 3 of this bill, thereby eliminating the appropriation. Section 1 would be changed to read:

The Department of Public Safety shall transfer to the Department of Transportation the responsibility for the mountaintop radio site leases for the VHF Highband Radio Project. The mountaintop radio sites and the other components of the Department of Public Safety's VHF radio system must not be dismantled, abandoned, sold or moved, without prior approval from the Legislature or the Interim Finance Committee.

Section 4 remains the same. The appropriation for this is included in the *Executive Budget*.

SENATOR BEERS:

This appropriation was a duplicate of what is already in the *Executive Budget*. The Department of Public Safety (DPS) wants the authority to move radio repeater sites and consolidate leased spaces where there are both Very High Frequency (VHF) and Ultra High Frequency (UHF) radio systems.

SENATOR BEERS MOVED TO AMEND AND DO PASS AS AMENDED S.B. 365 ADDING NEW LANGUAGE TO SECTION 1; AND DELETING SECTIONS 2 AND 3, THUS REMOVING THE FISCAL NOTE.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED (SENATOR COFFIN WAS ABSENT FOR THE VOTE.)

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CHAIR RAGGIO:

We will now hear S.B. 387.

SENATE BILL 387 (1st Reprint): Revises various provisions governing public works and the State Public Works Board. (BDR 28-904)

Senate Bill 387 will restructure the State Public Works Board (SPWB). Under existing law, the SPWB consists of the Director of the Department of Administration and six members appointed by the Governor. Section 12 of this bill provides for the abolishment of the current SPWB. Section 1 provides for the appointment of a new SPWB consisting of five members appointed by the Governor, one member appointed by the Majority Leader of the Senate and one member appointed by the Speaker of the Assembly. Each member serves at the pleasure of the appointing authority. Section 7 clarifies that members and employees of the SPWB are entitled to receive per diem allowances and travel expenses to the extent money is available. Sections 4, 7 and 8 of this bill clarify the approval required for expenditure of money for advanced planning and changes in the scope of a project to be obtained from the IFC before money is committed or other action is taken. Section 10 of this bill authorizes the IFC to appoint a subcommittee to approve certain matters of the SPWB that require prior approval of the Committee.

Under existing law, the SPWB may appoint a manager who, with the approval of the Board, is authorized to appoint two deputy managers. Section 5 of this bill requires the SPWB to appoint a manager and a deputy manager for compliance and code enforcement, each of whom must be approved by the Governor. Section 5 also requires the manager, with the approval of the Board, to appoint certain deputy managers. Additionally, section 5 revises the recipients of and expands the information that must be included in monthly reports by the manager concerning progress on current public works projects. Section 5 also transfers the duty to serve as the state building official from the manager to the deputy manager for compliance and code enforcement.

RENNY ASHLEMAN (Chairman, State Public Works Board):

I am here to support S.B. 387. Please refer to my handout ([Exhibit O](#)) which provides language for a proposed amendment to S.B. 387. Our concern is with the language currently in section 8 of the legislation regarding the ability to deal with bidders if the bids are over the amount for the project but less than the appropriation. This amendment would require the SPWB to begin with the lowest bidder for any renegotiation. The amendment would not require approval of a bid if the change did not increase the price of the project by 15 percent. This is 10 percent in the current legislation. This amendment is appropriate and desired by the building industry.

SENATOR CEGAVSKE:

Why are you proposing to increase that percentage?

MR. ASHLEMAN:

We lose time waiting for approval on these projects. The increase to 15 percent will reduce the number of projects requiring approval.

STEVE HOLLOWAY (Executive Vice President, Associated General Contractors, Las Vegas Chapter):

The Associated General Contractors supports S.B. 387 and the amendment Mr. Ashleman is proposing.

CHAIR RAGGIO:

I request that Senator Beers meet with the staff and work on these proposed changes to the bill.

We will close the hearing on S.B. 387 and open the hearing on S.B. 555.

SENATE BILL 555: Makes appropriations to the Department of Public Safety.
(BDR S-1266)

MARK TESKA (Administrator, Division of Administrative Services, Department of Public Safety):

Senate Bill 555 represents a one-shot appropriation from the General Fund and Highway Fund for replacement vehicles and motorcycles, computer hardware and software, identification cards and training materials. This also includes a module for the Division of Parole and Probation (P & P) to link with the Nevada Offender Tracking and Information System.

SENATOR BEERS:

We should be cognizant of proposed legislative changes to the way the Department of Corrections and the P & P operate, before approving the portion of this appropriation's funding for the P & P.

CHAIR RAGGIO:

We are looking at some enhancements and reassignments of work within the P & P which may affect the needs described in this appropriation. Staff will review this.

SENATOR BEERS:

In light of the largely-negative audit recently released about the Fire Marshal Division, I would like to make sure the new chief knows we are willing to accommodate improvements he might recommend.

JIM WRIGHT (Chief, State Fire Marshal Division, Department of Public Safety):

I have been on the job for eight months and am using the audit as a road map for improvements and corrections in the organization. The items we are requesting in S.B. 555 are necessary. This is particularly true of the vehicles which are vital in allowing our staff to conduct investigations, inspections and enforcement.

SENATOR BEERS:

Did you help draft this bill? Do you agree with the items it requests for the Fire Marshal Division?

MR. WRIGHT:

I did not help put this bill together; however, I agree with all that is being requested for the Fire Marshal Division.

CHAIR RAGGIO:

We will close the hearing on S.B. 555 and open the hearing on S.B. 559.

