

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-fourth Session
May 7, 2007**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:08 a.m. on Monday, May 7, 2007, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

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

GUEST LEGISLATORS PRESENT:

Senator Mark E. Amodei, Capital Senatorial District
Senator Mike McGinness, Central Nevada Senatorial District
Senator Dennis Nolan, Clark County Senatorial District No. 9
Assemblywoman Debbie Smith, Washoe County Assembly District No. 30

STAFF MEMBERS PRESENT:

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

OTHERS PRESENT:

Phyllis Hunewill, Chair, Board of Commissioners, Lyon County
Norman Frey, County Commissioner, Churchill County
De Vere R. Karlson, Chief Juvenile Probation Officer, Churchill County
Tim Rubald, Executive Director, Division of Economic Development, Commission on Economic Development
Ronald J. Weisinger, Executive Director, Northern Nevada Development Authority
Carol A. Lucey, Ph.D., President, Western Nevada Community College
Paula Berkley, Food Bank of Northern Nevada
Cherie Jamason, President, Food Bank of Northern Nevada
Greg Smith, Administrator, Purchasing Division, Department of Administration
Mendy K. Elliott, Director, Department of Business and Industry
Bill Maier, Deputy Director and Administrative Services Officer, Department of Business and Industry
Anne Loring, Washoe County School District
Jim Wright, Chief, State Fire Marshal Division, Department of Public Safety
Ian Rogoff, Chairman, Nevada Institute for Renewable Energy Commercialization
Jason Geddes, Ph.D., Renewable Energy & Energy Conservation Task Force

Hatice Gecol, Ph.D., Director, Nevada State Office of Energy, Office of the Governor

Bob Goff, Nevada Institute for Renewable Energy Commercialization

Michael Torvinen, Deputy Director, Finance, Director's Office, Department of Health and Human Services

Jeff Mohlenkamp, Administrative Services Officer, Division of Mental Health and Developmental Services, Department of Health and Human Services

Dennis Colling, Chief, Administrative Services Division, Department of Motor Vehicles

Rick Gimlin, Deputy Director, State Department of Agriculture

Robin V. Reedy, Deputy of Debt Management, Office of the State Treasurer

Martin Johnson, Bond Consultant, JNA Consulting Group

Deanna Bjork, Manager of Budgets, Administrative Office of the Courts, Nevada Supreme Court

Ron W. Sparks II, Director, Western Interstate Commission for Higher Education

Andrew J. MacKay, Chair, Transportation Services Authority, Department of Business and Industry

Paul Enos, CEO, Nevada Motor Transport Association

A. R. (Bob) Fairman, Nevada Transportation Coalition

Gary Wolff, Nevada State Law Enforcement Association

Karen M. Lorenzo, Captain, Investigation Division, Department of Public Safety

CHAIR RAGGIO:

Senator Amodei, I understand you have a matter to bring before this Committee.

SENATOR MARK E. AMODEI (Capital Senatorial District):

My purpose in appearing before the Committee is to request a bill draft on behalf of the Storey County Youth and Community Resource Center. I have provided information to the Committee, titled "Storey County Youth and Community Resource Center Legislative Update: March 2007" ([Exhibit C](#)), which indicates the public/private partnership efforts to construct the facility. They have received federal funding, private grants and have the local government involved with the lease on the property. The Resource Center would like the opportunity to discuss State participation in the first phase of the facility's construction.

CHAIR RAGGIO:

Will there be other funding available for this project?

SENATOR AMODEI:

Attempts to access the federal resources are continuing. Grants from the Charles Schwab Bank have paid for the architectural services. The county has provided real property on a \$1-a-year lease for 30 years.

CHAIR RAGGIO:

Unless there is an objection from the Committee, the Chair will accept a motion to obtain a bill draft for this request of \$350,000 to complete phase I of the construction of the Storey County Youth and Community Resource Center.

SENATOR BEERS MOVED TO OBTAIN A BILL DRAFT FOR THIS REQUEST OF \$350,000 TO COMPLETE PHASE I OF THE CONSTRUCTION OF THE STOREY COUNTY YOUTH AND COMMUNITY RESOURCE CENTER.

SENATOR MATHEWS SECONDED THE MOTION.

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

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SENATOR COFFIN:

Senator Amodei, is this a way to help Lyon County circumvent the bill which failed in the Senate Committee on Taxation?

SENATOR AMODEI:

This is a Storey County Resource Center.

SENATOR COFFIN:

Was Storey County not a part of the Western Nevada Regional Youth Center (WNRYS)?

SENATOR AMODEI:

This is a different mission. The facility referenced in the failed bill was for juvenile justice; this is a community center.

CHAIR RAGGIO:

We will open the hearing on Senate Bill (S.B.) 406.

SENATE BILL 406: Makes an appropriation to Lyon County for the construction of a regional juvenile services facility in Silver Springs. (BDR S-917)

PHYLLIS HUNEWILL (Chair, Board of Commissioners, Lyon County):

I am here to speak in support of S.B. 406, which is a request from Lyon and Churchill Counties for an appropriation of funds to construct a regional juvenile services facility. As you will see in my written testimony ([Exhibit D](#)), we do not currently have a detention center located within our two counties except for the WNRYS, which focuses on drug rehabilitation, not juvenile detention.

For many years, our only option has been to transport our youth to other county facilities or to the State for our detention needs. There have been occasions when juveniles have been freed or held in unsecured locations due to a lack of space. This causes a great deal of concern as it presents a real risk to our communities, juvenile probation officers and the youth themselves. This bill is requesting an estimated building cost in the amount of \$4.6 million. I understand this is not an unusual request as the State has provided \$2.2 million for the Eureka, White Pine and Lincoln Counties' facility, \$750,000 for the Humboldt, Lander and Pershing Counties' facility as well as other juvenile facilities such as the China Springs Youth Camp, Aurora Pines Girls Facility and Clark and Washoe Counties' facilities.

We are proposing this regional facility be built on Lyon County property in the Silver Springs area adjacent to the WNRYS. Churchill and Lyon Counties are two of the five counties which fund and operate the WNRYS and have done so since July 2000.

Neither Lyon County nor Churchill County has the resources, or ability to generate the resources, to build this critically needed facility. Lyon County has

shared with numerous Legislative Committees the concerns we have with our present financial situation. Our county revenues have not been growing at the same pace as our population. The fiscal year (FY) 2007-2008 predictions from the State indicate a nearly \$2 million revenue shortfall in Lyon County. Our county dollars are being stretched to meet our growth and service needs. The State demographer estimates Lyon County's present population is 54,061, making us the fourth-largest county in Nevada. We are now only 3,670 residents behind Carson City in population. As our area's population continues to grow, it is pressing the need for this regional juvenile detention center.

NORMAN FREY (County Commissioner, Churchill County):

On September 7, 2006, Churchill County took action recognizing our obligation to provide these services for our youth and for our community. The construction of this regional facility is far beyond our financial means.

Churchill, Lyon and many other Nevada Counties are facing challenges due to reduced growth rates, consolidated tax, gas tax and property tax revenues. Churchill County is currently facing a significant financial shortfall for the upcoming fiscal year. As a result, we have developed a budget mitigation plan which includes freezing all interdepartmental promotions, reducing department budgets by 5 percent and reviewing and assessing the need for all new-hire positions added since 2004. For this reason, we are requesting an appropriation of \$4.6 million to Lyon County for the construction of a regional juvenile service facility.

CHAIR RAGGIO:

We also have a letter from Mr. Richard Faber of the Lyon County Engineering Department ([Exhibit E](#)) with a list of the associated costs for the detention center which total the \$4.6 million requested in S.B. 406.

DE VERE R. KARLSON (Chief Juvenile Probation Officer, Churchill County):

You have received a packet of information titled "SB 406 Brief, Senate Committee on Finance" ([Exhibit F](#), original is on file in the Research Library). Currently, Churchill and Lyon Counties contract with the Douglas and Carson City juvenile probation detention facilities to house their youth. This does not guarantee these facilities will always have space. It also does not guarantee they will accept our youth. Both facilities do their best to accommodate us, but the need for beds exceeds their limited number. The unavailability of space to place our offenders has become a daily fear.

In 2006, Churchill County was turned down for detention space 33 times, and to date in 2007, we have had 20 such instances. When space is not available, those youth are required to remain in our office under the supervision of probation officers or they are released to their homes where they are a risk to the community and themselves.

I have included in my information packet ([Exhibit F](#)) a number of detention stories that have occurred over the last few years when space was not available. We had a 12-year-old female with major family issues and a history of mental health issues as well as delinquency and substance abuse issues. Her mother was extremely uncooperative and suspected of trading her daughter for drugs. The young girl was constantly being kicked out or refusing to go home. As no detention beds were available, she had to spend several nights at the

juvenile probation officers (JPO) office under 24-hour supervision. This happened on several occasions until this young lady was eventually committed to the Caliente Youth Center.

We had a group of male and female adolescents traveling in a van which ended up in Fallon without any adult supervision. There were no parents to release these kids to for several days. They needed a respite care facility, which is not available in Churchill County, and had to be housed at the JPO under 24-hour supervision. This lasted for four days.

We had four juveniles arrested in the middle of the night for stealing over ten cars and deliberately crashing them. One 15-year-old male led police on a high-speed chase through two counties, eventually ending up on the Pyramid Lake reservation. He was subdued by the use of a taser gun after refusing to follow directives given to him by law enforcement. Drugs and alcohol were involved. Only three detention beds were available at different locations so one juvenile had to go home under house arrest.

We had a 15-year-old girl who was thrown out of her father's home after an argument. Her mother was homeless and refused to cooperate with our local social services agency to obtain housing. As we do not have access to a respite care facility, we had to put this youth and her mother up in a hotel room for two days under electronic monitoring and home surveillance.

We had two girls appear in District Court a few weeks ago. One was ordered into Aurora Pines and the other was ordered into the treatment program at the WNRYC. As both girls have a long-standing history of running away, they needed to be detained. There were no detention beds available and one of the young ladies ran away from home.

We had a 16-year-old male who lives with his alcoholic, mentally disturbed father. The probation office, the Sheriff's Department and Child and Family Services have spent hours with this family. In a three-month period of time, this young man had been apprehended three times for various offenses, including domestic battery and two counts of unlawful use of a controlled substance. No detention beds were available on any of these occasions. On one of these occasions, the young man was released back to his father and within one hour the Sheriff's Office was called out again. The young man was apprehended yet again for fighting with his father and destroying property. No detention beds were available in either Douglas County or Carson City.

The father of a 16-year-old male client walked into juvenile probation with a freshly broken nose and cut ear. He had blood streaming down his shirt and neck. His son had hit him multiple times. This same boy had been apprehended twice before for domestic battery on his younger brother. On the first occasion, detention space was not available; on the second occasion, he was detained but released after 12 hours as the detention facility became full. After being apprehended for his third domestic battery, he was detained, but once again released 12 hours later to make room for another youth. Within 24 hours of his release, this youth became angry over a haircut and tore up his mother's home.

On March 5, 2007, the worst possible event occurred in Churchill County. A 17-year-old female, whom I have known since she was 7 and whose family this Department has worked with for the last 10 years, allegedly shot and killed

her stepmother. As I arrived on the scene, the district attorney asked me what I would do with the girl if she were not arrested for murder. I had no idea. Several hours later, this young lady was booked into Churchill County jail for open murder.

