

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-fourth Session
May 11, 2007**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 11:25 a.m. on Friday, May 11, 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

STAFF MEMBERS PRESENT:

Gary L. Ghiggeri, Senate Fiscal Analyst
Melinda Martini, Program Analyst
Larry L. Peri, Principal Deputy Fiscal Analyst
Sandra K. Small, Committee Secretary

OTHERS PRESENT:

Dawn Gibbons, First Lady of Nevada
Deborah Schumacher, Autism Coalition of Nevada
Cliff Schumacher, Autism Coalition of Nevada
Scott Craigie, Autism Coalition of Nevada
Mary Liveratti, Deputy Director, Department of Health and Human Services
Ralph Toddre, Founder, Autism Coalition of Nevada
Jan M. Crandy, Director of Governmental Affairs, Autism Coalition of Nevada
Fernando Serrano, Administrator, Division of Child and Family Services,
Department of Health and Human Services
Amy Roukie, Administrative Services Officer, Health Division, Department of
Health and Human Services
Tim Maland, Director, Division of Tourism, Commission on Tourism
Steve Woodbury, Deputy Director, Division of Tourism, Commission on Tourism
Debra Dudley, Publisher, Division of Publications, Commission on Tourism

CHAIR RAGGIO:

We will open the hearing on Senate Bill (S.B.) 368. Senators Bernice Mathews and Randolph J. Townsend sponsored this bill.

[SENATE BILL 368](#): Creates the Nevada Autism Task Force. (BDR S-1134)

SENATOR MATHEWS:

There is another bill in the Assembly which is different in both mission and purpose from S.B. 368. This bill creates a commission to review autism. The families in the system receive a stipend each month for the student. Yesterday we voted to increase that stipend. Autism is costly for families. It is not covered

by insurance. I believe we need to define autism. Other mental health problems are currently included in the autism diagnosis. Because there is not a clear definition of autism, patients are misdiagnosed and not paid by their insurance companies. We need to determine when to test a child for autism. If S.B. 368 is approved, the Governor would appoint ten members to a task force. The majority and minority leaders in each House of the Legislature would appoint one member each.

CHAIR RAGGIO:

The autism issue is being dealt with in different manners throughout the Legislative process. This bill would authorize a Nevada Autism Task Force.

DAWN GIBBONS (First Lady of Nevada):

Thirty coalitions throughout the State of Nevada are represented here today as one voice. We support S.B. 368. The Committee has received a copy of "Autism Facts & Information to support SB368" ([Exhibit C](#), original is on file in the Research Library).

DEBORAH SCHUMACHER (Autism Coalition of Nevada):

I am appearing today as a private citizen and parent. In a moment, you will hear from my 16-year-old son who was diagnosed at 3.5 years of age as autistic. My testimony is on page 11 of [Exhibit C](#). At this point, as an articulate young man, it is hard to convey the chaos of our early life. That experience is repeated in hundreds, perhaps thousands, of Nevada homes. When he was born, Cliff cried every waking moment. That difficult experience changed with time. As a toddler, he had many hour-long temper tantrums and long silences. We had no idea what was wrong with him and no idea what to do. The task force you are being asked to approve will begin to create a plan for families like mine. We consulted doctors and mental health professionals and received a variety of responses. Despite our diligent efforts, it took 3.5 years to understand we were dealing with autism. We now know early intervention is essential for the best outcome.

Once we had a diagnosis, we found it difficult to obtain effective treatment in Nevada. Cliff and I left his sister, brother and father in Reno and relocated in Los Angeles where Cliff received treatment at the University of California, Los Angeles (UCLA). The treatment was expensive and difficult. Fortunately, it was effective. The treatment required 40 or more hours each week of one-on-one work. This child, who had few words at 3.5 years, was able to attend ordinary schooling by first grade without special education assistance. By fifth grade, Cliff was certified in the school district's gifted and talented program. There was a point I thought he was leaving autism behind. That is not so. He is remarkable, but his needs continue.

I am hoping this autism task force looks at helping to remediate our experience of both desperation and confusion when we did not know what we should do or where to find help. My family has more resources than most. My husband and I have graduate educations. We plunged into the medical literature to figure out what to do for our son. That is not a reasonable expectation of Nevada families. We need to help provide resources when they face circumstances such as ours.

CLIFF SCHUMACHER (Autism Coalition of Nevada):

I am one out of 150 individuals born with autism. My testimony appears on page 12 of [Exhibit C](#). I had a painful early life involving sensory experiences

related to light. Lights were painfully blinding. I became withdrawn. Autism is withdrawing to a degree there is no interaction with society. I was lucky in the sense I received effective treatment. I am mostly in regular school. I am sad for people who have not had my opportunity. There is misinformation in society regarding autism. Some people believe autism involves color blindness, mental retardation, the inability to accomplish things and no place to get help except Great Britain. It is essential to give the public correct information to help autistic people. I urge you to pass S.B. 368.

SENATOR RAGGIO:

You set a high standard for people who appear before this Committee.

SENATOR COFFIN:

How did Cliff learn to pick up on verbal cues?

MR. SCHUMACHER:

Applied behavioral analysis is what I have done. It teaches how to imitate the motions of others. Autism usually involves learning through replication.

SENATOR COFFIN:

Were you originally diagnosed bipolar?

MR. SCHUMACHER:

I was diagnosed with speech delay.

MS. SCHUMACHER:

When we received a diagnosis, it was autism. He had no speech and no social relations. In the old days, there were diagnoses such as bipolar but even 16 years ago that had begun to fade.

SENATOR COFFIN:

Did you receive training from speech and language pathologists?