SENATE BILL 559: Makes an appropriation to the Legislative Fund for the costs of the 74th Legislative Session. (BDR S-1485)

MR. GHIGGERI:

Senate Bill 1 provided a \$10 million appropriation from the General Fund for the cost of the current Legislative Session. Senate Bill 559 will provide an additional \$5 million toward the cost of the Session. The *Executive Budget* includes funding recommendations for \$18.5 million if additional funding is needed beyond this \$5 million. That funding would be included in a separate bill or in the General Appropriations Act at the end of the Legislative Session.

SENATOR RHOADS MOVED TO DO PASS S.B. 559.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will now hear A.B. 541.

ASSEMBLY BILL 541: Makes a supplemental appropriation to the State Distributive School Account for unanticipated expenses for Fiscal Year 2006-2007 for providing health care subsidies to retired school district employees. (BDR S-1249)

JAMES WELLS (Deputy Superintendent for Administrative and Fiscal Services, Department of Education):

Assembly Bill 286 of the 72nd Session was passed as a response to increasing health insurance premiums for retired local government employees insured by the Public Employees' Benefits Program (PEBP). This legislation modified the *Nevada Revised Statute 287.023* allowing local governments to provide the same subsidy to their retirees who participate in the PEBP as the State provides its retirees. Those subsidies began in October 2003.

Because the funding of these subsidies had not been included in the FY 2004-2005 budget request for the local school districts, the IFC determined it was appropriate to provide an allocation from the Contingency Fund to cover FY 2004 subsidies charged to the school districts. A supplemental appropriation from the 73rd Legislature provided funds to cover the FY 2005 subsidies. The subsidies payments were included as a separate line item in the Distributive School Account (DSA) budget for FY 2006-2007, in an amount estimated to cover the projected enrollment at the subsidy rates approved by the 2005 Legislature. However, there has been a larger than expected increase in the number of local government retirees joining the State program. As more retirees opt into the State's program, to receive a subsidy for retiree health care, it has increased the amounts required from school districts in excess of the amounts appropriated for this purpose.

Assembly Bill 541 provides for a supplemental appropriation to the DSA to make up for the shortfall between the actual school district subsidy payments to PEBP and the amounts budgeted for the subsidies over the 2005-2007 biennium.

In FY 2006, the total amount of the subsidy payments from the school districts to PEBP was \$10,610,436, or \$2,218,777 more than the \$8,391,659 that was

budgeted for these payments. A study of billings through January allowed us to estimate the total payments in FY 2007 as \$15,171,996. This will leave a shortfall of approximately \$6,000,000 over the \$9,171,421 budgeted for this purpose.

The total is of these shortfalls is \$8,218,777 and represents the amount we are asking for in this bill.

SENATOR CEGAVSKE:

How did we so glaringly underestimate the amount required?

MR. WELLS:

At the time, we had no idea how many retirees would opt into this program to obtain this subsidy. In addition, there were two school districts which changed their programs causing more of their retirees to opt for the State plan rather than the school districts' plan.

SENATOR BEERS:

What percentage of these retirees are also covered by Medicare?

MR. WELLS:

I do not know exactly how many, but I do know that some of the retirees are covered by Medicare.

SENATOR COFFIN:

We will have to pay for these retirees either through the DSA or a special appropriation if we are to continue to subsidize. Are the dollar amounts you just testified to what was actually paid?

MR. WELLS:

Except for our estimate of FY 2007, these are actual subsidy payments that have been made.

CHAIR RAGGIO:

This appropriation will only be for FY 2007. We will not commit to this program beyond that year.

SENATOR BEERS:

We will not be able to hire teachers because of this subsidy for retirees. Some of them do not have Medicare because they began working before 1987. However, there are many who do have Medicare. This will soon be a multimillion-dollar liability and may eventually lower the State's bond rating and make it more difficult for us to borrow money.

MARY PIERCZYNSKI, ED.D. (President, Nevada Association of School Superintendents):

We support A.B. 541. It is important that this State-sponsored subsidy be funded as it has been in previous bienniums because any shortfall comes at the expense of other education funding.

SENATOR COFFIN MOVED TO DO PASS A.B. 541.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will now open the hearing on A.B. 542.

ASSEMBLY BILL 542: Makes supplemental appropriations to the Department of Health and Human Services for payment of stale Medicaid claims. (BDR S-1255)

DARRELL L. HANSEN (Administrative Services Officer, Desert Regional Center, Division of Mental Health and Developmental Services):

Assembly Bill 542 provides supplemental General Fund appropriations to the Desert Regional Center in the amount of \$439,365 and to the Rural Regional Center in the amount of \$95,229. In April 2005, these agencies received Medicare reimbursements which paid for both the federal and State portion of the billed services. They should have received remittance for only the federal portion of billable costs. Because the agencies did not revert sufficient funds in FY 2005 to recover the amount of the overpayment, the supplemental appropriations in A.B. 542 are necessary to reimburse Medicaid for the State portion of costs that were incorrectly paid. These payment problems have now been corrected.

MR. GHIGGERI:

There is an error in section 1, line 4 of the bill. The word "repayment" should be changed to "overpayment."

SENATOR RHOADS:

Do you have many staff vacancies at the Rural Regional Center?

KENDALL HOWARD (Administrative Services Officer, Rural Regional Center, Division of Mental Health and Developmental Services):

While we do have some problems filling professional staff positions in developmental services, we have not experienced the significant problems which the mental health services component has had.

SENATOR COFFIN MOVED TO AMEND AND DO PASS AS AMENDED A.B. 542 WITH THE WORD "REPAYMENT" ON LINE 4 OF SECTION 1 BEING REPLACED BY THE WORD "OVERPAYMENT."

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:
There being no further business before this Committee, this hearing is adjourned
at 10:00 a.m.

RESPECTFULLY SUBMITTED:

Michael Archer,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE:_____