

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-fourth Session
May 1, 2007**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 4:16 p.m. on Tuesday, May 1, 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 Dean A. Rhoads
Senator Barbara K. Cegavske
Senator Bob Coffin
Senator Dina Titus
Senator Bernice Mathews

COMMITTEE MEMBERS ABSENT:

Senator Bob Beers, Vice Chair (Excused)

GUEST LEGISLATORS PRESENT:

Senator Stephen A. Horsford, Clark County Senatorial District No. 4
Senator Maurice E. Washington, Washoe Senatorial District No. 2

STAFF MEMBERS PRESENT:

Gary L. Ghiggeri, Senate Fiscal Analyst
Joe McCoy, Senior Research Analyst
Anne Vorderbruggen, Committee Secretary

OTHERS PRESENT:

Jodi Stephens, Executive Assistant to Senior Staff, Office of the Governor
Daniel J. Klaich, Executive Vice Chancellor and Chief Operating Officer, Nevada System of Higher Education
Keith Rheault, Ph.D., Superintendent of Public Instruction, Department of Education
Frank A. Schnorbus, Nevada Homeschool Network

CHAIR RAGGIO:

I would like a brief overview of the contents of Senate Bill (S.B.) 238.

SENATE BILL 238 (1st Reprint): Provides for a program of empowerment schools. (BDR 34-112)

SENATOR MAURICE E. WASHINGTON (Washoe Senatorial District No. 2):
Senate Bill 238 is a consensus bill with the Office of the Governor. The bill is the policy portion of the empowerment plan. Senate Bill 238 provides a mechanism by which schools can apply for an empowerment plan. This bill sets up design teams at the district level; sets up an empowerment team at the school level and gives a waiver for schools in the rural communities to develop

an empowerment plan without having a design team at the district level. The bill determines who will participate in those design and empowerment teams. There are provisions for staffing, incentive pay, hiring, evaluations of programs and measures which may meet the needs of the student population. Senate Bill 238 gives flexibility to the school principal to work within the student population and the staff in providing those necessary elements to ensure those students will be successful in their school careers.

This is an innovative program which is being implemented across the country. This is an opportunity for Nevada not only to meet but exceed the State's standards that have been set by the Legislature. This will enable academic programs to be tailored to the student's needs. The bill puts in motion a mechanism for schools to convert an approval process and establish an evaluation process by the Department of Education (NDE). Senate Bill 238 will give the school principal the opportunity to govern up to 90 percent of the budget.

CHAIR RAGGIO:

Will the bill mandate a number of schools?

JOE MCCOY (Senior Research Analyst, Research Division, Legislative Counsel Bureau):

Senate Bill 238 contains central features from empowerment school programs instituted in other states, including: site-based management and greater budgetary control at the school level, the option for an incentive pay structure for all school personnel and provisions that allow non-zoned students to transfer into empowerment schools. This bill allows the normal appropriations from State and local sources that Nevada schools already receive. Senate Bill 238 gives discretion over 90 percent of the funds appropriated to the school by the district. Due to this greater control over their budgets, empowerment schools are required to provide quarterly fiscal reports to, and be audited by, the school district.

This measure allows charter schools to participate in the empowerment plan and requires a minimum of 5 percent of the total number of schools in Clark County and Washoe County to convert to empowerment schools. In the rural school districts, conversion to empowerment schools is optional. The total number of empowerment schools statewide is capped at 100. In S.B. 238, the school design team bears the primary responsibility for developing a school empowerment plan and submitting the application to convert to an empowerment school to the School District Board of Trustees for approval. The bill specifies the composition of the school empowerment team, the professional experience the members of the team must possess and the elements a school empowerment plan must include.

The school district may choose to develop a district level design team to provide general guidelines for the school team to consult and criteria for evaluating the school plan. In reviewing the empowerment plan, the school district may not consider the amount of money the school district empowerment team requires to carry out the plan, so long as that amount is within the limits of the 90 percent of funds apportioned to the school. The school district must provide a written statement of the reasons for denial of an empowerment plan, and must provide the school empowerment team with a reasonable opportunity to correct any deficiencies.