MR. SCHUMACHER:

Yes, I did.

SENATOR COFFIN:

Did they teach you how to read my face?

MR. SCHUMACHER:

I suppose they did. A lot of it is self-learned. The human face is complex. There are thousands of different motions, all with a different innuendo. Eventually, the pathologists had to teach me to interpret and understand those motions. The autistic person must learn to recognize all the subcategories of expression.

SCOTT CRAIGIE (Autism Coalition of Nevada):

I want Judge Schumacher to go through why this particular witness is especially important due to the training he received. His training is actually the beginning of the cycle of training we are hoping to bring you.

MS. SCHUMACHER:

Applied behavior analysis is the only treatment for early autism shown to have scientific validity as to its effectiveness. In 1994, when Cliff was diagnosed, it was not available in northern Nevada which is why we had to relocate. It is now

available in a slim way at the University of Nevada, Reno. It covers a small number of children. There is a program in southern Nevada. The programs are expensive. If you are going to have anyone, in our case it was graduate students, working with your child 40 hours each week, it is expensive. The ultimate goal of everything Cliff had to be taught was for him to learn to imitate. Ordinarily developing children learn to imitate all of the behaviors they see. Autistic children do not do that. Cliff would be on one side of the table and either a therapist or I would be on the other side. We would do acts and he would have to do exactly the same thing. I was told either Cliff would learn to imitate or the therapy would not work. At the end of three months, the therapist can say whether or not a patient is learning to imitate. Everything an autistic person needs to learn to get by in the world cannot be taught in a clinic setting. The UCLA believes it can get about 48 percent of its children, with the right intervention, to Cliff's functioning ability. Not everyone accepts that number but my family accepts it.

MR. CRAIGIE:

The first page of S.B. 368, section 1, goes through the Legislative findings. Section 2 is important. The task force to be created will look at all of the autism programs and be responsible for managing the program improvements included in the bills passed this biennium. There are limits to focus the task force activity to keep the expenses low. The advocates from all of the entities listed will do an assessment of the availability and review the effectiveness of services, with the help of the Department of Health and Human Services (DHHS). Section 3 states the task force will submit findings by August 1, 2008. In section 4, the director of DHHS will provide personnel, facilities and equipment. Section 5 states the task force will work without compensation, although there will be a per diem allowance. The appropriation is in section 6 of the bill. The balance of the appropriation will be reverted to the General Fund on or before September 18, 2009.

There are two bills and one appropriation regarding autism. Senate Bill (S.B.) 368 has an appropriation of \$4.5 million to establish a task force, pilot programs and self-directed services which will be overseen and directed by the DHHS.

The second appropriation is a Temporary Assistance for Needy Families (TANF) appropriation approved this week. It is for \$1.6 million. The average cost for these children is increased from \$1,100 to \$1,300.

CHAIR RAGGIO:

Are you referring to a recommendation of the joint subcommittee which pertains to co-occurring illnesses?

MR. CRAIGIE:

That is correct; final action has not been taken. The TANF program allows us to work with children with mental disabilities.

Assembly Bill 525 is a self-directed program basically the same as the one with TANF except without the requirement people have mental health complications.

[ASSEMBLY BILL 525 \(1st Reprint\)](#): Revises provisions relating to autism.
(BDR 40-1374)

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CHAIR RAGGIO:

What is the appropriation in A.B. 525?

MR. CRAIGIE:

The appropriation in A.B. 525 is \$6.4 million.

CHAIR RAGGIO:

I believe neither A.B. 525 nor S.B. 368 are appropriations included in the *Executive Budget*.

MR. CRAIGIE:

That is correct.

The importance of covering this spectrum is to have programs in each of the three areas to develop a full range of services and to determine what will work best and where to deal with those needs. We have an aggressive matching-fund effort with the private sector. We want to develop private-sector contributors to participate and work in all three areas of the pilot programs (S.B. 368), the TANF program and the self-directed programs.

MARY LIVERATTI (Deputy Director, Department of Health and Human Services):

The Committee has received a copy of the "Autism Fact Book," ([Exhibit D](#), original is on file in the Research Library). Some of the funds are in the Governor's budget. The TANF portion was approved in the subcommittee. To access those services, a person must have not only autism but also mental retardation as a diagnosis. The scope of who can be served is limited. The two bills are trying to expand the population to be served.

CHAIR RAGGIO:

There are limited revenues available. The Committee needs to know how, exactly, the \$4.5 million will be utilized. You have mentioned pilot programs without any detail. What could we do to reduce the revenue?

MS. LIVERATTI:

In A.B. 525, we are trying to replicate what we are doing with the Developmental Services population: to expand diagnosis and treatment. Southern Nevada has a clinic; we would like to have one in the north.

CHAIR RAGGIO:

What is the status of the clinic?

RALPH TODDRE (Founder, Autism Coalition of Nevada):

I have secured matching funds of \$1.2 million from the Lily Claire Foundation. We would double the size of the clinic in Las Vegas and start one in Reno. We are using mobile clinics this summer in the rural areas for the purpose of screening and information.

SENATOR COFFIN:

I knew autism was not covered by insurance. I did not know we had a TANF requirement for diagnosing mental retardation with autism.

CLIFF SCHUMACHER:

Mental retardation can coexist with autism. Most people with mental retardation and autism tend to be on the lower side of the autism spectrum.

MR. TODDRE:

The requirement was originally there to help lower-income individuals. At the time, many of the diagnoses included mental retardation.