I never want to receive another telephone call informing me one of our youth has killed somebody. I am faced every day with having to release youth back into a situation in which we know they are not safe. I am faced daily with having to release youth knowing they will likely re-offend.

Churchill and Lyon Counties desperately need the ability to detain youth. This is an issue of public safety and doing what is best for our youth.

CHAIR RAGGIO:
Is this facility to be located in Silver Springs?

MS. KARLSON:
Yes.

CHAIR RAGGIO:
Is this convenient for both counties?

MS. KARLSON:
Yes. It is centrally located to both counties.

CHAIR RAGGIO:
Is this for detention only?

MS. KARLSON:
Yes.

CHAIR RAGGIO:
As I understand, you currently utilize other detention centers on a contract basis in Carson City.

MS. KARLSON:
Yes. We contract with facilities in Carson City and Douglas County, when space is available.

CHAIR RAGGIO:
Is there any other source of funding in the event the State will be unable to fund this project either partially or completely?

MR. FREY:
We can come up with some other funding if there is no funding from the State. As we have stated, our funds are stretched thin. We also send youthful offenders as far away as Winnemucca. The additional travel time it takes to deliver these people and bring them back for court appearances, for both counties, is an additional burden which would be avoided. Our counties have a history of working together on these problems, and this is the least expensive proposal we can find to solve this problem.

CHAIR RAGGIO:
For what purpose is the WNRYS used?

MR. FREY:

It is a facility for the treatment of drug and alcohol problems and has limited detention capability. The plan is to build the new facility close enough to the WNRYS to share some facilities which will be a cost savings to the counties involved.

SENATOR TITUS:

Have you requested this funding from the Governor?

MR. FREY:

We feel it is premature to request this from the Governor. We are confident the need for this facility is compelling. The Legislature has already heard S.B. 146, in which we take the responsibility of approving the tax at the local level for the operating funds for this facility.

SENATE BILL 146: Authorizes the boards of county commissioners of certain counties to levy an ad valorem tax to pay the costs of operating a regional facility for the detention of children. (BDR 31-937)

SENATOR COFFIN:

Since S.B. 146 would have put the county over the mandated tax cap, and we do not know if the Governor will support the tax bills, we will have difficulty coping with this problem.

MR. FREY:

Since we are taking the responsibilities, as individual communities, of assessing this tax upon our own people, it removes the burden from the State. Ms. Carole Vilardo, from the Nevada Taxpayers Association, said she would like to see a permanent solution to the problem of insufficient funding for these types of facilities when she testified at the Assembly Committee on Ways and Means last week. We may need to adjust the statute to allow us to take care of these things without coming to the Legislature.

SENATOR COFFIN:

We just passed a State law which pledged not to raise taxes above a certain percentage. This would be outside of the abatement which was passed.

MR. FREY:

Please contact us if there is another solution under which we can live up to our obligation to take care of the youthful offenders and protect our communities.

SENATOR MIKE MCGINNESS (Central Nevada Senatorial District):

I want to lend my support to Senator Coffin. We debated this funding for this operation in the Senate Committee on Taxation. I was able to tour the WNRYS facility prior to the Legislative Session and they have put a lot of operation into a small building. The kitchen facilities at the WNRYS would be used for this new facility as well. I think this is a unique and cooperative effort between two counties to solve a big problem.

SENATOR TITUS:

As I recall, when we did a split roll with the property tax cap, with 3 percent for residential and 8 percent for businesses, one of the justifications was an economic crisis. If there is no longer an economic crisis, and these two counties can increase the property tax, are we in jeopardy of being litigated against by

the people with an 8-percent tax cap? We should get our legal staff to address this issue.

SENATOR MCGINNESS:

It is possible. Since this is outside of the abatement, it presents some serious problems. These counties recognize the fact they have an additional problem and the need to find a way to resolve it.

SENATOR AMODEI:

I have the majority of Lyon County in my district and this bill has my support. Part of the economic crisis was due to the fact we were taxing people out of home ownership. If we have solved the problem, raising the tax could potentially recreate it.

CHAIR RAGGIO:

We will not be voting on these bills other than some of the supplemental appropriations. This applies to any of these bills which have appropriations not included in the *Executive Budget*. When we make our final decisions, it will depend on funds which are available.

We will now open the hearing on S.B. 407.

SENATE BILL 407: Makes an appropriation to the Northern Nevada Development Authority for certain projects and programs. (BDR S-983)

SENATOR AMODEI:

Senate Bill 407 represents an interesting opportunity for the State in terms of funding economic development outside of the major urban areas in western Nevada. You will have some amendments which propose to add a few more counties to the bill. I request your attention to the proposal and what it seeks to do in terms of raising the bar for economic development in the rest of western Nevada.

CHAIR RAGGIO:

This bill applies to counties with a population of under 100,000 residents.

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

This bill will also provide some additional resources to the Commission on Economic Development by providing an additional \$135,000 which will be used throughout the rural areas of the State for economic development activities.

CHAIR RAGGIO:

What specific projects are envisioned?

MR. RUBALD:

This funding would go to the Northern Nevada Development Authority.

RONALD J. WEISINGER (Executive Director, Northern Nevada Development Authority):

I am a businessman, so I look at the bottom line and the return on your investment with us. We are not asking you to fund the Northern Nevada Development Authority (NNDA). We are asking you to fund the implementation of the NorthernNVision - Imagine the Future initiative. The Legislature funded

NorthernNVision - Imagine the Future last year. Implementation of the plan is next on the agenda. We have already started some of this implementation. The projects we have begun are a rural regional Website project to put a better foot forward when looking to recruit companies and industries coming from outside of the State of Nevada. Another project is a rural region business incubator which involves all seven of the counties which are a part of the NorthernNVision - Imagine the Future initiative.

You have received a proposed amendment to S.B. 407 ([Exhibit G](#)) within the information package we have distributed ([Exhibit H](#), original is on file in the Research Library). When this bill was originally written, it restricted the money to be used by the NNDA to four counties in our service area. We are asking for authority to expand the usage of the appropriations to the three counties not currently included in the service territory which are Churchill, Mineral and Pershing Counties.

There were six targeted industries in the recommendation from a year-long study on the NorthernNVision - Imagine the Future initiative for all seven of the counties. Those six industries are light advanced manufacturing, clean energy and bio-agriculture, business and technology services, logistics and distribution, tourism and hospitality, and regional health and wellness services. The rural counties can support these industries to diversify their economies and bring in good income.

The rural counties are not asking for a handout. They are asking to increase their sales-tax base so they can take less money and not rely on support from Clark and Washoe Counties. We want the rural counties to stand on their own and be more economically viable.

The projects which would be funded all involve the six targeted industries which are the recommendations from NorthernNVision - Imagine the Future. You have received in your information package the three reports which were completed. In this initiative, we have partnerships with the University of Nevada, Reno (UNR) and the Western Nevada Community College (WNCC) which services all seven of the included counties. Without an educated workforce in our rural counties, it is impossible to attract and keep businesses and industries.

CAROL A. LUCEY, PH.D. (President, Western Nevada Community College):

The seven counties which define our service area are exactly aligned with the seven counties which define the NNDA and the Western Nevada Development District. We are a small, rural college and we operate in partnerships. We consider the development authorities, Kindergarten through Grade 12 and our industries as important partners in everything we offer to the community. I am here to support the implementation of the NorthernNVision - Imagine the Future project which was funded by the State last year, resulted in the definition of the six targeted industries and identifies the strengths and weaknesses in our region. Two of the areas which represent challenges for us are the absence of educational and workforce development opportunities. The WNCC is excited with the possibility of playing a role in addressing these problems. We understand the importance of growing our own industrial and business space and support the incubator project.

CHAIR RAGGIO:

We will now open the hearing on S.B. 459.

SENATE BILL 459: Makes an appropriation to the Purchasing Division of the Department of Administration for costs associated with the Commodity Supplemental Food Program. (BDR S-1444)

PAULA BERKLEY (Food Bank of Northern Nevada):

We started this request as an enhancement in the Department of Health and Human Services (DHHS) budget which was not passed. Senators Raggio and Mathews offered to sponsor this bill in association with Assemblywoman Smith. In your information packet, titled "Food Bank of Northern Nevada" ([Exhibit I](#), original is on file in the Research Library), you will find the original two bills in which the \$100,000 in funds were erroneously granted to the Food Bank of Northern Nevada (FBNN) instead of the Purchasing Division.

This \$100,000 will pay for distribution and transportation costs for the Commodity Supplemental Food Program (CSFP). This is a federal nutrition program designed primarily for seniors. When designing this program, they did not account for the unique expenses we find in northern and rural Nevada. It took us six years to get this program into the State of Nevada.

ASSEMBLYWOMAN DEBBIE SMITH (Washoe County Assembly District No. 30):

As a member of the Assembly Committee on Ways and Means, I am conscious of our obligation to reclaim as many of the federal dollars as possible. Nevada does not have a good record in this area. Many Nevada tax dollars go to Washington to pay for the nation's nutrition programs, whether they are the School Breakfast, Lunch, or Summer Food Program, the Food Stamp Program or the Women, Infants & Children, United States Department of Agriculture Special (USDA) Commodity Supplemental Food Program.

The nutrition programs are America's first line of defense against hunger. By bringing those federal dollars back to Nevada, we give our most poor a chance to avoid food insecurity.

We have heard several bills and presentations during this Legislative Session describing the many people, and the many children, in this State who go hungry. Everything we can do to bring these dollars back to organizations like the FBNN will serve our citizens, and certainly the children in our schools. This would be an impossible challenge for the food pantries and Food Banks to achieve.

Currently, the State dedicates no money toward food and nutrition programs. When the FBNN described the challenge of raising private funds each year so they could deliver this federal food program to my constituents, as well as to the desperately poor seniors in the rural counties, I did not hesitate to support this bill. Many poor seniors in my district have no way of making their way to a centralized location to get a box of food which they physically cannot carry back to their homes. Many of the senior citizens in my district have no means of transportation and rely on public transportation. Many rural seniors absolutely depend on that box of food the FBNN delivers to survive.

I whole-heartedly support S. B. 459 and appreciate Senator Raggio's willingness to take the lead on this bill. It is a good bill and an essential step to ensure we retain the federal dollars and this essential food.

CHAIR RAGGIO:

We need to understand the relationships between this bill and S.B. 205, which is in this Committee but has not been scheduled, and Assembly Bill (A.B.) 241 in the Assembly, which both make appropriations to the FBNN.

SENATE BILL 205: Makes an appropriation to the Food Bank of Northern Nevada, Inc., to supplement costs associated with the distribution of food from the Commodity Supplemental Food Program in northern Nevada. (BDR S-756)

ASSEMBLY BILL 241: Makes an appropriation to the Food Bank of Northern Nevada, Inc., to supplement costs associated with the distribution of food from the Commodity Supplemental Food Program in northern Nevada. (BDR S-1046)

MS. BERKLEY:

This is the same bill, but instead of the money going to the FBNN, it now goes to the Purchasing Division. This is a federal program and the dollars should follow the program, not the FBNN. Sometime in the future, if the FBNN is not distributing this food, you will still have the State funds invested to distribute the CSFP food boxes.