SENATOR STEPHEN A. HORSFORD (Clark County Senatorial District No. 4):
The policy of empowerment can be implemented within the funding that is currently allocated by the State to the districts.

CHAIR RAGGIO:
Do the four schools in Clark County designated for empowerment receive additional funding?

SENATOR HORSFORD:
Yes. Four schools are provided an extra \$600 for each student, based on the requirement of time added to the school day and additional school days added to the school year. This was part of the model developed. At the request of the district, those four schools were grandfathered into the 5-percent requirement. With the control of 90 percent of the budget otherwise allocated by a district to a local school and the flexibility for decision making provided by the bill, we believe the policy of empowerment can be implemented with no additional funds. There are supplemental funds that would be available through the companion bill, S.B. 305. This would include funding from the accounts for Programs for Innovation and the Prevention of Remediation, Teachers' Professional Growth Fund, and the Teacher Incentive Fund. Any school, including empowerment schools, may apply for these funds as a supplement to the money they receive from the school district.

SENATE BILL 305 (1st Reprint): Makes an appropriation to the Department of Education for educational programs and assistance for school districts and public schools. (BDR S-97)

CHAIR RAGGIO:
The Committee will consider that aspect of the funding.

SENATOR HORSFORD:
This is an important component, considering the financial constraints the Legislature is under. Giving greater decision-making authority to parents, teachers and other community members is an approach everyone can support, but knowing this can be done without increasing funding is also important.

Many of us have had the opportunity to visit these empowerment schools in other communities such as New York, Boston and Atlanta. The level of excitement and innovation occurring in many of the schools is exactly what is needed in Nevada.

CHAIR RAGGIO:
It is a good concept. What does S.B. 238 allow as to flexibility in staffing, assignment of personnel and the hiring and firing of staff?

SENATOR WASHINGTON:
As a school submits its plan, it must include certain elements as outlined in section 6 of S.B. 238.

CHAIR RAGGIO:
What authority or flexibility, as compared to other schools, does the principal have in assigning personnel?

SENATOR WASHINGTON:

The reassignment is executed at the district level. The bill gives the principal the opportunity to select and hire the staff that will comport to his plan to address the academic needs of that student population. If there is a staff member who does not wish to work in an empowerment school, that individual has the ability to transfer.

SENATOR RHOADS:

How will the allotment of 100 schools be determined?

SENATOR HORSFORD:

In Washoe and Clark Counties, it would be by percentage. In Clark County, there would be a minimum of 16 schools. In Washoe County the allotment would be five schools, and in the rural counties it is at their discretion. The intent and the provisions of S.B. 305 would be to have at least one empowerment school in every rural county that wishes to have one.

SENATOR RHOADS:

Is there a population requirement of 5,000 for a rural county?

SENATOR WASHINGTON:

Correct.

SENATOR HORSFORD:

The superintendent in Elko County is interested in this program.

SENATOR CEGAVSKE:

Could the Committee get a comparison between the practice which is currently in effect and the language proposed on page 5, lines 6 through 40?

SENATOR WASHINGTON:

The language in the bill is similar to the practices prescribed by the empowerment team for the four schools in southern Nevada.

SENATOR HORSFORD:

The first four schools were selected by the superintendent. There will be a process by which local schools can ask to be considered. The principal is ultimately responsible for the plan and its execution, but needs the support of parents, teachers and other staff in the design and implementation of the plan. Those provisions are in the bill to ensure there is shared decision making within the empowerment plan.

SENATOR CEGAVSKE:

It would be better to give the principals the ability to select their staff.

JODI STEPHENS (Executive Assistant to Senior Staff, Office of the Governor):

The Governor has proposed two amendments to S.B. 238 ([Exhibit C](#)). The first amendment is to ensure the rural communities have the ability to participate. It is difficult to find individuals to participate in the rural communities.

The purpose of the second amendment is to ensure there is sufficient information to determine if the empowerment program is working.