MS. LIVERATTI:

Last Session, families with autism hoped to receive funds for autism services. The DHHS was able to acquire TANF funds earmarked for family preservation. Those funds were used for a small pilot program for self-directed services. Each family received a certain amount of money each month and could decide how to spend the money; for either behavioral therapy, speech therapy, physical therapy, occupational therapy or respite care. Because the funds are in the Developmental Services budget, the funds had to be tied to mental retardation and related conditions.

SENATOR TITUS:

We need a task force to coordinate all the efforts. We need a clearinghouse so people can find out what is available. I think there is more available than people realize. You mentioned Lily Claire; the University of Nevada, Las Vegas (UNLV) has a good program. Yesterday, we funded more programs through the State. How much of the \$4.5 million is in the budget?

MR. TODDRE:

None of the \$4.5 million is in the budget. We started this movement in February 2007. The Governor was unaware of our actions.

SENATOR TITUS:

The Governor has sent us many amendments which is why I was unsure if this amount was included in the budget.

SENATOR MATHEWS:

In January, I asked if we could have a task force to look at this issue. The budget was already set. That is the reason we have a bill.

MS. LIVERATTI:

We hope to grow the service capacity with S.B. 368. You have heard we send people out of state to receive services. Some of the pilot programs should build capacity within our own State. Even if we get the treatment dollars to the client, we do not always have the professionals to provide the service.

CHAIR RAGGIO:

Please provide staff with a more detailed plan on how this funding will be utilized.

MR. TODDRE:

There are approximately 5,176 children in this State with autism. We are currently treating 134 individuals through Developmental Services and other programs. If both bills and the TANF funds are approved, we would serve 561 clients. This is a modest but good start.

JAN M. CRANDY (Director of Governmental Affairs, Autism Coalition of Nevada):

There is a bar chart on page 22 of [Exhibit C](#) indicating what is being funded. The University of Nevada, Reno serves about eight children. The UNLV is not serving children. Parents are bringing in providers from California which the Clark County School District funds.

CHAIR RAGGIO:

I wish we could tell you the funds are available for the program. Last Session, the Senate was willing to fund half of the program for parental assistance. The Assembly was not willing.

CHAIR RAGGIO:

There being no further testimony, the Committee will close S.B. 368 and open the hearing on A.B. 540.

ASSEMBLY BILL 540 (1st Reprint): Makes a supplemental appropriation to the Department of Health and Human Services for expenses relating to foster care. (BDR S-1257)

FERNANDO SERRANO (Administrator, Division of Child and Family Services, Department of Health and Human Services):

This bill will appropriate \$3.3 million to cover unanticipated shortfalls in the Clark County Integration budget. The bill will allow the Division to pass sufficient General Funds to Clark County's Department of Family Services to support child-welfare integration activities. The shortfall is due to the increase in purchased placement agreements and positions needed to pay for the increased foster-care caseload.

CHAIR RAGGIO:

Staff knows the concerns I consistently have with this integration program and the costs. What are we funding?

MR. SERRANO:

This request involves back-end services.

CHAIR RAGGIO:

Are these services the State has consistently supported with funding?

MR. SERRANO:

That is correct. The increase in caseload requires an increase in the number of social workers and increased foster-care placement costs.

CHAIR RAGGIO:

We will hold A.B. 540 and open the hearing on A.B. 549.

ASSEMBLY BILL 549: Makes a supplemental appropriation to the Emergency Medical Services Section of the Department of Health and Human Services for radio system repair. (BDR S-1429)

AMY ROUKIE (Administrative Services Officer, Health Division, Department of Health and Human Services):

This bill provides for the reimbursement of costs to the Department of Information Technology for services rendered in FY 2005-2006 and FY 2006-2007 for the maintenance and repair of the emergency medical services radio system which supports rural providers.

SENATOR BEERS MOVED TO DO PASS A.B. 549.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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SENATOR CEGAVSKE:

I have an amendment for S.B. 385 ([Exhibit E](#), original is on file in the Research Library) for the Committee's review. We are attempting to bring this bill to you at no cost to the voter. All the county clerk's offices will have a machine similar to the one in the Legislative building for producing identification cards. The Legislative Counsel Bureau said they would provide training on the use of the equipment. I have struck part of lines 5 and 6 on page 1 because that portion conflicts with another bill. I am having the fiscal note revised.

SENATE BILL 385 (1st Reprint): Revises certain provisions relating to voter identification. (BDR 24-447)

CHAIR RAGGIO:

The Committee will defer action on S.B. 385.

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

The Committee heard S.B. 422 previously. I have received an e-mail ([Exhibit F](#)) from the Budget Division providing support for the revised fiscal note and funding from the settlement dollars.

SENATE BILL 422 (1st Reprint): Requires the creation of a registry and inventory of greenhouse gases emitted in this State. (BDR 40-678)

CHAIR RAGGIO:

We will defer action on this bill to another meeting. The Committee has received a copy of Senate Committee on Finance Closing List #5-B ([Exhibit G](#), original is on file in the Research Library). We will begin with Budget Account (B/A) 225-1522.

COMMERCE AND INDUSTRY

ECONOMIC DEVELOPMENT AND TOURISM

Tourism - Tourism Development Fund – Budget Page ECON DEV &
TOURISM-23 (Volume II)
Budget Account 225-1522

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

The closing details for B/A 225-1522, Tourism Development Fund, are on pages 1 through 9 of [Exhibit G](#). The *Executive Budget* recommends changing the name of the budget account from the Commission on Tourism to the Tourism Development Fund. There has been confusion with the new name. The Budget Division concurs the name of the budget account should remain as the Commission on Tourism.