CHAIR RAGGIO:

It is my understanding the FBNN distributes the food to all of the rural counties. How many rural counties are on the FBNN's distribution?

CHERIE JAMASON (President, Food Bank of Northern Nevada):

We cover an area from the northern counties of Nevada down to Tonopah, with the exception of Elko. There is an existing program in Elko which distributes food to approximately 100 clients.

ASSEMBLYWOMAN SMITH:

Assembly Bill 241 was the companion bill to S.B. 459. It had some technical issues, so we let that bill die, and we are relying on S.B. 459.

CHAIR RAGGIO:

Can we do the same thing with S.B. 205?

MS. BERKLEY:

Yes. These boxes of food, which weigh 35 to 40 pounds each, are going to seniors who have an average income of \$350 to \$900 each month. Rather than a supplemental food program, this is an absolutely essential amount of food. If these seniors do not get these boxes, they simply do not have food to eat. There is a chart in your packet ([Exhibit I](#)) showing how the approximately 5,900 boxes of food which come to Nevada are distributed.

When the 100 boxes of food which are distributed in Elko arrive at the Purchasing Division, they get put directly onto a truck and go to Elko. The Clark County food, which represents 62 percent of the total amount, is trucked

from the Purchasing Division to 2 distribution centers in Clark County, and is distributed to people in need at little cost.

It is a different scenario when we deliver food to the 42 different locations in the rural areas. When the federal government budgets the distribution costs, they do not consider the vast areas of rural Nevada. The FBNN adds fresh fruits and vegetables, which are brought from California in our refrigerated trucks, to the food boxes. We also get people to register for the food-stamp and energy-assistance programs, adding value to the food boxes we deliver.

Ms. JAMASON:

This is a crucial take-home nutrition program for low-income seniors, and the federal funding for distribution is based on areas with high-density populations which do not exist in our rural areas of northern Nevada. The federal government provides \$49.26 a year for each client for distribution. Last year, we raised an additional \$38.42 a year for each client for FY 2006-2007 and FY 2007-2008, and \$36.75 for FY 2008-2009 to cover distribution costs.

Expenses beyond the USDA reimbursement are primarily due to transportation and truck-maintenance costs, gasoline, additional staff required to respond to our geographic challenges and additional fresh foods to provide along with the nonperishable food boxes. There are approximately 415,000 people over the age of 55 in northern Nevada and 8 percent live in poverty. This means there are approximately 31,000 older northern Nevadans existing on \$761 a month or less.

Average participation in the CSFP is roughly 6,000 people each month, predominantly seniors, and there are thousands waiting to be served. Nevada ranks 13th in elderly poverty rates and 6th in food-insecurity rates. This means people do not often know where their next meal is coming from. People we serve include a gentleman in Austin who was found this winter, with no money to pay for heat, huddled around a kerosene heater and with no food in the house. I know of two Korean and WWII veterans living on \$359 and \$650, respectively, and you cannot make ends meet with so little in the way of resources.

This is essentially the only reliable take-home source of nutritious food available to the elderly. It is a federal program and we deserve to have it here in Nevada. Senior populations are a fast-growing sector and we cannot afford to let them down.

The commodity value for northern Nevada is approximately \$656,000. Distribution funding from the USDA is approximately \$125,000 this year. Produce, perishables and additional food the FBNN adds to the food boxes are approximately \$215,000. Additional distribution costs, including trucking, fuel and outreach staff are almost \$50,000, and we expect to pay approximately \$35,000 next year to replace inbound distribution costs which are presently donated. We are contributing approximately \$300,000 to the program and are requesting the State to provide a match. We will then have federal funding, State funding and nonprofit funding to deliver this program. We are recommending the funds go to the Department of Administration to be meted out to the distributing agency over the year.

SENATOR CEGAVSKE:

Looking at the sheet in your packet ([Exhibit I](#)), I noticed you have only one church, the United Methodist Church in Las Vegas, as a distribution point. We have a lot of churches in Las Vegas.

Ms. JAMASON:

It is the church which was formerly across the street from the University.

SENATOR CEGAVSKE:

Is it only this one church?

Ms. JAMASON:

When Catholic Charities' senior Meals on Wheels program no longer wished to distribute the CSFP food boxes, the United Methodist Church took their portion of the distribution. The individuals come to the church location to pick up food boxes.

SENATOR CEGAVSKE:

One of the other Methodist churches has the Saint Stephen's Society doing a food bank as well. I was curious why you only have one church.

Ms. JAMASON:

The United Methodist Church is the only one which distributes for the CSFP.

GREG SMITH (Administrator, Purchasing Division, Department of Administration):

Should the Committee choose to make this investment, the Purchasing Division promises to guard, maximize and leverage your investment to the best of our ability.

CHAIR RAGGIO:

I want to be sure this is compatible with the operation of the Purchasing Division.

SENATOR COFFIN:

You mentioned you will leverage our investment; what are we not presently getting by not leveraging our investment?

MR. SMITH:

In using our trucks, we try to maximize their use. Instead of using a truck for only food, we will fill a truck with various items including food, office supplies and furniture to maximize the use of the truck. When you ask what we are not getting, there are always more people requesting services than we have the resources to provide, so we are always working cooperatively to find ways to stretch our resources to serve more people.

SENATOR RHOADS:

I saw an article in a magazine showing about two-thirds of the United States was utilizing a service in which people in need could receive a coupon worth up to \$30 to use toward obtaining fresh fruit and vegetables. Nevada, Idaho, Montana and Utah were among the states not utilizing this service.

Ms. JAMASON:

They may be speaking of the Senior Farmers' Market Nutrition Program (SFMNP) coupons which are distributed by the USDA according to population

and poverty. Nevada has not always moved with enthusiasm to receive additional programs since there may not be staffing or outlets available to administer them. We try to work with the SFMNP to distribute these coupons to seniors along with the commodity food box program.

The State of Nevada is leaving many millions of dollars on the table in unused food-stamp benefits, unused school-breakfast benefits and unused summer-resource benefits for children. Without any State investment in these programs, beyond the federal distribution funding, it is extremely difficult to deliver them in the rural communities.

MR. SMITH:

The Purchasing Division added the SFMNP to our array of programs four years ago, and it has been successful and popular.

MS. BERKLEY:

This bill is not a one-shot appropriation. We want this \$100,000 every year.

CHAIR RAGGIO:

We will now open the hearing on S.B. 476.

SENATE BILL 476 (1st Reprint): Makes various changes concerning business practices. (BDR 54-1389)

MENDY K. ELLIOTT (Director, Department of Business and Industry):

Senate Bill 476 requires the Financial Institution Division to adopt regulations to provide for the licensing, bonding and regulation of qualified intermediaries, also known as exchange facilitators. The Division must develop a specific audit program, is authorized to charge fees, impose administrative fines pursuant to those regulations and provide criminal penalties for violations.

This bill was derived from the unfortunate situation in Las Vegas with an exchange facilitator, known as Southwest Exchange Corporation, in which over \$80 million was missing. There has been deemed an appropriate fiduciary responsibility on behalf of the State to ensure anyone engaged in a qualified intermediary business transaction, also known as a 1031 exchange, makes safe and secure transactions.

BILL MAIER (Deputy Director and Administrative Services Officer, Department of Business and Industry):

The changes which are addressed here are primarily in personnel. The original request was for six financial institution examiners and three administrative assistants. The request has now been reduced to one examiner and two administrative assistants.

CHAIR RAGGIO:

Is there a new fiscal note for this bill?

MR. MAIER:

The agency has not yet submitted a new fiscal note. We do not have the final figures. We can provide those figures quickly.

CHAIR RAGGIO:

When will we have a new fiscal note?

MR. MAIER:

We can work with the agency and provide the new fiscal note to the Committee this morning.

CHAIR RAGGIO:

The purpose of hearing this bill is to determine the fiscal note and we will hold this bill until we receive the new one. Please make the new fiscal note available as soon as possible.

We will now begin the hearing on S.B. 499.

SENATE BILL 499 (1st Reprint): Revises provisions governing the approval of certain plans, designs and specifications for school buildings. (BDR 22-443)

ANNE LORING (Washoe County School District):

Currently, all school districts in Nevada must have their school construction plans checked by the State Public Works Board (SPWB). This bill would require school districts in counties with a population between 30,000 and 400,000 residents to have its school plans reviewed by the local building department rather than the SPWB.

In addition, the local building department or other agencies would perform the construction inspections. This bill will improve construction efficiency by consolidating plan checks, permitting, inspections and certificates of occupancy for schools under the auspices of the local building department and related agencies.

For Washoe County School District, S.B. 499 would also mean the elimination of the duplicate plan reviews currently required by the SPWB and the local building departments. If there is no local building department in one of these counties, the school district would have to contract with either the SPWB, a building department in another county or a private company to perform the plan reviews and inspections.

This bill does not change the law for the Clark County School District since they do not wish to be required to go to their local governments for plan reviews and would continue to utilize the SPWB. School districts in counties with populations under 30,000 residents would also continue to have their plan reviews and inspections performed by the SPWB.

This is not an appropriations bill and is before this Committee due to the potential fiscal note.

CHAIR RAGGIO:

We have the first reprint of this bill as amended in the Senate Committee on Government Affairs. It is estimated the net effect of this bill would be a loss of revenue to the State Fire Marshal Division of approximately \$20,000.

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

Staff has not completed an analysis, but the State Fire Marshal Division has indicated they can accommodate this reduction in revenue within their existing budget.

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

As indicated, we have been reviewing revenue projections for the State Fire Marshal Division's budget and performed an analysis of revenue coming from the school districts in the past fiscal year. The best we can project is a \$20,000 loss of revenue for the Division.

CHAIR RAGGIO:

We will now open the hearing on S.B. 560.

SENATE BILL 560: Makes an appropriation to the Nevada Institute for Renewable Energy Commercialization to provide for the initial staffing and implementation of the Institute. (BDR S-1366)

IAN ROGOFF (Chairman, Nevada Institute for Renewable Energy Commercialization):

I am here to present what I believe is an extraordinary opportunity for the State of Nevada. I represent the Nevada Institute for Renewable Energy Commercialization (NIREC). In partnership with other research institutions, corporations and venture capitalists, NIREC brings renewable energy technology out of universities and laboratories into an environment focused exclusively on maturing, characterizing and scaling this technology for use in the commercial sector.

The NIREC surrounds the technology team with entrepreneurs in business functions, like marketing and business development, with the goal of licensing the technology and creating spin-off companies. The NIREC has a private-sector-financed funding arm which will help capitalize new companies and provides an outreach demonstration capability and facility for the public.

We are here to ask for your support for this nonprofit institution since the NIREC offers enormous benefits to our State and is the only institution of its type in the country which combines all of the elements I described.

We have distributed a handout titled "Nevada Institute for Renewable Energy Commercialization (NIREC), A Nevada 501(c)(3) Non-profit Organization" ([Exhibit J](#)), and I would like to point out a few items which I believe are relevant.

We have a bill with U.S. Senator Harry Reid requesting \$13 million to fund this current fiscal year and he is aware of a subsequent funding bill which will come for the following fiscal year. We have positive indications from Senator Reid regarding the status of this bill.