CHAIR RAGGIO:

Please explain the amendments proposed by the Governor for S.B. 305 ([Exhibit D](#)).

MS. STEPHENS:

The Governor's proposed amendments to S.B. 305 will provide empowerment with a separate earmarked account. The first proposed amendment states the Governor wishes the funding to be identified and not in competition with other programs.

The second proposed amendment provides for current full-day kindergarten programs in accordance with section 3 of this act.

CHAIR RAGGIO:

What is the purpose of that language?

MS. STEPHENS:

The Governor wanted to assure the current programs are funded.

The third proposed amendment would restore the original funding language that was in S.B. 238.

CHAIR RAGGIO:

What does the language do?

MS. STEPHENS:

This would restore the four Clark County empowerment schools that were in the first reprint of S.B. 238. It would also remove the role of the State Board of Examiners in the application process and have the Department of Education forward the applications to the Interim Finance Committee (IFC) for approval. This would streamline the process. The Governor wanted to restore the language to identify that each school would have funding for each student.

CHAIR RAGGIO:

Is the funding for the schools to be in addition to those funds received under the Nevada Plan?

MS. STEPHENS:

As in the original language, there would be an additional \$550 for each student. The Governor wants this to continue.

The fourth proposed amendment would provide an appropriation of over \$15 million to support an incentive-pay structure pursuant to section 6 of S.B. 238.

CHAIR RAGGIO:

Does the Governor have any additional comments on S.B. 238 or S.B. 305?

MS. STEPHENS:

No. The only issue has been the disagreement with the funding which is the reason for the amendments before you today.

SENATOR COFFIN:

What is the intent of the third proposed amendment of S.B. 238 which requires removing the State Board of Examiners?

Ms. STEPHENS:

The Governor wants to streamline the process.

SENATOR COFFIN:

There may be a problem in how the IFC sees its standing. Our legitimacy focuses around having a connection with the Executive Branch.

Ms. STEPHENS:

The only intent is to streamline the process.

SENATOR WASHINGTON:

The Governor's first proposed amendment is addressed in lines 44 and 45, on page 4, and lines 1 through 4, on page 5 of S.B. 238.

CHAIR RAGGIO:

Is the Governor proposing that in counties other than Clark and Washoe at least one school is an empowerment school?

Ms. STEPHENS:

If a district chooses to participate, the Governor would like to have one school from each school district, but it is not a mandate.

CHAIR RAGGIO:

Why is there no role on the design teams for superintendents?

Ms. STEPHENS:

The Governor identified this as a problem because he felt it was important for the superintendents to have a seat on the design teams. We met with Senator Washington and staff and it was explained to us that if the district wants to put together a district-wide design team, the superintendent would be a part of that team. We were in agreement with that proposal.

SENATOR WASHINGTON:

The superintendents are included as part of the design team. We were concerned at the local level that if a superintendent or designee sat on the empowerment team, it may create a conflict of interest.

SENATOR CEGAVSKE:

When we heard S.B. 305 in the Senate Committee on Human Resources and Education, the reference to full-day kindergarten was throughout the entire bill. I suggested it should be for the current at-risk, full-day kindergarten. The amended language does not address this issue.

SENATOR WASHINGTON:

Section 1 of S.B. 305 has the overall appropriation for the biennium which is approximately \$200 million. In subsection 2 of S.B. 305, the categories are specified. Section 1, subsection 2, paragraph (a) addresses the full-day kindergarten, and at-risk kindergarten in the Governor's Budget, which has already been appropriated, plus the additional nine schools. This equates to approximately \$50 to \$60 million. Section 1, subsection 2, paragraph (b)

contains the appropriation to compensate for licensed educational personnel. This is where the incentive pay and the one-fifth retirement credit are addressed.

The Account for Programs for Innovation and the Prevention of Remediation and the empowerment funds are addressed in paragraph (c). This language puts the funds in one account with each category specified. It provides flexibility to the schools as they implement their plans.

CHAIR RAGGIO:

The reason for hearing both bills simultaneously was to consider the funding for the empowerment program.