The first major closing issue is the revenue projection and the reserve. The *Executive Budget* recommends room tax receipts at \$20.1 million in FY 2007-2008 and \$21.7 million in FY 2008-2009. The Commission continues

to support the revenue projections included in the *Executive Budget*. The Fiscal Analysis Division has provided updated projections for room tax receipts as shown on page 2 of [Exhibit G](#). The Fiscal Analysis Division projects room tax receipts of \$20,269,505 in FY 2007-2008 and \$22,338,618 in FY 2008-2009. In FY 2006-2007, the two projections are close. In both FY 2007-2008 and FY 2008-2009, the Fiscal Analysis Division's projections are higher.

CHAIR RAGGIO:

Does this chart represent total room tax receipts that come to the Commission on Tourism?

MS. MARTINI:

Yes, these room tax receipts are received by the Commission.

Based on updated projections from the Commission, and supported by projections of the Fiscal Analysis Division, there will be an additional \$1.44 million in room tax collections balanced forward to FY 2007-2008. This additional revenue has historically been utilized for onetime projects in State Parks, Cultural Affairs or other budgets. In addition to the increase in the balance forward, the Commission submitted a request on April 30, 2007, indicating the Commission is expecting to have an additional \$136,494 in unspent funds in the current fiscal year. Rather than balance forward these unspent funds to reserve, the Commission is requesting to increase the funding for the POW WOW event to be held in Las Vegas in FY 2007-2008.

With regard to the Commission's reserve, the agency notes that one month's expenses are approximately \$1.7 million.

CHAIR RAGGIO:

Are the unspent funds from FY 2006-2007? Are these funds available in addition to the projection?

MS. MARTINI:

Yes, that is correct.

The *Executive Budget* is recommending the reserve level at \$1.13 million in FY 2007-2008 and \$1.28 million in FY 2008-2009. An additional \$570,000 will be required in FY 2007-2008 to increase the budgeted reserve to a 30-day level.

SENATOR BEERS MOVED TO APPROVE THE ROOM TAX COLLECTIONS AS PROJECTED BY THE FISCAL ANALYSIS DIVISION.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MS. MARTINI:

The Commission's first priority is decision unit E-175 which includes a full-time program analyst II at a cost of \$85,430 in FY 2007-2008 and \$88,945 in FY 2008-2009. This new position will be a marketing specialist who will start in

July 2007. The Marketing Department currently has one position, a senior marketing manager.

E-175 Increase Non-Gaming Business – ECON DEV & TOURISM-26

CHAIR RAGGIO:

What is the necessity for the position?

MS. MARTINI:

With the new marketing project and plan, this new position is needed. The request appears reasonable to staff.

The *Executive Budget* recommends \$1.1 million in each fiscal year for increased collateral mailings and postage. With the Governor-recommended inflation, which is in decision unit M-101 and decision unit E-175, outside postage would total \$1.7 million in each fiscal year. This represents an increase of 113.4 percent over FY 2005-2006. The table on page 4 of [Exhibit G](#) represents the Governor's recommendation for postage. Postage increases have averaged 6 to 8 percent over the last four years. The Commission's postal consolidator has advised another 10-percent increase is likely. This proposed postal inflation has not been built into any other Department's accounts.

CHAIR RAGGIO:

Are the Commission's requests for printing associated with collateral mailings and postage reasonable?

MS. MARTINI:

The printing costs appear reasonable. The Commission states the postage inflation increases are necessary.

TIM MALAND (Director, Division of Tourism, Commission on Tourism):

The forecast for future collateral needs and the success of the various marketing programs will drive postage costs.

SENATOR BEERS MOVED TO APPROVE THE PRINTING COSTS AND POSTAGE AS RECOMMENDED BY THE GOVERNOR.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MS. MARTINI:

The *Executive Budget* recommends \$3.1 million in each fiscal year of the biennium for new or expanded contracts listed on page 4 of [Exhibit G](#). There is a transfer in B/A 530-1530 tied to this item.

SENATOR BEERS MOVED TO APPROVE THE CONTRACTS AS RECOMMENDED BY THE GOVERNOR WITH THE NEVADA MAGAZINE PUBLICATIONS CONTRACT CONTINGENT UPON APPROVAL OF THAT ITEM IN B/A 530-1530.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MS. MARTINI:

International markets are the Commission's second priority. The *Executive Budget* recommends authority for \$711,824 in FY 2007-2008 and \$519,023 in FY 2008-2009 to expand Nevada's representation. Funding of \$85,430 in FY 2007-2008 and \$88,945 in FY 2008-2009 is requested for a new full-time international specialist beginning July 2007. The position would focus on the Canadian and Latin American markets and would be bilingual in Spanish. The Commission currently has a full-time international tour and travel manager. If the Committee approves the position, it may consider requiring continuation of this position through an enhancement decision unit in the next biennium. This would provide the Legislature with data to evaluate the cost benefit of this new position.

CHAIR RAGGIO:

Has the Assembly Committee on Ways and Means closed this budget?

MS. MARTINI:

No, they have not.

SENATOR TITUS:

It is great to market Nevada internationally; however, in a year when revenues are tight, it seems to me we could wait to fund this position until next Session. This seems contrary to the position taken yesterday by the Governor, where he is cutting back revenue for promotion of Nevada travel through the convention centers. To be consistent with that position, I would vote not to fill this new position.

SENATOR BEERS:

How does the ending balance look? Are these funds we can use for other functions without a statutory change?

MR. GHIGGERI:

Historically, if savings have been generated in this account, room tax dollars have been used for other projects, such as parks or museums, and then General Funds substituted for other issues. Any funds saved can be used, if appropriate, in other accounts with General Funds.