We have had extraordinarily strong representations of support from corporate investments, venture capitalists and other sponsors who are interested in our focus on renewable energy commercialization. From an economic development standpoint for northern Nevada, we believe the NIREC will create and attract high quality jobs, careers and spin-out and start-up companies based on

renewable energy technology in our State. It will strengthen Nevada's ability to compete for federal and corporate funding with research stars and experienced entrepreneurs. It will extend Nevada's capital base to new industries and geographies and accelerate the commercialization and adoption of renewable energy in Nevada and the Nation. We also believe the NIREC will attract Nevada's best and brightest students and become a magnet for Millennium Scholars.

Some of the unique elements of the NIREC are its in-house business functions, entrepreneurs/executives-in-residence and a technology advisory board. It involves institutional engagement with major companies and sources of venture funding for end-to-end commercialization. The NIREC is privately funded once the companies get to scale and mass. It has a renewable energy private-sector side-car fund, meaning there is an investment fund taking these companies to commercialization once we have incubated the technology.

The NIREC has a demonstration facility. It allows spin-outs, licensing and corporate sponsorship and competitive grants contribute to ongoing funding. Governance and steering consist predominantly of experienced and motivated private-sector board members. There is a diagram of the structure of the NIREC on the last page of your handout ([Exhibit J](#)).

This is an institute which brings an extraordinary amount of technology to the State of Nevada. It brings with it the technology stars, scientists, researchers, entrepreneurs, corporations and venture capitalists. The level of support we have had from State and federal legislators and the private sector leads us to believe we are on the right track.

CHAIR RAGGIO:

What is the present status of the NIREC?

MR. ROGOFF:

The NIREC is a United States Tax Code 501(c)(3) nonprofit organization. It is waiting for funding from the State and federal government to establish the start-up facility. The private sector is ready to participate once they have seen the State and federal government are willing to fund the facility.

CHAIR RAGGIO:

Is the NIREC currently active?

MR. ROGOFF:

It is not active other than in the sense that we are actively in the start-up phase.

JASON GEDDES, PH.D. (Renewable Energy & Energy Conservation Task Force):

I am here representing myself, not my employer, the Economic Development Authority of Western Nevada. I am here due to my personal interest in renewable energy and clean energy development. We have a unique opportunity to create the institute which would take the clean energy research happening at the Desert Research Institute (DRI), the UNR, the University of Nevada, Las Vegas (UNLV) and research institutions around the country and bring them to the point of becoming renewable energy start-up companies in our community. We will benefit from this last stage of development and see these products help raise the profile of clean energy in our State.

Senator Reid has obtained \$13 million for this year and another \$10 million is slated for next year to get the NIREC started. This is a great opportunity to leverage the funds we have to create a nice institute at the DRI Research Park and make this region a world leader in clean-energy development.

CHAIR RAGGIO:

What is the likelihood of the U.S. Congress' decision being positive for these bills, and when would funding be expected?

DR. GEDDES:

The funding is in the 2008 Energy Appropriation Bill and it will be voted on in October 2007.

SENATOR TITUS:

I am supportive of this, but it distresses me to hear Mr. Rogoff talk only of the benefits for northern Nevada. We have a lot of sunshine in southern Nevada which should play a part in renewable energy development. Does this strictly focus on geothermal, solar or wind energy in northern Nevada?

DR. GEDDES:

This is meant to be a regional incubator in which we plan to obtain researchers from the DRI, the UNLV, the UNR, the University of California, Davis and others. This is not limited to geothermal energy and includes solar energy and the other great research happening at the UNLV as well as our California partners and researchers from around the world.

MR. ROGOFF:

The facility is located at the DRI Research Park and the attraction of the technologists is from throughout the State. We are well aware of the progress being made in southern Nevada with renewable energy.

SENATOR RHOADS:

What can NIREC do that the DRI is not currently doing?

MR. ROGOFF:

The principal direction research takes is the direction from which they get their next funding effort. When a research or principal investigator is seeking to continue their research, they typically are proceeding with a number of different federal agencies to attract grants. If they get their funding from the Department of Homeland Security (DHS) or the Department of Energy (DOE), that is the direction they pursue. The NIREC intends to provide that direction in a commercialization strategy. If you are the DHS, you might attract technology in which there is no interest in commercializing and it would be established in a completely different direction. The NIREC wants to commercialize new energy technologies and spin them out to start new companies. We want to license the technology to a corporation, create jobs around it and attract companies to Nevada because of it.

HATICE GECOL, PH.D. (Director, Nevada State Office of Energy, Office of the Governor):

I am here to express support on behalf of the State Office of Energy and the Governor for S.B. 560. This bill is close to my heart. As many of you know, I am a professor at the UNR and understand the value of this bill.

There is a lot of quality research being done at the UNR and other higher education institutions in Nevada. Unfortunately, most of it never moves beyond the research stage. Engineering and science professors are proficient in their research areas, but know little about entrepreneurship or the commercialization of their research.

This gap between research and commercialization can be filled by specialists such as the NIREC. I cannot think of a better group to lead this project. With their extensive background in business entrepreneurship and commercialization of research, it makes sense to support them.

With their expertise working for our benefit, we can expect to see the creation of new capital, quality jobs and a larger new inflow of tax revenues to the State. This project is the classic win/win situation people learn in Master of Business Administration programs all over the world. The State Office of Energy and the Governor are supportive of this program and ask you to find funding, separate from the other funding the Governor is requesting, to make this program a reality.

If you can allocate a fund for this project, it will be money well spent and we will give ourselves a great public/private partnership that will work for Nevada.

SENATOR TITUS:

If the Governor thinks this is such a great project, why does he not come up with the funding? Where does he suggest we find funding for this program?

DR. GECOL:

I trust our Legislators will find the money to support this great program since it is a clean and renewable energy which will enhance our economic development and will bring our research to commercialization. It is important for Nevada's future.

BOB GOFF (Nevada Institute for Renewable Energy Commercialization):

I am here as a trustee for the NIREC and I have two points I want to emphasize to the Committee. The first point is none of us are looking for a job or to receive any financial rewards from the NIREC. All of the founders have experience in the commercialization of technology from our prior careers which has resulted in creating many high quality jobs and in sustaining important technology-based economies which are aligned with our national priorities.

I have been working in partnerships with the educational research institutions and economic development organizations in the State for over ten years, and I have never seen a project which has had the impact on meeting those objectives as the NIREC.

My second point is during discussions with Senator Reid and other western delegates, they have indicated strong support for this model of state and federal funding until we can attract private sector funding. It is my belief they consider it imperative to retain State funding to attract the adequate federal funding for this project. Without Nevada's support, it is my belief this project will occur in another state. If we can work together to get this project funded initially, there is tremendous future federal- and private-sector funding which could be obtained. Our group is committed to make this happen for the State of Nevada.

CHAIR RAGGIO:

Senator Townsend and I were approached on this bill and the Governor was not aware of the project until after the budgets were submitted, and for this reason, this bill was brought forward.

We will now open the hearing on S.B. 565.

SENATE BILL 565: Revises certain fees charged by the Commission on Postsecondary Education. (BDR 34-1489)

MR. GHIGGERI:

This is the legislation requested by the Committee when they closed the Commission on Postsecondary Education budget. This will provide for fee increases which will flow to the General Fund and will partially offset the cost of the new position which was approved by the Committee.

CHAIR RAGGIO:

Did we close the budget based on this fee increase?

MR. GHIGGERI:

The Committee closed the budget adding the position and requested this legislation.

CHAIR RAGGIO:

This would enable the review of all of the schools.

SENATOR RHOADS MOVED TO DO PASS SENATE BILL 565.

CHAIR RAGGIO:

Since there is no second to the motion, we will hold the bill. We will now open the hearing on A.B. 198.

ASSEMBLY BILL 198 (1st Reprint): Makes a supplemental appropriation to the Department of Health and Human Services, Administration, to fund leased office space and tenant office improvements. (BDR S-1251)

MICHAEL TORVINEN (Deputy Director, Finance, Director's Office, Department of Health and Human Services):

Assembly Bill 198 provides a supplemental appropriation to allow us to complete the payment for the cost of moving our offices from the Kinkead Building to the Technology Way location. We have gone through the analysis and I believe we have received our final bills.

CHAIR RAGGIO:

This is the first reprint of A.B. 198 and the adjusted amount is \$603,418.

MR. TORVINEN:

This should pay all of the tenant-improvement costs, the furnishings and setting up the building for our occupation.

CHAIR RAGGIO:

Has staff reviewed this?

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MR. GHIGGERI:

Staff has reviewed this bill and does not have any concerns.

SENATOR RHOADS MOVED TO DO PASS A.B.198.

SENATOR TITUS SECONDED THE MOTION.

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

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CHAIR RAGGIO:

We will now begin the hearing on A.B. 504.

ASSEMBLY BILL 504 (1st Reprint): Makes a supplemental appropriation to the Department of Health and Human Services for expansion of mental health services. (BDR S-1254)

SENATOR BEERS:

Are these appropriations included in the *Executive Budget*?

CHAIR RAGGIO:

These are supplemental appropriations included in the *Executive Budget* for FY 2006-2007.

SENATOR BEERS:

Why are they supplemental?

MR. GHIGGERI:

The supplemental appropriations which were recommended by the Governor are included in the *Executive Budget*. Some have come up since the *Executive Budget* was drafted which were not included. The supplemental appropriations in the bills you will be hearing this morning have been included in the *Executive Budget*.

JEFF MOHLENKAMP (Administrative Services Officer, Division of Mental Health and Developmental Services, Department of Health and Human Services):

I am here to speak in regard to A.B. 504, which provides a supplemental appropriation for Lake's Crossing Center in the amount of \$1,794,831. This appropriation is needed to allow the Lake's Crossing Center to continue operations and was made necessary by the expansion of the facility from 48 to 76 beds during FY 2005-2006. The expansion was authorized by the Interim Finance Committee (IFC) in response to a Federal Court Case which required the state to process mentally-ill defendants within seven days of a court order.

We have reviewed the expenses at the facility during FY 2006-2007 to date and have determined that we can reduce the amount of the supplemental, which was approximately \$2.3 million, to \$1,794,831. This is primarily due to savings in medications, utilities costs and personnel expenses.

CHAIR RAGGIO:

Is this sum of \$1,794,831 correct?

MR. MOHLENKAMP:
Yes.

CHAIR RAGGIO:
Will this amount be sufficient to meet the requirements which have been imposed upon the facility?

MR. MOHLENKAMP:
Yes, we believe it will be sufficient.

MR. GHIGGERI:
Staff does not have any concerns with this amount.

SENATOR COFFIN:
Do we need to upgrade or change our security systems in light of the brief escape last week of a patient at the Southern Nevada Adult Mental Health Services?

MR. MOHLENKAMP:
We have requested additional security funding for our facility in Las Vegas, which is in the budget and being processed.

SENATOR COFFIN:
Was this a foreseen circumstance when the additional security funding was requested?

MR. MOHLENKAMP:
This specific incident obviously also requires the additional training of staff and follow up with the clinical and professional staff. I would need to defer to the staff at the facility on the specifics of what action they will take to address the incident.

SENATOR COFFIN:
We need to know if it will require additional funding to ensure incidents like this do not reoccur.

MR. MOHLENKAMP:
I am not aware of any request for additional funding to address this.