SENATOR WASHINGTON:

The funding Senator Cegavske was referring to is the current at-risk full-day kindergarten program.

SENATOR CEGAVSKE:

Is that to be assumed?

SENATOR WASHINGTON:

No. The language on page 5, lines 1 through 28, addresses that issue.

CHAIR RAGGIO:

The decision before this Committee will be whether the funding will be limited to money that is ordinarily received or whether some enhanced funding is going to be required to fund the program.

SENATOR COFFIN:

Our vote will be a narrow vote based upon whether funding will be provided for the current full-day kindergarten.

CHAIR RAGGIO:

There will be an additional hearing on S.B. 305 for issues other than the funding for empowerment.

We will close the hearing on S.B. 238 and S.B. 305. At this time, we will hear testimony on S.B. 239.

SENATE BILL 239 (1st Reprint): Creates the P-16 Advisory Council.
(BDR 34-416)

SENATOR CEGAVSKE:

This bill establishes the P-16 Advisory Council to assist in the coordinating between elementary, secondary and higher education. The proposal originated as a bill draft requested from the Legislative Committee on Education. During the 2005 to 2006 interim, the Committee focused on transition from the middle school to high school and from high school to college and work. In the course of its study, the Committee received testimony on the efforts of the existing P-16 Advisory Council. Dr. Keith Rheault and Dr. Jane Nichols testified that a permanent statutory council might be more effective than the existing Council. The existing Council has more than 30 members, all of whom are volunteers, representing education, business and the community interests.

The Council was created several years ago to work on the American Diploma Project with the purpose of aligning the Nevada High School Proficiency Examination with college placement tests. Currently, the Council is working on issues to prepare kindergarten through Grade 12 (K-12) students for work in higher education. Senate Bill No. 69 of the 73rd Session proposed a permanent council focused on economic development.

Coordination among elementary, secondary and higher education has been an interest of mine for a number of years. I attended a national conference on state-level P-16 councils sponsored by the Education Trust and National Association of System Heads.

The proposal before this Committee would create a permanent Council with 11 members. The Governor would appoint five members, including at least one to represent business, one to represent elementary and secondary education and one to represent higher education. The Senate Majority Leader and the Speaker of the Assembly would each appoint a member of his or her House and representatives of elementary and secondary education, higher education or business. The Minority Leader of each House shall appoint a member of the general public. The proposal would require the Governor to appoint the chairman from among the members who represent business or the general public and provide administrative support.

The council shall address the following needs: teacher preparation; curriculum and transition from elementary schools through post-secondary education and collaboration among various sectors to ensure economic growth and diversification and workforce development.

In our competitive world, an educated workforce is the raw material of production. Senate Bill 239, as amended, offers an opportunity to coordinate our efforts to ensure a better quality of life for our children and for Nevada. I urge the passage of S.B. 239.

CHAIR RAGGIO:

This bill is an attempt to make P-16 more efficient. Senate Bill 239 confines it to a smaller version with all the interest of transition from K-12 into post-secondary education. Section 8 spells out the duties of the P-16 Council. Does staff have information about the fiscal note? Has it changed since the original draft to remove the fiscal note?

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

There would be a change in the fiscal note because the Office of the Governor is required to provide administrative support.

CHAIR RAGGIO:

A fiscal note based on the first reprint of S.B. 239 should be requested.

SENATOR COFFIN:

What was the reasoning for the appointment mentioned on page 2, line 35 of S.B. 239? The people that have the greatest experience in early childhood education are the people who run the preschools in our State. Have they been considered?

SENATOR CEGAVSKE:

Those individuals are not prohibited from taking part based on the language of S.B. 239.

SENATOR COFFIN:

It states one individual from private business. Would that be someone from general business?

SENATOR CEGAVSKE:

Yes. The language on page 2, lines 33 and 34, of S.B. 239 and the language on line 35 of S.B. 239 were not meant to be tied together. They would be two separate members.

SENATOR COFFIN:

Were any individuals from preschools at the hearings?

SENATOR CEGAVSKE:

Are you referring to early childhood education?