CHAIR RAGGIO:

Is there any comment regarding the necessity for this position?

MR. MALAND:

Future international efforts will generate many times the cost of this position in additional revenues through room taxes. We would not recommend adding this position without an adequate return on the investment.

CHAIR RAGGIO:

Which are the new areas?

MR. MALAND:

The expectation is to devote more time and effort representing Nevada at international shows, particularly in Canada and Mexico and other markets in Latin America, to follow the lead of the Las Vegas Convention and Visitors Authority (LVCVA). The LVCVA has indicated Brazil will be a focus as well as other markets in South America.

CHAIR RAGGIO:

Are other state tourism agencies targeting these new markets?

MR. MALAND:

Brazil is mentioned repeatedly at the tourism councils in which I participate. The Asian Continent, India and China are also targeted. Nevada is well represented in China.

SENATOR BEERS:

Why is there an increase in the Base Budget for out-of-state travel?

MS. MARTINI:

The increase is due to an approved work program.

SENATOR COFFIN:

There has been a proposal to finance transportation with increased room taxes. Does that mean the 0.375 share of the 1-percent statewide room tax would be increased?

CHAIR RAGGIO:

Are you referencing the Governor's announced plan for funding transportation projects in Clark County with new room tax revenues? Does anyone know if the funding for this budget would be affected?

MR. MALAND:

As I understand the proposal, the funding would come from increases in future room tax revenues earned only in Clark County.

SENATOR BEERS:

More specifically, the plan refers to growth over and above the larger of a 5 percent or a cost-of-living increase. It is not actually future revenue; it is future growth of revenue. The transportation plan has nothing to do with this budget.

SENATOR COFFIN:

I want some assurance this budget is not affected by the Governor's proposed transportation plan.

MR. GHIGGERI:

I have not read the press release and have no knowledge of what was presented. The Committee can act on this budget because any redirection of the current funding for Tourism would require a statutory change.

SENATOR BEERS MOVED TO APPROVE THE INTERNATIONAL SPECIALIST AND RELATED COSTS AS RECOMMENDED BY THE GOVERNOR.

SENATOR MATHEWS SECONDED THE MOTION.

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

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MS. MARTINI:

Funding of \$175,000 in FY 2007-2008 is recommended by the Governor for a host fund for familiarization tours and other events associated with the Travel Industry Association of America's POW WOW conference to be held in Las Vegas in FY 2007-2008. The Commission requests unspent funds in FY 2006-2007 of \$136,494 be balanced forward for additional support of the POW WOW event. It has been 20 years since Nevada hosted this event. The Governor also recommends \$11,000 in each year of the biennium to allow the agency to host an Outbound Travel Market Annual Sales Seminar and Reception in Nevada and to allow the new international specialist to participate in these tours. The Commission has \$29,122 in the Base Budget for host funds.

CHAIR RAGGIO:

Are we correct in assuming this is a prestigious event?

MR. MALAND:

The POW WOW function is the largest international tour and travel operators' convention in the world. Annually, media and tour operators from all the international markets come to various cities within the United State. I recently participated in the convention in Anaheim and witnessed 4,500 participants, 1,500 from overseas, buying programs, itineraries, etc., sending business to the United States. The funding requirements are extensive to host this event. The primary costs are funded by the LVCVA. The State has agreed to host familiarization trips to give participants the experience of Nevada beyond Las Vegas. The California Department of Tourism was responsible for funding all of the transportation costs within Anaheim which proved to be in excess of our original request. We have not come to an agreement with LVCVA as to our portion of the shared cost.

CHAIR RAGGIO:

The request is for \$136,494 to be balanced forward and an additional \$175,000 that is currently included in the *Executive Budget*. These amounts, combined, are less than what was utilized by the host committee in Anaheim.

MR. MALAND:

California's Department of Tourism has a larger budget than Nevada. Their costs were in excess of the amount we are requesting.

SENATOR COFFIN MOVED TO APPROVE THE HOST FUND, INCLUDING THE BALANCE FORWARD FROM UNSPENT FUNDS, AS RECOMMENDED BY THE GOVERNOR.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MS. MARTINI:

The Commission is requesting a total of \$294,900 in each fiscal year to maintain the office in China. The actual expenditures in FY 2005-2006 were \$243,924. Funding of \$44,186 in FY 2007-2008 and \$36,396 in FY 2008-2009 is recommended for additional advertising and public relations in China. The Commission currently has \$155,814 in FY 2007-2008 and \$163,604 in FY 2008-2009 in its Base Budget to support international advertising and public relation needs.

CHAIR RAGGIO:

I attended a meeting in China and utilized the Commission's office in Beijing. It is a small well-done office. Ms. Karen Chen is a credit to this State and is doing an outstanding job. I believe Nevada, and perhaps one other, are the only states authorized to have this type of office in Beijing.

MR. MALAND:

The Commission now has the opportunity to advertise directly in the market and directly to consumers, if we choose to, or to trade operators which has been our focus to date. This request is to take advantage of our unique situation.

SENATOR RAGGIO:

With the next Olympics being held in Beijing, there is an opportunity to do some good work.

SENATOR RHOADS MOVED TO APPROVE THE INCREASED
ADVERTISING EFFORTS IN CHINA AS RECOMMENDED BY THE
GOVERNOR.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MS. MARTINI:

Funding of \$100,000 is requested in each year of the biennium for a representative office in India. The total number of Indian arrivals to the United States increased 12 percent from 2004 to 2005. Indian visitors to the United States are projected to be 500,000 each year. There is no United States tourism entity presently in India. Staff has not been provided with data showing the number of Indian visitors to Nevada or the dollars expended. It is not clear how the funding request was determined since the location for the office has not been determined.