SENATOR CEGAVSKE:
I was told the incident was due to a fire in a microwave oven which set off the alarm and opened the doors allowing a patient to escape. We were also told there is no secondary plan for security in such instances. It is unfortunate that the person who was fired over the incident was the person who had been there the least amount of time. There are questions which need to be answered on this issue.

SENATOR RHOADS MOVED TO DO PASS A.B.504.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will now begin the hearing on A.B. 543.

ASSEMBLY BILL 543 (1st Reprint): Makes supplemental appropriations to the Department of Motor Vehicles for various costs. (BDR S-1263)

DENNIS COLLING (Chief, Administrative Services Division, Department of Motor Vehicles):

In section 1, subsection 1 of A.B. 543, we have requested the sum of \$615,116 for an anticipated shortfall in operating costs for kiosks through the end of this fiscal year. We have reduced this amount from \$1,147,377 in the original request; unfortunately, we reduced the amount too much. We would like to add \$40,000 back into the bill to continue operations of the kiosks until the end of June, 2007.

CHAIR RAGGIO:

Is the new amount \$655,116?

MR. COLLING:

Yes.

CHAIR RAGGIO:

Are there any issues with the other portions of the bill?

MR. COLLING:

The other portions of the bill are fine.

CHAIR RAGGIO:

Subsection 2 is an appropriation from the State Highway Fund to the Department of Motor Vehicles (DMV) in the sum of \$374,024 for unanticipated Department of Information Technology charges.

MR. COLLING:

This sum will be appropriated to our Automation Division for payment of expenses to the Department of Information Technology. Subsection 3 of A.B. 543 requests \$5,378 for the Hearings Office of the DMV.

SENATOR MATHEWS:

Are the kiosks run by independent contractors?

MR. COLLING:

We have a contract with a company for the development and operation of our kiosks. We do not own the machines.

SENATOR MATHEWS:

The reason I ask is because I have never found a kiosk that worked.

CHAIR RAGGIO:

You should look into this, Mr. Colling. If we are investing this much money in kiosks, they should work.

MR. COLLING:

The contract is arranged in a way that only successful transactions result in a payment to the contractor. If the transaction does not complete, the

contractor does not receive any funding. They only get paid when the transaction is successful. This is an incentive to the contractor to maintain the kiosks.

CHAIR RAGGIO:

The contractor being paid is a secondary issue. If the State is paying for this service, the kiosks should be functional. Have you had a lot of complaints about the kiosks not working?

MR. COLLING:

We have not had many complaints. Over 90 percent of the time, the transactions are successful. We average over 5,000 successful transactions each week on our kiosks.

CHAIR RAGGIO:

You need to bring the fact that 10 percent of the transactions do not work to the attention of the contractor.

SENATOR MATHEWS:

Even the machines in the DMV offices do not work. Does the contractor receive a base pay for this service?

MR. COLLING:

No, he does not. Unless the transaction is successful, no money is paid to the contractor. We are currently in a request for proposal (RFP) process for the kiosks and there will be enhanced performance standards in the RFP.

CHAIR RAGGIO:

When is the present contract due to expire?

MR. COLLING:

The present contract expires in March 2008.

CHAIR RAGGIO:

We will process the bill, but I would like you to report to this Committee the level of complaints which have been received.

SENATOR BEERS MOVED TO AMEND AND DO PASS AS AMENDED
A.B. 543.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will now begin the hearing on A.B. 548.

ASSEMBLY BILL 548 (1st Reprint): Makes supplemental appropriations to the State Department of Agriculture. (BDR S-1261)

RICK GIMLIN (Deputy Director, State Department of Agriculture):

This bill provides supplemental appropriations to the State Department of Agriculture to restore a transfer of \$10,202 from the Plant Industry Division account to the Administration Division account, \$1,000 for stale claims and a revised amount of \$7,566 for unanticipated utility costs for our Elko building.

In the first reprint of A.B. 548, the amount of \$13,189 in section 1, subsection 2, has been reduced to \$8,566. The original amount for utilities was based upon a projection which was prepared in August and the revised amount used actual experience to date for FY 2006-2007.

CHAIR RAGGIO:

Are the amounts correct in the first reprint of A.B. 548?

MR. GIMLIN:

Yes.

SENATOR BEERS MOVED TO DO PASS A.B. 548.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will now begin the hearing on A.B. 554. This bill is submitted on behalf of the Office of the State Treasurer and increases the maximum allowable amount of outstanding bonds of a school district that may be guaranteed under this provision to \$40 million.

ASSEMBLY BILL 554: Makes various changes relating to bonds. (BDR 34-497)

ROBIN V. REEDY (Deputy of Debt Management, Office of the State Treasurer):

I am here to request the passage of A.B. 554. The first section of this bill proposes increasing the limit of bonding. This will give the Nevada school districts an increased ability to use the State Permanent School Fund Guarantee Program for debt already authorized by a vote of their constituents.

CHAIR RAGGIO:

The present authorized bond limit is \$25 million and this bill will increase the limit to \$40 million. Why is this necessary?

MS. REEDY:

We have distributed a chart, titled "Permanent School Fund Guarantee Program, Increased Funding Model, Monday, April 9, 2007" ([Exhibit K](#)), which reflects the current utilization of the Permanent School Fund Guarantee Program. From the left column reading to the right are the counties which utilize the program, the current debt outstanding and the remaining funding availability. If we increase the bonding limit to \$40 million, it increases the school districts' availability to get an AAA rating on any bonds issued through this program.

The second section extends the deadline for the sale of general obligation bonds in the \$200 million Question 1 bond program previously approved by the voters.

Without this change, we will be asked to issue bonds long before the actual expenditure of the proceeds. The registered voters of the State approved Question 1 on November 5, 2002. Since that time, our office has issued \$127 million of the \$200 million authorized. *Nevada Revised Statutes* (NRS) 349.078 sunsets the issuance of voter approved bonds beyond 6 years after being approved. This would create a deadline of November 2008 for the Question 1 bonds.

It has been the policy of the Office of the State Treasurer to only issue debt based on the agency's ability to spend. Common sense would dictate you do not borrow before the money can be spent. The Internal Revenue Service requires any municipality which issues tax-exempt debt to have a reasonable expectation of spending those proceeds within various time limits.

In the prudent use of funds, we believe it is in the best interest of the State, and of those who supported Question 1, to ask you to extend the period of time for the Department of Conservation to request the issuance of the remaining funds authorized and available to them.

CHAIR RAGGIO:

Would this bill extend the deadline for three years?

MS. REEDY:

Yes, it would extend the deadline beyond 2008.

SENATOR RHOADS:

Why do Clark, Esmeralda, Elko and Lander County School Districts show a zero balance in this chart (Exhibit K)?

MS. REEDY:

They have chosen to not participate in the program. Since the program in the Clark County School District is so large, it was not worthwhile for them to complete the necessary documentation to participate.

SENATOR RHOADS:

Is Elko County School district pay-as-you-go?

MS. REEDY:

I believe that is the case.

SENATOR RHOADS:

Is it the same with these other counties?

MS. REEDY:

They have voter approved referendums.

SENATOR COFFIN:

The Esmeralda and Lander County School Districts may be so close to the spending cap limitations they do not have the ability to charge any taxes for interest on money they borrow.

MS. REEDY:

They have to follow all of their regular bond issuance guidelines. If they have internal policy caps or external caps relative to what they can assess, they must follow them.

SENATOR COFFIN:

The abatements approved in A.B. No. 489 of the 73rd Session are a problem for some of these counties.

MS. REEDY:

I am not qualified to address that issue.

SENATOR COFFIN:

I noticed the Washoe County School District has not used all of its bonding capacity. In this case, I believe it is because they need an additional tax rate to fund these bonds.

MS. REEDY:

The Washoe County School District, similarly to Clark County, issues such large amounts it is not worthwhile for them to split a bond to the \$25 million limit. When the limit increases to \$40 million, it will increase the attraction for those entities.

CHAIR RAGGIO:

The problem is Washoe County is up against the caps, so there is no room to issue bonds for the school district.

MARTIN JOHNSON (Bond Consultant, JNA Consulting Group):

I work with the school districts throughout the State on the financing of their school improvements. We would like you to support and pass A.B. 554. By increasing this limit to \$40 million, Carson City, Nye and Lyon Counties' school districts will be able to take advantage of the additional capacity within the next 12 months. All three of those districts have plans which will be able to use this program. This program has saved school districts in Nevada millions of dollars in interest costs by being able to borrow with the AAA rating provided by the Permanent School Fund Guarantee Program instead of their own rating.

SENATOR COFFIN:

We were given a chart ([Exhibit K](#)) which indicates costs and available funds for a range between \$35 million and \$50 million; why are you requesting \$40 million?

MS. REEDY:

On this chart, we showed the different possible bond limits. If you look below the red line, you will see deficits in the \$45 million and \$50 million columns. If we went above \$40 million and had every entity ask to maximize their potential ability, we would have to refuse some entities. Beyond \$40 million, there is some discomfort within the Office of the State Treasurer.

SENATOR COFFIN:

Would your authority allow you to apportion the amount of proceeds by county, allowing you to increase the limit for some counties and decrease it for others?

MS. REEDY:

When we put into law that all counties can receive \$40 million combined with the order in which the requests come to us, it would become first-come first-served. Some entity which has difficulty in passing a law may be last in line and never have the ability to utilize this program. While we say it is \$40 million for each entity, it is the wisdom of the Legislature to decide the amount in bonds each entity can issue.

SENATOR COFFIN:

Can the Office of the State Treasurer assist these districts so they could prepare the necessary documentation to participate in this program?

MS. REEDY:

They still have to go through the process of issuing bonds. They have to go to the constituents and have a vote. To apply, they simply fill out a form and send it to the Department of Taxation. In the timing of the way things come to the Office of the State Treasurer, it is difficult to navigate the hurdles which are not presented to our office.

CHAIR RAGGIO:

Staff, is this a bill we have to hold?

MR. GHIGGERI:

I believe we should hold this legislation until other funding is approved.

CHAIR RAGGIO:

We will get an opinion from the Fiscal Analysis Division regarding whether or not the legislation will have to be held until after other funding is approved.

We will now open the hearing on A.B. 556.

ASSEMBLY BILL 556 (1st Reprint): Makes supplemental appropriations to the Supreme Court of Nevada for judicial selection and unforeseen expenditures. (BDR S-1245)

DEANNA BJORK (Manager of Budgets, Administrative Office of the Courts, Nevada Supreme Court):

Assembly Bill 556, as amended, requests a supplemental appropriation in the amount of \$160,460 to fund increased and unforeseen costs associated with the operation of the Supreme Court. It further requests \$9,000 to fund a fourth judicial selection process.

The amendment to this bill was in the form of a reduction of \$149,969 to the original request which was based on updated information and the Supreme Court's efforts to reduce or eliminate expenditures.

The Supreme Court's budget will have revenue to fund the costs of the supplemental need in the form of \$2.2 million dollars it is projected to receive in excess administrative assessment revenue this fiscal year. However, NRS 2.185 requires the excess revenue to reduce the Court's General Fund appropriation; thus, the court is unable to use any of the \$2.2 million dollars to fund the unforeseen and increased costs.

We have provided your staff with information to support the request ([Exhibit L](#)) and will be glad to answer any questions.