SENATOR COFFIN:

Yes, or people in the child-care industry.

SENATOR CEGAVSKE:

No.

SENATOR COFFIN:

I believe they should have been a part of the hearing.

SENATOR CEGAVSKE:

We added another placement for that area. This matter could be pointed out to our leadership when they are making the appointments.

DANIEL J. KLAICH (Executive Vice Chancellor and Chief Operating Officer, Nevada System of Higher Education):

We support S.B. 239.

CHAIR RAGGIO:

We will close the hearing on S.B. 239 and open the hearing on S.B. 400.

SENATE BILL 400 (1st Reprint): Establishes the Program of School Choice for Children in Foster Care. (BDR 34-875)

SENATOR CEGAVSKE:

Senate Bill 400 would allow children in foster care to enroll in public schools other than those they are zoned to attend. Students who are in foster care stand to benefit educationally and socially from a higher degree of individualized attention and accommodations to their circumstances in the school environment. The placement in foster care is often a profound disruption of a child's established routines and relationships. The child is separated from not only his parents or caregiver but also the community of which he was a part. It is not uncommon for these children to be placed with more than one family during their time in foster care. They may need to withdraw and enroll in a new school each time they are placed in new foster homes.

Our State has a vested interest in promoting stability in that child's life by assisting foster families and keeping students in schools which they have been attending and by helping them to sustain preexisting relationships with their teachers and friends.

Senate Bill 400 would allow students in foster care to attend public schools outside their regular school districts. This measure requires the State Board of Education to establish the process by which a child's legal guardian or custodian would apply to participate in the program. The Department of Education is responsible for approving these applications if they are properly submitted. As long as the student is in good standing in the school, S.B. 400 allows the student to participate in the program until the age of 21, or the completion of high school, even if the child is no longer in foster care. The student's transportation costs would not be assumed by the school district in which the student was originally zoned or by the school district in which he chooses to attend.

Senate Bill 400 is an opportunity to enhance the educational experience of Nevada's students in foster care, as well as to supplement the efforts of families who are striving to provide foster care with a healthy and stable environment.

CHAIR RAGGIO:

Sections 11 and 12 of the original bill provided for scholarships. With the deletion of that language, the fiscal impact of the bill has been deleted as well. It is now a program of school choice. It is our understanding that the child who participates in the program is included in the count of pupils in the school district which the child attends for purposes of apportionments and allowances from the Distributive School Account (DSA). Could we be given clarity as to what the fiscal impact is in the first reprint of S.B. 400?

KEITH RHEULT, Ph.D. (Superintendent of Public Instruction, Department of Education):

There was a fiscal note for the original bill which provided staff and \$25,000 for the evaluation portion. With the amendments and their reduction of requirements, I removed the fiscal note. This bill can be implemented without additional fiscal cost including the limited number of students that participate. We could do the evaluation working with the school districts.

CHAIR RAGGIO:

Was I correct in my statement concerning the apportionment and DSA?

DR. RHEULT:

It was not an issue. The bill allows students to ask to attend a school out of their current district. There would be a few cases which would cause a little more fiscal work. Mostly, they would be placed within a different school in the current school district, and the same funding would be received.

CHAIR RAGGIO:

Senate Bill 400 would benefit the student who is in this foster-care situation.

DR. RHEULT:

You are correct. These children are moved around in foster care and this bill would allow them to stay at the current school or move to another.

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CHAIR RAGGIO:

Does the Department of Education support this bill?

DR. RHEAULT:

We support the concept. Anything that can be done to create a more stable environment for those foster children would be beneficial.

SENATOR COFFIN:

In the original hearings, was there testimony from people who are active in foster care? Is the choice up to the child?

SENATOR CEGAVSKE:

The decision is made by the foster parents and the social worker overseeing the case.

The problem is that children in foster care could be moved to three or four different foster homes. The consideration was to keep the children at one school to provide some stability in their lives. There are some school districts doing this when it can be arranged. Senate Bill 400 would enhance this practice.

SENATOR COFFIN:

The child involved should have a role in the decision.