SENATOR RAGGIO:

Are there any other Nevada efforts in India such as the LVCVA?

MR. MALAND:

The LVCVA recently hosted a large show in India. The U.S. Department of Commerce has offices in India. We have used that office in the past to assist our staff. Staff visited India last year for the first time to establish relationships with our U.S. Consulate and tour operators and to identify potential partners or a representative office. The annual \$100,000 request is an estimate based upon

historical relationships in the United Kingdom and the cost of other representative offices.

SENATOR RAGGIO:

What would the Commission do in India? Where would the office be?

MR. MALAND:

The additional funds would cover costs to identify a location, establish a representative office and pay the representative's fees. The Commission is in the investigative phase right now.

SENATOR COFFIN:

India is going to become the third World super power. There are pockets of wealth in India and tremendous middle-class growth. There will be no problem finding a spot for this office. We would be remiss not to target this market. It will be critical to the State's future tourism.

SENATOR BEERS MOVED TO NOT APPROVE THE FUNDING FOR A NEW OFFICE IN INDIA AS RECOMMENDED BY THE GOVERNOR.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION FAILED. (SENATORS MATHEWS, TITUS, COFFIN AND RHOADS VOTED NO.)

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SENATOR COFFIN MOVED TO APPROVE THE FUNDING FOR A NEW OFFICE IN INDIA AS RECOMMENDED BY THE GOVERNOR.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR CEGAVSKE VOTED NO.)

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MS. MARTINI:

The *Executive Budget* recommends \$100,000 each year of the biennium to fund a partnership with the LVCVA for a representative office in Mexico. The Commission made the same request in the 2005 Session; the request was denied.

SENATOR RAGGIO:

Why does the State want to be involved if the LVCVA is going to do it?

MR. MALAND:

The entire State benefits by having a representative office. The office in Mexico can take advantage of media relations and contacts. Articles and information provided by Nevada will be translated into Spanish properly, distributed through media contacts and published in Mexican periodicals, newspapers, magazines, among other publications, promoting the entire State, rather than just Las Vegas.

SENATOR MATHEWS:

I spend a lot of time at the airport. Mexico is a market we should tap. When Delta Air Lines had a direct flight from Reno to Mexico City, the market was wonderful. There is a lot of money coming out of Mexico.

SENATOR RAGGIO:

The request was denied last Session because an adequate effort was being put forth by the LVCVA.

MR. MALAND:

There is a benefit to the State beyond what Las Vegas gains from their relationship with this representative. I would like to take advantage of the relationship and expand into other markets in Mexico.

SENATOR COFFIN:

It appears the LVCVA is not in a mood to hand out a brochure on anything north of Nellis Air Force Base. We need their help. We should partner with them.

SENATOR COFFIN MOVED TO APPROVE THE FUNDING FOR AN OFFICE IN MEXICO AS RECOMMENDED BY THE GOVERNOR.

SENATOR MATHEWS SECONDED THE MOTION.

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

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MS. MARTINI:

The *Executive Budget* recommends \$12,000 in each year of the biennium to fund an electronic distribution of a Nevada newsletter to Taiwan tour operators at a cost of \$1,000 each month. The newsletter will be sent to 600 tour operators, travel agencies and travel media. The expenditures appear to be excessively high for a monthly electronic newsletter. The Commission has not provided justification for the newsletter based on estimated impact.

SENATOR RAGGIO:

Is there any information as to what would be an appropriate amount?

MS. MARTINI:

Staff does not have any additional information.

MR. MALAND:

Nevada is not marketed in Taiwan other than anecdotal meetings within the United States.

SENATOR RAGGIO:

A strong case has not been made for this request.

SENATOR BEERS MOVED TO NOT APPROVE THE FUNDING FOR AN ELECTRONIC NEWSLETTER TO TAIWAN AS RECOMMENDED BY THE GOVERNOR.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

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MS. MARTINI:

The *Executive Budget* recommends \$333,641 in FY 2007-2008 and \$365,644 in FY 2008-2009 for Commission-specific inflationary increases for postage costs of promotion and advertising as shown on page 7 of [Exhibit G](#). The increased expenditures for non-state printing services and *Nevada Magazine* for publications and periodicals are due to a shortage of offshore paper which has forced suppliers to purchase more expensive domestic-produced paper. The inflationary costs for the Commission's advertising agency represent increased funding for media purchases.

CHAIR RAGGIO:

What is offshore paper compared to domestic-produced paper?

STEVE WOODBURY (Deputy Director, Division of Tourism, Commission on Tourism):

The offshore paper is typically less expensive. Paper costs are rising. Our marketing manager did an industry-wide survey to estimate the cost increases.

CHAIR RAGGIO:

Does this request have something to do with the request we just approved?

MS. MARTINI:

This request is for additional inflationary increases.

CHAIR RAGGIO:

Does this increase appear reasonable to staff?

MS. MARTINI:

The Commission has indicated the increase is necessary. Staff has no recommendation.

SENATOR COFFIN MOVED TO APPROVE THE FUNDING FOR COMMISSION-SPECIFIC INFLATIONARY COSTS FOR PAPER AND MEDIA PURCHASES AS RECOMMENDED BY THE GOVERNOR.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MS. MARTINI:

Decision unit E-179 is the Commission's fourth priority. The *Executive Budget* recommends authority for \$100,000 in FY 2007-2008 to obtain contractual services from Charles Ryan and Associates to improve the Commission's Website. The total amount represents \$10,000 for the integration of video; \$30,000 for the integration of Really Simple Syndication (RSS) feeds; and \$60,000 for the development of a module to enable tourism partners statewide

to contribute content to the Website. The components are not linked, so any or all of the components may be funded.