CHAIR RAGGIO:

Does staff have any concerns with the amounts requested in the first reprint of this bill?

MR. GHIGGERI:

No.

SENATOR COFFIN MOVED TO DO PASS A.B. 556.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR RAGGIO:

We will now go to budget closings. We will review the Governor's Washington Office, budget account (B/A) 101-1011.

ELECTED OFFICIALS

Governor's Washington Office – Budget Page ELECTED-9 (Volume I)
Budget Account 101-1011

LARRY L. PERI (Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Governor's Washington Office budget was heard by this Committee on April 4, 2007. There are no major closing issues in this budget account. The budget recommends contract expenditures of \$267,079 in each year of the 2007-2009 biennium, the same amounts approved by the 2005 Legislature for each year of the current 2005-2007 biennium. Page three of the closing document, titled "Senate Committee on Finance Closing List #5-A" ([Exhibit M](#)), shows the itemization of the requested appropriation for support of the Washington office for the next two-year period. We have reviewed these expenditures and have no recommended closing adjustments. Does the Committee wish to close the budget as recommended by the Governor?

SENATOR COFFIN MOVED TO CLOSE B/A 101-1011 AS RECOMMENDED BY THE GOVERNOR.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will now open the hearing for the Western Interstate Commission for Higher Education (WICHE) Loan and Stipend program, B/A 614-2681.

WICHE

W.I.C.H.E. Loan & Stipend – Budget Page WICHE-1 (Volume I)
Budget Account 614-2681

MELINDA MARTINI (Program Analyst, Legislative Counsel Bureau):

The fee schedule to support this budget is on page 8 of the closing document ([Exhibit M](#)). There are several major closing issues in this account. The first concerns the student fees. The *Executive Budget* recommends revenue for student fees at \$18,800 in each fiscal year of the biennium. This is a 60.6-percent decrease in each fiscal year from the actual amount collected in FY 2005-2006. For FY 2006-2007, the agency has already collected \$39,159 in student fees.

Based upon questions from the Committee, the agency has revised its projections for student fees, increasing revenue from \$18,800 to \$25,000 in each fiscal year of the biennium. Staff has made this adjustment, reducing State General Fund by \$6,200 in each fiscal year of the biennium.

The decision before the Committee is whether or not to approve student fees at \$25,000 in each fiscal year of the biennium.

The second closing issue is the transfer of legislatively approved slots that are not filled. In working with the agency, it came to the attention of staff that for professional slots that do not have a sufficient applicant pool, the agency transfers the unfilled slots to other legislatively approved professional slot areas where additional slots could be utilized.

Does the Committee support the policy of the WICHE to transfer unfilled slots to professions that could utilize more slots? If yes, the Committee may wish to issue a Letter of Intent to the WICHE requesting the agency notify staff in writing of any change from the number of slots per field approved by the Legislature.

The third closing issue concerns the veterinary-medicine slots. The 2005 Committees approved five slots, which was an increase of one slot. The *Executive Budget* recommends reducing to four slots in each year of the upcoming biennium, saving State General Fund in the amount of \$26,300 in FY 2007-2008 and \$54,400 in FY 2008-09. The most recent reductions submitted by the Governor's Office request an additional veterinary-medicine slot reduction in FY 2008-2009, thus saving the State General Fund an additional \$27,200 in FY 2008-2009.

SENATOR RHOADS:

Will this bring them down to three available slots?

MS. MARTINI:

If approved, this would decrease the number to four slots in FY 2007-2008 and three veterinary-medicine slots in FY 2008-2009.

The fourth issue concerns decision unit E-401, physician-assistant slots. The *Executive Budget* recommends a new program in which Banner Churchill County Hospital in Fallon, Nevada, would match State funds for one physician-assistant slot in return for a two-year commitment to work at Banner Churchill County

Hospital. The cost of this new program is \$5,250 in FY 2007-2008 and \$10,900 in FY 2008-2009. The agency indicates that a letter of support for the collaboration is pending.

E-401 Access to Health Care and Health Insurance – Page WICHE-2

CHAIR RAGGIO:

Are they reluctant to supply the letter of support?

MS. MARTINI:

The agency is here and they have been asking Banner Churchill County Hospital for this letter, but it has not yet been received. Since the agency was unable to provide a letter of support from Banner Churchill County Hospital supporting the program, staff would recommend that approval be contingent upon receipt of an agreement with Banner Churchill County Hospital. If an agreement is not reached, these funds should be reserved for reversion to the State General Fund.

The fifth issue concerns the nursing loan repayment program. The *Executive Budget* recommends \$14,000 in FY 2007-2008 and \$14,500 in FY 2008-2009 to continue the nursing loan repayment program, which would be five new slots in each year. This program, as approved by the 2005 Legislature, was to be a matching loan repayment program with the University Medical Center (UMC). Since the UMC decided not to participate in the program, the WICHE continued the program by repaying nurses' loans with only the State funds made available through the WICHE program. The nurses who participate in the program provide one year of service for each year of loan repayment.

The decision before the Committee is whether or not to approve continued funding for the nursing loan repayment program as recommended by the Governor without a match from the UMC.

Other closing items concern the dental slots in decision units E-400 and E-403.

E-400 Access to Health Care and Health Insurance – Page WICHE-2

E-403 Access to Health Care and Health Insurance – Page WICHE-3

In decision unit E-400, the *Executive Budget* recommends adding three dental slots in each fiscal year for a new UNLV dental graduate loan repayment program. The cost of this program is \$43,200 in FY 2007-2008 and \$89,400 in FY 2008-2009, which includes 3 new slots and 3 continuing slots.

According to the agency, during FY 2005-2006, the Nevada WICHE was contacted by the Nevada Dental Association (NDA) to work on a collaborative project to provide dental services to oral health clinics around the state of Nevada. There are no matching funds received for this program from the NDA. The agency has provided staff with a copy of a letter of support for the program from the NDA.

In decision unit E-403, the *Executive Budget* recommends adding two slots in FY 2008-2009 for a new out-of-state dental lab technician program at a cost of \$5,800. According to information received from the NDA, dental labs are

utilized by licensed dentists to fabricate dental appliances which are then delivered to the patient by the dentist.

The decision before the Committee is whether or not to approve funding as recommended by the Governor for dental lab technicians. Since there currently is no education program in Nevada for certified dental lab technicians, staff believes this request appears reasonable.

The second item is the mental health federal matching slots shown in decision unit E-405. The *Executive Budget* recommends adding one new federal matching Mental Health slot in each fiscal year of the biennium at a cost of \$2,000 in FY 2007-2008 and \$4,100 in FY 2008-2009. The agency notes that federal matching grant funds for the field of Mental Health have not been reduced by the federal government.

E-405 Access to Health Care and Health Insurance – Page WICHE-3

The third issue is teacher slots for the deaf- and hearing-impaired students shown in decision unit E-402. The *Executive Budget* recommends \$12,000 in FY 2008-2009 to fund two new slots for a new loan repayment program for teachers who are certified to teach deaf- and hearing-impaired students. This program was requested by the agency based upon a recommendation from the Legislative Committee on Persons with Disabilities during the 2005-2007 interim. There are no hearing-impaired teaching programs in Nevada; teachers would be sought from out of state.

The fourth issue is clinical lab scientist slots shown in decision unit E-404. The *Executive Budget* recommends adding two new slots in FY 2008-2009 for a new out-of-state clinical lab scientist program at a cost of \$5,450. Because this program would be a loan repayment program, clinical lab science graduates would be available to perform the WICHE practice obligation of one year for each loan repayment beginning in FY 2008-2009.

E-404 Access to Health Care and Health Insurance – Page WICHE-3

The other closing information concerns delinquent accounts. Updated information received from the WICHE shows there are currently 24 delinquent accounts. The amount of funds referred to collections is \$502,442; of this amount, \$306,141 is currently being sought through litigation. The fields with the highest delinquencies are veterinary medicine at \$235,616, dentistry at \$141,100 and law at \$33,485, with the remaining delinquencies across the remaining fields.

CHAIR RAGGIO:

Are these delinquent accounts due to students who have completed their education and defaulted on their loan payments?

MS. MARTINI:

Yes.

CHAIR RAGGIO:

The first item is the student fee issue. These are prepayments made by participants, and the issue is whether or not to approve the augmented amount

to \$25,000, which reduced the General Fund by \$6,200 in each fiscal year of the biennium.

SENATOR COFFIN MOVED TO APPROVE THE AUTHORIZATION FOR STUDENT FEES AT \$25,000 IN EACH FISCAL YEAR OF THE BIENNIUM.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The next item is to establish a policy in which the WICHE could transfer any unfilled slots to professions which can utilize the slots and to issue a Letter of Intent requesting that the WICHE notify fiscal staff in writing of any change in these slots.

SENATOR CEGAVSKE:

My concern is we are not designating these slots. The Letter of Intent should state the slots can be changed only with the approval of the IFC.

RON W. SPARKS II (Director, Western Interstate Commission for Higher Education):

Our policy states if we are unable to fill a certain slot, we will move our funds to legislatively approved slots after exhausting the possibilities of finding other students or funding a second-year student within the field.

CHAIR RAGGIO:

Please give the Committee an example of when you would move one slot to another field.

MR. SPARKS:

A perfect example would be in pharmacy. If we do not have enough applicants in the pharmacy field and had an excessive number of applicants in the physician-assistant field, we would move slots from pharmacy to the physician-assistant field. This way, we are able to ensure we utilize our funds to meet the needs and the demands.

CHAIR RAGGIO:

Are you not increasing the number of physician-assistant slots the Legislature has authorized?

MR. SPARKS:

We would be increasing the number of slots for physician assistants, but would also be reducing the number of slots in the pharmacy program. When we make the decision to move funds, which only occurs if we have an applicant pool, we make sure we remain with the same amount of funding.

CHAIR RAGGIO:

You are adding physician-assistant slots which we did not authorize. Is this change reflected in the following year's recommendations?

MR. SPARKS:

It depends on how the applicant pools come in. We may have a continuing extra slot for physician assistants, but the offset is we will have a decrease in the number of pharmacy slots. In regard to the funding, it is financially identical.

SENATOR MATHEWS:

Since we have such a shortage in nursing, why would you choose physician assistants?

MR. SPARKS:

I only used physician assistant as an example. We have increased slots in the nursing field due to the nursing shortage.

SENATOR MATHEWS:

In the chart on page 8 of the closing document ([Exhibit M](#)), the Associate of Arts and Bachelor of Arts nursing programs are combined. These are two different programs, and I would like to see the actual figures for each category. I also see we have applicants enrolled in the Master's- and Ph.D.-level nursing programs, where the State is also experiencing shortages.

MR. SPARKS:

We still fund the Master's- and Ph.D.-level nursing programs, but have no applicants enrolled in the current fiscal year.

SENATOR TITUS:

In which areas do you typically not receive enough applicants? We may need to reassess and adjust the numbers of available slots on a permanent basis.

MR. SPARKS:

When we fund the slots for available fields, we analyze which areas are in need. Our applicant pool varies from year to year. Our funding is based on the type of applicant pool we have and the competitiveness of the program during the year.

SENATOR TITUS:

What are the factors which cause the needs to change every year?