SENATOR CEGAVSKE:

It would be preferable to include the child in the decision, but it is the adults who look out for the child's best interest.

CHAIR RAGGIO:

We will close the hearing on S.B. 400 and open the hearing on S.B. 404.

SENATE BILL 404 (1st Reprint): Revises provisions governing homeschooled children. (BDR 34-738)

I will read lines 1 through 6, on page 1 of the Legislative Counsel's Digest portion of S.B. 404 which is the existing law. How does this bill change existing law?

SENATOR WASHINGTON:

Senate Bill 404 requires notification be made at the district level which removes the fiscal note.

CHAIR RAGGIO:

What is the fiscal impact of S.B. 404?

DR. RHEAULT:

The original bill required all homeschooled students to make application to the Department of Education. The first reprint puts the responsibility of collecting the names of those parents and children requesting exemption on the school districts. From the Department of Education's standpoint, this alleviates the fiscal note.

CHAIR RAGGIO:

Will that require a fiscal note from the local school districts?

DR. RHEAULT:

This will entail less work than is currently required.

FRANK A. SCHNORBUS (Nevada Homeschool Network):

Senate Bill 404 requires notification to the local school district and the maintenance of files.

CHAIR RAGGIO:

We will close the hearing on S.B. 404. Staff will brief the Committee on the report on General Fund revenues of the Economic Forum ([Exhibit E](#)).

MR. GHIGGERI:

In summary, the Economic Forum's revision of the revenues reduced the General Fund Revenue projections in fiscal year (FY) 2006-2007 by approximately \$21.2 million; in FY 2007-2008 by \$40 million and in FY 2008-2009 by \$48.2 million.

The sales and gaming tax projected by the Economic Forum today, as compared to the November 30 Forecast, is approximately \$12 million less in FY 2006-2007. There is approximately \$8.5 million less in FY 2007-2008 and approximately \$9.1 million less in FY 2008-2009.

The Economic Forum is projecting \$1.030 billion in sales tax for FY 2006-2007. In November, they forecast \$1.042 billion, which would be a \$12 million difference. For FY 2007-2008, their forecast is \$1.087 billion and in November they forecast \$1.096 billion. That would be a \$8.5 million difference. In FY 2008-2009, they forecast \$1.164 billion compared to the November forecast of \$1.172 billion.

The gaming tax on page 1 includes percentage fees, advanced license, the restricted and unrestricted fees. The total gaming taxes projected in November was \$866.4 million and May is \$859.5 million; a reduction of approximately \$6.8 million. In November, the FY 2007-2008 projection was \$919.4 million. They are currently projecting \$902.1 million in gaming taxes for FY 2007-2008, which is a \$17.3 million reduction. In FY 2008-2009, the projection was \$992.1 million and the current projection is \$971.4 million which equates to a \$20.7 million reduction.

The other area, where reductions will be noted, is within the business license fee. In November, it was projected at \$23 million for FY 2006-2007, and the current projection is approximately \$18.9 million. In FY 2007-2008, the business license fees were projected at \$24.5 million and the current projection is \$19.4 million, which is approximately a \$5 million reduction. In FY 2008-2009, the projection in November was \$26 million and currently projected, as of May 1, approximately \$19.9 million which is approximately a \$6 million reduction.

SENATOR COFFIN.

The reduction is significant. I am concerned about the cause. This would indicate a large drop in the number of businesses.

MR. GHIGGERI:

I draw the Committee's attention to the Total Secretary of State licenses on page 1 of [Exhibit E](#). In November, it was \$105.4 million and the current projection is \$99.5 million; there is a \$5.8 million reduction. There are businesses paying both the business license fee and the total Secretary of State license fees. There is a reduction in the Secretary of State fees and a reduction in the business license fees.

SENATOR COFFIN:

Many small businesses do not go to the Secretary of State.

MR. GHIGGERI:

There are many limited liability corporations that file.

SENATOR MATHEWS:

Did the "no smoking initiative" have an impact on small businesses?