E-179 Increase Non-Gaming Business – Page ECON DEV & TOURISM-28

SENATOR BEERS:

The Commission needs to shop more intelligently for Web services.

SENATOR BEERS MOVED TO REDUCE THE DECISION UNIT E-179 TOTAL RECOMMENDATION TO \$25,000 FOR IMPROVEMENTS TO THE WEBSITE.

SENATOR CEGAVSKE SECONDED THE MOTION.

SENATOR COFFIN:

What does that mean?

SENATOR BEERS:

It means I integrated RSS into my Website for free.

SENATOR COFFIN:

What is RSS? If a person subscribes to RSS, does it mean they want the information?

MR. MALAND:

Yes, it means they have "opted in." The RSS can be as simple as sending out e-mails to a database identified as a list of addresses. The Commission intends to identify the characteristics of people throughout the country as to their preferences for the type of information desired. We do not want to do a blanket e-mail message to everyone in our database about every single thing. We have hundreds of different events and locations. We want to filter messages so people are not inundated with material not related to their interests. The request is a reasonable amount for perhaps the most important marketing tool to remain in existence for years to come.

SENATOR BEERS:

I do not believe Mr. Maland deliberately intends to mislead the Committee. This is the Commission's fourth priority. The RSS has nothing to do with e-mail. The Commission is consuming Web services incorrectly and more expensively than needed.

CHAIR RAGGIO:

Is this a contract presently in existence?

MR. MALAND:

We are under contract, and they are providing services to release a new Website within the next 60 days.

CHAIR RAGGIO:

That contract service has already been paid. Is this request for a new contract?

MR. MALAND:

This is all incremental to the work performed to date.

CHAIR RAGGIO:

How would the Commission use the \$25,000?

MR. MALAND:

The Commission would consider the priorities; identify the most important one and do that.

THE MOTION CARRIED. (SENATORS MATHEWS AND COFFIN VOTED NO. SENATOR TITUS WAS ABSENT FOR THE VOTE.)

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MS. MARTINI:

The *Executive Budget* recommends continued funding of \$125,000 in each year of the biennium to help support the functions and activities for the winter games. The 2005 money committees approved \$125,000 in each fiscal year of the current biennium. A bid for the 2014 Winter Olympics is no longer realistic. Efforts are being made toward a bid for the Olympics in 2018. The Committee previously questioned why unspent funds in FY 2005-2006 were balanced forward to FY 2006-2007. Because the budget account for the Commission on Tourism is a balance forward account, the Commission believed it appropriate for the organization receiving the funds to also carry forward the unused funds. The Reno-Tahoe Winter Games Coalition is requesting to balance forward any remaining funds from FY 2006-2007 to be utilized during the 2007-2009 biennium. The Commission does not have updated projections from the Coalition on the amount of State funds that will be unexpended by the end of the current fiscal year. If the Committee chooses to approve the request for funding of \$125,000 in each year of the biennium, the Committee may consider including language in the Authorization Act of 2007 requiring the Commission to request any unspent funds be returned at the end of each fiscal year. The Committee may also wish to require the Commission to monitor the use of the funds by the Coalition and report its findings to the Interim Finance Committee.

CHAIR RAGGIO:

The Committee needs to know how likely it is the application for the 2018 Olympics will be successful. Is this the right time to solicit the 2018 Olympics?

MR. MALAND:

The requirements are well in advance of the Olympics. The United States just decided on a city to put forward for the 2016 Summer Olympics. The upcoming biennium is the time various cities will organize efforts to help the U.S. Olympic Committee decide who will be the United States' candidate for the 2018 Winter Olympics. I am not expert enough to know what the chances are for the games to come back to Nevada. Identifying Nevada as a potential site for the Winter Olympics in 2018 is exceptionally good for the northern Nevada ski market.

CHAIR RAGGIO:

What type of organization is in place to work toward this goal?

MR. MALAND:

There is a committee headed by the Lieutenant Governor. Participants on the committee are representatives from California as well as Nevada. They are attorneys, contractors, ski resorts and other companies in northern Nevada.

CHAIR RAGGIO:

How would this funding, including the balance forward, be utilized within the next two years?

MR. MALAND:

A budget was submitted previously. I can provide you with a copy.

MS. MARTINI:

I only have the current biennium budget.

SENATOR RAGGIO:

We will hold this portion of the budget. The Committee requires more information.

MS. MARTINI:

The Governor recommends funding of \$10,800 in each year of the biennium for out-of-state travel to cover several trips planned in FY 2005-2006 but not taken due to scheduling conflicts. However, the Commission did expend \$99,440 in FY 2005-2006 which exceeded the Legislatively approved budget of \$96,855.

MR. MALAND:

Why was the budget exceeded?

MS. MARTINI:

A work program was requested which enabled the additional funding for travel.

SENATOR BEERS MOVED TO APPROVE THE FUNDING FOR
ADDITIONAL OUT-OF-STATE TRAVEL AS RECOMMENDED BY THE
GOVERNOR.

SENATOR COFFIN SECONDED THE MOTION.

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

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MS. MARTINI:

The *Executive Budget* recommends funding of \$91,575 in FY 2007-2008 and \$11,795 in FY 2008-2009 for replacement equipment including computers, surge protectors, etc. There is also a request to replace the Commission's tour van. The van is a 2000 GMC with an odometer reading of 49,374 miles; the cost to replace the vehicle is \$52,414. With a new vehicle, State Motor Pool and car rental costs could be reduced by \$6,564 in each year of the biennium.