MR. SPARKS:

Since we take applicants from out of state, we have no control over which positions are determined by different states. When we make a determination for the number of slots needed in different fields and present it to the Legislature, those numbers reflect what we feel are the necessity for Nevada. We also want to ensure we utilize our funding to its fullest extent to meet all of the needs. We do not fund slots for fields which are not needed in Nevada.

SENATOR TITUS:

Where did we experience shortages during this past year?

MR. SPARKS:

We did not move any slots in this past year. We moved some slots to pharmacy the year before.

SENATOR COFFIN:

Your policy is practical and I do not have any serious objection to what you are doing, but the Legislature needs to be kept more informed of your actions when transferring slots to other fields.

MR. SPARKS:

I agree. I would have no objection to notifying the IFC of changes.

CHAIR RAGGIO:

Do we wish to agree with the policy of transferring slots to different fields with the understanding they must remain within the total number of slots and notify our fiscal staff and advise the IFC on a routine basis?

SENATOR CEGAVSKE:

I would not support that. I would support the agency coming to the IFC and asking for permission to transfer slots to different fields.

CHAIR RAGGIO:

The problem is the student cannot wait two months to learn whether or not the slot is available.

SENATOR RHOADS MOVED TO APPROVE THE POLICY OF THE AGENCY TRANSFERRING SLOTS TO DIFFERENT FIELDS WITH THE UNDERSTANDING THEY MUST REMAIN WITHIN THE TOTAL NUMBER OF SLOTS, NOTIFY OUR FISCAL STAFF AND ADVISE THE IFC OF THE CHANGES ON A QUARTERLY BASIS.

SENATOR COFFIN SECONDED THE MOTION.

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

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CHAIR RAGGIO:

The next item concerns the veterinary-medicine slots.

SENATOR RHOADS:

How many applications did we have last year for veterinary medicine?

MR. SPARKS:

I believe it was between 10 and 15.

SENATOR RHOADS:

What was the rationale behind reducing the number the second year?

MR. SPARKS:

The only reason for the reduction was to fit the budget within the guidelines we were given. We could easily support five positions. This field is our most costly and we reduced one veterinary slot to prevent significantly reducing slots in other fields. We will make one additional slot available in 2008 and reinstate four new slots in 2009. This is a onetime reduction to meet the Governor's recommended budget reductions.

SENATOR CEGAVSKE:

Do you currently have the four slots for veterinary medicine filled?

MR. SPARKS:

Yes.

SENATOR CEGAVSKE:

Is this an area of elevated need? I know we need veterinarians in the north, but we have other areas of need which we are not covering. Teachers and nurses are areas in which we are in desperate need and I would support eliminating one veterinary slot and reviewing whether or not it should be reinstated.

SENATOR TITUS:

Is this an area in which we have a high default rate on the repayment of loans?

MR. SPARKS:

Historically, we have had a high default rate in veterinary medicine since this an expensive field to enter professionally. When the students graduated the program, their salaries were not high.

SENATOR TITUS:

Is there a requirement for large-animal veterinarians to fill the needs of the rural areas?

MR. SPARKS:

The first reason the WICHE funds these programs is to meet the needs of the State. The second reason we fund is to give students the opportunity to go to school for programs we do not have in the State. If we narrow the program to only large animals, we may reduce the opportunities of the students.

SENATOR TITUS:

Do we have statistics showing the number of students who have gone into the large-animal veterinary field?

MR. SPARKS:

We have a process in which we manage and monitor our students and we could provide that information.

SENATOR TITUS:

Can we divide the veterinary-medicine slots to have a requirement for a certain number of large-animal veterinarians to ensure we meet the State's needs?

CHAIR RAGGIO:

When the students enroll in veterinary school, do they enroll for either large-animal or regular veterinary medicine, or do they enroll in a general course and decide which area to pursue after they are enrolled?

MR. SPARKS:

The students decide while they are attending school. The problem we have with the veterinary-medicine slots is we cannot control which specialty the students desire to pursue. If we could make this decision, as we do with the in-State programs, Senator Titus' suggestion would work well.

SENATOR RHOADS MOVED TO APPROVE FIVE VETERINARY-MEDICINE SLOTS IN EACH YEAR OF THE NEXT BIENNIUM.

SENATOR COFFIN SECONDED THE MOTION.

CHAIR RAGGIO:

We need to know the cost of five slots. This would be an additional cost, over and above what was budgeted.

MS. MARTINI:

In the first year of the biennium, it would cost an additional \$26,300. In the second year, it would cost an additional \$54,400 since we would have one additional new slot and one continuing slot from FY 2007-2008. The total cost over the biennium would be \$80,700.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The next item is physician-assistant slots. The issue is whether or not to approve funding for a new program.

MS. MARTINI:

The cost of this new program is \$5,250 in FY 2007-2008 and \$10,900 in FY 2008-2009 in additional funds.

CHAIR RAGGIO:

How many physician-assistant slots are in this new program?

MS. MARTINI:

This program would be for only one slot in Fallon.

CHAIR RAGGIO:

We already have physician-assistant slots; why do we need a new program?

MR. SPARKS:

In response to this situation, I agree with the Legislative Counsel Bureau fiscal staff. If we do not receive a letter of support from Banner Churchill County Hospital, this slot should be eliminated.

MS. MARTINI:

If this is not approved, three slots would remain for physician assistants.

SENATOR RHOADS MOVED TO APPROVE ONE PHYSICIAN ASSISTANT ON THE CONDITION BANNER CHURCHILL COUNTY HOSPITAL PROVIDES MATCHING FUNDS.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The next item is the nursing loan repayment program and the issue is whether or not to continue funding the program as recommended by the Governor.

SENATOR CEGAVSKE:

We need nurses who are trainers. As Senator Mathews pointed out, this is not broken into categories in the budget. This is one of the critical issues which face the community colleges and universities.

CHAIR RAGGIO:

Are these five new slots each year?

MS. MARTINI:

These slots are not new; they are continuing slots for which the UMC has decided not to provide matching funding. This would continue the slots with funding from the State and the nurses who participate in the program would provide one year of service.

CHAIR RAGGIO:

Would this continue the program without assistance from the UMC?

MS. MARTINI:

Yes.

MR. SPARKS:

The Ph.D.- and Master's-of-nursing positions are required to teach as a part of the agreement. Those positions can go to staff or teachers as long as they stay within the State and fulfill their obligation. We paid the same amount as the State agreed to for these five positions after the UMC opted out and were still successful with the program.

SENATOR COFFIN MOVED TO APPROVE CONTINUED FUNDING FOR THE NURSING LOAN REPAYMENT PROGRAM AS RECOMMENDED BY THE GOVERNOR WITHOUT A MATCH FROM THE UMC.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The next item is whether or not to approve funding for the UNLV dental graduate loan repayment program without matching funds from the NDA.

SENATOR CEGAVSKE:

Do we still need more dentists? Is this for the rural areas?

CHAIR RAGGIO:

Does this reduce the number of slots in the budget?

MS. MARTINI:

This would be a new program which redirects the current slots.

MR. SPARKS:

This is a redistribution of the funds within the dental field. Instead of having two federal matching program positions, we chose to have three positions which are designated to work with the UNLV dental school. When those students graduate from the UNLV, they will be required to treat underserved patients. We did this to ensure the State will benefit from the UNLV.

SENATOR TITUS:

Does the UNLV pay for the schooling or does the State?

MR. SPARKS:

Two of the recommended slots are matched by federal loan repayment which will go to students who graduate from an accredited dental school and will agree to work with the underserved. The loan repayment program to the UNLV is to ensure the students meet an underserved need once they complete their schooling. In the past, we funded students to attend the UNLV under this concept, but the loan repayment has proven to be a more successful method.

SENATOR TITUS:

Is money changing hands, or are we forgiving a debt within the UNLV's budget and making up for it with this program?

MR. SPARKS:

The dentist is required to supply the WICHE the information from their loan and we pay the loan holder.

SENATOR TITUS:

If the student goes to the UNLV dental school and the WICHE pays for it, does the State repay WICHE?

MR. SPARKS:

If a student attends the UNLV dental school, they are on their own. Once they graduate and become licensed, they can apply to us for loan repayment.

SENATOR TITUS:

Is it one year of repayment for every year they practice, or do we pay their whole loan to get them for a certain period of time?

MR. SPARKS:

It is a two-year commitment which we fund every year, and they can reapply every two years as long we determine it is an area of need for the State and a balance is remaining on the loan.

SENATOR TITUS:

How much of the loan do you pay in a given year?

MR. SPARKS:

The dollar amounts are \$14,400 in FY 2007-2008 and \$14,900 in FY 2008-2009.

SENATOR TITUS:

Is this while they are practicing on their own in an underserved area?

MR. SPARKS:

Yes. What usually happens is a dentist will see underserved patients as a part of their private practice.

SENATOR TITUS:

Would the heart of the Las Vegas Valley be considered an underserved area?

MR. SPARKS:

We currently have dentists meeting underserved needs in North Las Vegas. It is based on the underserved population rather than the location.

SENATOR BEERS:

If we use this money to increase the Medicaid reimbursement rate for dentists, would we receive matching funds and increase the penetration of dental services in underserved areas?

MR. GHIGGERI:

If you increase this funding to provide a rate increase in the Medicaid program for dental services, you would receive a 50-percent match from the federal government in Title XIX funds.

SENATOR COFFIN MOVED TO APPROVE CONTINUED FUNDING AS
RECOMMENDED BY THE GOVERNOR FOR THE UNLV DENTAL
GRADUATE LOAN REPAYMENT PROGRAM.

SENATOR TITUS SECONDED THE MOTION.

SENATOR TITUS:

Are we increasing the dental graduate loan repayment program?

SENATOR CEGAVSKE:

It increases the program by three slots in FY 2007-2008 and three slots in FY 2008-2009. I would like to remove some of these dental slots and replace them with teacher training for special education, math and science. We have been trying to do this for several sessions and I think this is an opportunity for us to fulfill this need.

MR. SPARKS:

We are not increasing or decreasing the dental slots, we are moving funds within the dental position slots. I have no concern with funding the teachers, but I do not want to fund teachers in place of the all of the dental slots. With one dental slot, we could fund five teacher slots each year. I would agree with this suggestion.

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

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SENATOR CEGAVSKE:

I would like to have amended the motion to eliminate one dental slot and replace it with five teacher slots. This is a high priority and we should address it.

CHAIR RAGGIO:

How many teacher slots do we currently have?

SENATOR CEGAVSKE:

There are no teacher slots.

SENATOR TITUS:

We do not need the WICHE to support teacher slots since we offer these degrees. The WICHE is for supporting programs which are not available.

MR. SPARKS:

The WICHE is not only for programs we do not have in the State. It is about attempting to meet a workforce need in the State. We work within State programs as well. We can support teachers, dental, nursing and mental health utilizing in-State programs. Our goal is to ensure that underserved needs in the State are filled.

SENATOR CEGAVSKE:

The need is for teacher trainers. Not necessarily classroom teachers, but trainers. We are having the same problem with the nursing program. It is important for us to address this issue.

CHAIR RAGGIO:

The next item is adding two slots for a new out-of-state dental lab technician program.

MS. MARTINI:

This would add two slots in FY 2008-2009 at a cost of \$5,800.

CHAIR RAGGIO:

Is there currently an in-State program for this?

MS. MARTINI:

No.