MR. GHIGGERI:

The "no smoking initiative" was not discussed in relation to the gaming fees. It was discussed in November, but was not discussed at the May meeting.

SENATOR MATHEWS:

As a small business owner who sold cigarettes, but no longer do so, I know there is a large decrease in that revenue.

CHAIR RAGGIO:

How did the real property transfer tax favor compared to projections?

MR. GHIGGERI:

There was no change in the real property transfer tax. The Economic Forum in November projected a 24.9-percent reduction from FY 2005-2006 for FY 2006-2007. In FY 2005-2006, the State collected \$164.8 million in real property transfer tax and the projection for FY 2006-2007 is \$123.7 million. There is a slight increase in FY 2007-2008 to \$124.2 million.

CHAIR RAGGIO:

Is that due to the number of property sales?

MR. GHIGGERI:

Yes.

CHAIR RAGGIO:

What is the bottom line?

MR. GHIGGERI:

The total General Fund revenue, as projected by the Economic Forum in November, was \$3,168,644,779. The May 1 projection is \$3,147,420,427 for a difference of \$21,224,352 in the current year. In FY 2007-2008, the Economic Forum's November projection was \$3,345,369,568, and the current projection is \$3,305,303,016, a difference of \$40,066,552. For FY 2008-2009, the November projection was \$3,578,845,439, and the May forecast for FY 2008-2009 is \$3,530,660,287, for a reduction of \$48,185,152.

CHAIR RAGGIO:

The amounts are significant.

SENATOR TITUS:

There is approximately \$100 million less than they projected.

MR. GHIGGERI:

This is approximately \$109.4 million over the 3 years and is less than what was projected a couple of months ago.

SENATOR TITUS:

This report is not as bad as has been expected.

MR. GHIGGERI:

The revenue portion is worse than what has been foreseen. What has been included in the information is the shortfall in the DSA which was the funding for the anticipated loss in the local school support tax and the potential loss in the property tax.

SENATOR TITUS:

Is that in this report?

MR. GHIGGERI:

No. The DSA does not come to the General Fund.

SENATOR TITUS:

When will those numbers be available?

MR. GHIGGERI:

We are presently working on those numbers. There is some conflicting information we are sorting through.

SENATOR TITUS:

Is there any reason to be optimistic?

MR. GHIGGERI:

There are some developments that may bring about a change.

CHAIR RAGGIO:

With the property tax, it helps the General Fund to the extent that we do not need to supplement the DSA loss of the 25-cent portion of the Nevada Plan. If there is an excess, this could alleviate some of the problem.

SENATOR CEGAVSKE:

What are the major areas?

MR. GHIGGERI:

The major areas are what I have stated. The gaming tax, sales tax, business license fees, Secretary of State fees and Modified Business taxes were down. The one saving grace as projected by the Office of the State Treasurer and is in conjunction with our office is up approximately \$20 million.

SENATOR CEGAVSKE:

Will the advance in buying over the Internet hurt the sales tax revenue?

MR. GHIGGERI:

No. What has been hurting the sales tax is the downturn in construction and new vehicles sales.

CHAIR RAGGIO:

Regardless of the cause, these are the amounts we are required to utilize in finalizing a budget.

SENATOR TITUS:

How do the projections compare to the totals in the budget before us?

MR. GHIGGERI:

These figures are reductions in the revenue which the Governor utilized to construct his budget. The Governor is bound by statute to construct his budget based on the December 1 forecast provided by the Economic Forum. The revenues now available, based on these projections, are approximately \$109.4 million less than what the Governor was required to use when he built his budget.

SENATOR TITUS:

The Governor sent amendments with cuts to the budget. The budget has had many changes. Where are we presently?

MR. GHIGGERI:

Some of Governor's cuts have been rescinded based upon additional savings anticipated in the Medicaid budget. The staff needs to review the information provided.

CHAIR RAGGIO:

There being no further issues before us today, I will adjourn the meeting of the Senate Committee on Finance at 5:34 p.m.

RESPECTFULLY SUBMITTED:

Patricia Vardakis,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: _____