SENATOR MATHEWS MOVED TO APPROVE FUNDING AS
RECOMMENDED BY THE GOVERNOR FOR THE DENTAL LAB
TECHNICIAN PROGRAM.

CHAIR RAGGIO:

This motion fails for lack of a second. The next item is mental health federal matching slots.

MS. MARTINI:

The *Executive Budget* recommends adding one new federal matching mental health slot in each fiscal year of the biennium.

SENATOR COFFIN MOVED TO APPROVE FUNDING DECISION UNIT
E-405 AS RECOMMENDED BY THE GOVERNOR.

SENATOR MATHEWS SECONDED THE MOTION.

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

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CHAIR RAGGIO:

The next item is two new slots for teachers for the deaf- and hearing-impaired students and there are no such programs in the State.

SENATOR CEGAVSKE:

I think this is a great stride for us to get teacher positions in the State.

SENATOR CEGAVSKE MOVED TO APPROVE FUNDING DECISION UNIT E-402 AS RECOMMENDED BY THE GOVERNOR.

SENATOR COFFIN SECONDED THE MOTION.

SENATOR TITUS:

I was under the impression the regents have recently approved a program for these positions at Nevada State College. Would Nevada State College be able to qualify for these funds?

MR. SPARKS:

Yes.

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

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CHAIR RAGGIO:

The next item is adding two new clinical lab scientist slots for an out-of-state program which begins in FY 2008-2009.

SENATOR BEERS:

How are the recommendations for these slots developed?

MR. SPARKS:

We review the needs and occupational projections of the State. We receive recommendations from our health-care access program committee. We make our determinations based on work force needs.

SENATOR BEERS:

We heard testimony that the Department of Employment, Training and Rehabilitation listed Nevada's top 50 professions which are expected to have high demand, and dentists do not appear on the list.

MR. SPARKS:

We are not funding dentists for the State of Nevada, we are funding dentists for the underserved people of Nevada. The hot list for the number of dentists in the State is not broken down by the number of underserved patients.

SENATOR BEERS:

Is there a statute which changes the direction of the WICHE program to a Medicaid supplement?

MR. SPARKS:

Yes, it is in NRS 397. The 1997 Nevada Legislature expanded the mission of WICHE to include the Health Care Access Program.

CHAIR RAGGIO:

There is no motion to approve decision unit E-404. The next budget is WICHE Administration, B/A 101-2995.

W.I.C.H.E. Administration – Budget Page WICHE-5 (Volume I)
Budget Account 101-2995

MS. MARTINI:

The *Executive Budget* recommends State General Funds of \$37,648 in FY 2008-2009 to fund a .51 FTE new program officer I position with related costs to be located in the Las Vegas area. This position is recommended to start July 1, 2008.

E-325 Services at Level Closest to People – Page WICHE-7

CHAIR RAGGIO:

We heard in Committee the need for this is due to the large number of applicants who come from the area.

SENATOR COFFIN MOVED TO APPROVE FUNDING A NEW .51 FTE PROGRAM OFFICER I POSITION WITH RELATED COSTS TO BE LOCATED IN THE LAS VEGAS AREA AS RECOMMENDED BY THE GOVERNOR.

SENATOR TITUS SECONDED THE MOTION.

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

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MS. MARTINI:

The *Executive Budget* recommends the reclassification of the current program officer I to a program officer II which would directly supervise the part-time program officer approved in decision unit E-325. The second reclassification would upgrade the accounting assistant III to an accountant technician I.

E-805 Classified Position Reclassification – Page WICHE-8

Both of these positions have been reviewed by the Department of Personnel and recommended for your consideration. This decision unit appears to be reasonable to staff.

SENATOR COFFIN MOVED TO APPROVE FUNDING FOR DECISION UNIT E-805 TO RECLASSIFY TWO POSITIONS AS RECOMMENDED BY THE GOVERNOR.

SENATOR TITUS SECONDED THE MOTION.

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

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MS. MARTINI:

In the Other Closing items, shown on page 11 of the closing document ([Exhibit M](#)), the *Executive Budget* recommends \$6,000 in each year of the biennium for a contract with Education Computer Systems, Inc. (ECSI), a full-service vendor in the area of loan management. This was discussed at the previous budget hearing. This appears to be reasonable to staff. The decision before the Committee is whether or not to approve funding as recommended by the Governor to support the new ECSI loan vendor contract.

In decision unit E-400, the *Executive Budget* recommends \$1,587 in each fiscal year to send the program officer I to the annual certifying officers' meeting; this would be in addition to the executive director attending the meeting.

E-400 Access to Health Care and Health Insurance – Page WICHE-7

In decision unit E-710, the Executive Budget recommends \$700 in each fiscal year for miscellaneous office equipment. In discussing the item with the agency, it was determined \$400 each year would be sufficient to cover the costs for miscellaneous equipment needs. Staff has made the adjustment. Staff would recommend approval of the adjusted funding for miscellaneous office equipment.

E-710 Replacement Equipment – Page WICHE-8

In decision unit E-813, the Governor recommends \$4,387 in FY 2007-2008 and \$4,518 in FY 2008-2009 to accommodate the equity adjustment for unclassified employees due to the addition of one step to the classified employees' salary schedule by the 2005 Legislature. Decisions concerning the funding of unclassified step adjustments will be determined by the committee established to review unclassified salaries.

E-813 Unclassified Step Adjustments – Page WICHE-8

SENATOR COFFIN MOVED TO APPROVE FUNDING OF \$6,000 IN EACH YEAR OF THE BIENNIUM FOR A CONTRACT WITH EDUCATION COMPUTER SYSTEMS; TO APPROVE DECISION UNIT E-400 AS RECOMMENDED BY THE GOVERNOR; TO APPROVE DECISION UNIT E-710 AS ADJUSTED BY STAFF; AND TO APPROVE DECISION UNIT E-813 AS RECOMMENDED BY THE GOVERNOR.

SENATOR TITUS SECONDED THE MOTION.

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

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CHAIR RAGGIO:

The budget will be closed as recommended other than the items for which approval was not granted. At this time, we will open the hearing on S.B. 393.

SENATE BILL 393 (1st Reprint): Makes various changes concerning transportation. (BDR 58-109)

SENATOR DENNIS NOLAN (Clark County Senatorial District No. 9):

This bill is a result of action which was taken in the last Legislative Session to reform the Transportation Services Authority (TSA) after a long history of complaints and abuses among the carriers it was charged with regulating. There was an amendment on the bill from the last session which caused the taxi drivers in southern Nevada angst, and they staged a slowdown on the Las Vegas Strip. The Governor subsequently vetoed the bill as a result of the amendment.

Over the last two years, with the change of the administration of the TSA and the appointment of a new set of commissioners, a number of the complaints and issues have been resolved. However, a number of issues remain. Over the interim, and during no less than ten meetings during this Legislative Session with TSA authorities and other vested parties, we have negotiated the bill before the Committee today which is aimed at addressing the issues.

This bill changes the name of the Transportation Services Authority (TSA) to the Nevada Transportation Authority (NTA).

This bill establishes an appeal process for complaints against NTA employees. After a complaint is made and the NTA performs its own internal investigation, if the complainant is dissatisfied with the outcome, the complainant may appeal. Upon an appeal, the Nevada Department of Investigations will conduct an independent investigation of the matter and provide its findings to the chairman of the NTA.

This bill also directs the deputy commissioner to adopt policies to require NTA officers to wear identifiable markings or apparel when conducting work in the field and requires enforcement officers of the NTA to undertake commercial vehicle-safety-inspection training.

Lastly, S.B. 393 provides a one-year cooling-off period for employees of the NTA who leave to seek employment in the area of the private sector regulated by the NTA.

I believe the fiscal note has been alleviated.

CHAIR RAGGIO:

The bill originally had a number of fiscal notes from a number of agencies and we will ask staff to review the amended version to establish whether or not they are still applicable.

ANDREW J. MACKAY (Chair, Transportation Services Authority, Department of Business and Industry)

Due to the reworking of the bill and as currently amended, all fiscal notes are eliminated.

CHAIR RAGGIO:

How have the fiscal notes been eliminated?

MR. MACKAY:

There are no changes in this bill which would have a fiscal impact on the State. A possible question from the Committee regarding fiscal impact could be relative to the name change. Letterhead with the old name will be used and disposed of through attrition.

CHAIR RAGGIO:

I will ask staff to confirm with the agencies whether or not submitted fiscal notes are still applicable.

SENATOR CEGAVSKE:

Did we combine the TSA and the NTA, or are they now separate entities?

SENATOR NOLAN:

They are still separate, stand-alone agencies. It was determined by all carriers involved combining the two entities would not have been the best solution to this issue.

SENATOR CEGAVSKE:

Now, everything that was under the TSA remains the NTA with no other changes.

PAUL ENOS (CEO, Nevada Motor Transport Association):

We are proponents of this bill. This is a compromised version and we have worked together on this bill. One of our biggest issues dealt with the lack of training of TSA inspectors and, with this provision in the bill, our concerns have been addressed. We have been working with the current administration at the TSA and hope to have a functional relationship as we move into the future.

A. R. (BOB) FAIRMAN (Nevada Transportation Coalition):

I am a proponent of this bill and believe it will be good for the State of Nevada to change the name. It will give us two years to see if things go well with this new agency.

GARY WOLFF (Nevada State Law Enforcement Association):

We have only one problem with this bill. Section 7 allows two appeals processes within the same agency. What normally happens in State government, especially if law enforcement officers are involved, is the appeals process would have to be in compliance with NRS 289 and complaints against civilian employees would have to be in compliance with NRS 284. These statutes are already in place for dealing with complaints against officers and civilian employees. This bill does not address these statutes.

CHAIR RAGGIO:

Did you bring this up before the Senate Committee on Transportation and Homeland Security during the first hearing on this bill?

MR. WOLFF:

We thought this only applied to complaints directed from the industry and did not realize it included employee complaints.

CHAIR RAGGIO:

If you are suggesting an amendment which is agreeable to the Committee that initially processed this bill, we can address it here. Otherwise, the bill is primarily in this Committee to review the fiscal note.

SENATOR NOLAN:

We agree with Mr. Wolff's assessment of the bill with regard to having a problem on the appeals. We believe we have some language we can bring forward to the Committee to resolve this issue.

CHAIR RAGGIO:

We will hold the bill until you can make a decision or write an amendment. At this point, we are told there is no fiscal note on the bill, so we will leave it in your hands to iron out the issues.

KAREN M. LORENZO (Captain, Investigation Division, Department of Public Safety):
I am here to oppose section 7, paragraph 5 of S.B. 393, with respect to our Division conducting the appeal.

CHAIR RAGGIO:

Is this for the same reasons as those which Mr. Wolff described?

Ms. LORENZO:

Chapter 284 of the NRS speaks to civilian complaints and chapter 289 speaks to peace officers as Mr. Wolff explained, but we oppose this section of the bill since we have no way of knowing what type of workload impact this will have on our Division.

CHAIR RAGGIO:

I will suggest you get together with Senator Nolan try to work on these issues. We will now close the hearing on S.B. 393.

CHAIR RHOADS:

There being no further business before the Committee, the meeting is adjourned at 1:24 p.m.

RESPECTFULLY SUBMITTED:

Michael Bohling,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: _____