CHAIR RAGGIO:

Are you saying the vehicle, with low mileage, is not suitable?

MR. MALAND:

We host various van trips with the media and tour operators so they can experience what Nevada has to offer. The van is difficult to enter and exit. We would prefer a more modern and comfortable van for the visiting guests.

CHAIR RAGGIO:

If the Committee approves the request, will there be savings in State Motor Pool and car rental costs?

MR. MALAND:

That is correct.

SENATOR COFFIN:

Is this a tricked-out van we are using to impress people?

MR. MALAND:

The current van is nothing but a white panel van. We want a 15-seat van that does not require a passenger to bend over and crouch to enter.

SENATOR COFFIN:

Do you take people to Pioche and Tonopah? Fifteen-passenger vans are not safe.

MR. MALAND:

Yes, we do.

SENATOR BEERS MOVED TO APPROVE THE FUNDING FOR REPLACEMENT EQUIPMENT AS RECOMMENDED BY THE GOVERNOR.

SENATOR COFFIN SECONDED THE MOTION.

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

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MS. MARTINI:

The *Executive Budget* recommends spending \$198,000 in FY 2007-2008 and \$171,500 in FY 2008-2009 to promote our State parks and museums through printed material and media advertising.

CHAIR RAGGIO:

Is this request necessary?

MR. MALAND:

This is an example of transfers from the Commission to the Division of State Parks. I believe the parks are a Nevada asset.

CHAIR RAGGIO:

I am being told this transfer was approved in the Department of Cultural Affairs budget.

SENATOR COFFIN MOVED TO APPROVE THE FUNDING TO PROMOTE NEVADA'S STATE PARKS AND MUSEUMS AS RECOMMENDED BY THE GOVERNOR.

SENATOR BEERS SECONDED THE MOTION.

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

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Ms. MARTINI:

The *Executive Budget* recommends training and new equipment which appear reasonable to staff. The table on page 9 of [Exhibit G](#) outlines the room tax transfers to other agencies as recommended by the Governor.

SENATOR BEERS MOVED TO APPROVE THE FUNDING FOR TRAINING, NEW EQUIPMENT AND TRANSFERS AS RECOMMENDED BY THE GOVERNOR; TO APPROVE THE BUDGET AS A WHOLE IN ACCORDANCE WITH THE MOTIONS PREVIOUSLY MADE; TO HOLD THE OLYMPIC FUNDING REQUEST FOR FURTHER INFORMATION; AND TO GIVE STAFF AUTHORITY TO MAKE ADJUSTMENTS AS NECESSARY TO ALIGN TRANSFERS IN B/A 225-1522.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

BUDGET CLOSED.

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CHAIR RAGGIO:

We will close B/A 225-1522 and open B/A 530-1530.

Tourism - Nevada Magazine – Budget Page ECON DEV & TOURISM-33
(Volume II)
Budget Account 530-1530

Ms. MARTINI:

The closing details for Nevada Magazine, B/A 530-1530, are on pages 10 through 14 of [Exhibit G](#). The first major closing issue concerns the revenue projections and reserve. For FY 2006-2007, updated projections from the Commission indicate \$1.7 million will be generated which is \$341,944 less than the Legislatively approved amount of \$2.1 million. For the 2007-2009 biennium, the *Executive Budget* recommends authority to receive revenue in the amount of \$2.2 million in each fiscal year. These amounts do not include the balance forward or the transfer from the Commission on Tourism. In FY 2005-2006, this budget generated 78 percent of its approved revenue. Based upon revenue projections provided by the Commission, the budget would generate approximately 83 percent of the Legislatively approved amount in FY 2006-2007. The Commission is projecting large increases in revenue for advertising and single-issue sales. The Commission has provided a plan for achieving the increased projections. The *Nevada Magazine* has a new editor and anticipates 20,000 new subscriptions during the second year of the biennium.

The *Executive Budget* recommends a reserve level of \$281,325 in FY 2007-2008 and \$205,956 in FY 2008-2009. This was based upon the budget's balance forward of \$277,470 in FY 2007-2008 and \$281,325 in

FY 2008-2009. With the revised projections for the current fiscal year and keeping the expenditures as recommended by the Governor, the budget would have a reserve level of \$65,741 in FY 2007-2008 and \$12,122 in FY 2008-2009. Due to reserve level concerns, the Commission, in an e-mail dated April 26, requested a reduction of \$21,750 in each fiscal year of the biennium for shipping costs and the reduction of a full-time circulation manager position to a part-time status. If these revisions are approved, the reserve level would be raised to \$124,505 in FY 2007-2008 and \$112,055 in FY 2008-2009.

CHAIR RAGGIO:

That amount is still below the indicated adequate minimum amount of \$140,000.

MS. MARTINI:

The Commission is aware of the situation and indicates, because it is an enterprise fund, expenditures will not exceed revenues.

MR. WOODBURY:

The Commission pays an average of 78 percent of maximum salary for this budget's unclassified positions. Each year, there is a salary savings of approximately \$200,000. Our intent, with the new format and publisher and as revenues increase, is to be able to increase the staff salaries. The salary savings act as a buffer in addition to the reserves.

MS. MARTINI:

The *Executive Budget* recommends an increase in revenue authority for the portion of single-issue sales attributable to the Commission on Tourism of \$106,687 in FY 2007-2008 and \$119,489 in FY 2008-2009. Staff has made adjustments to reconcile the amounts of the corresponding transfers.

SENATOR RAGGIO:

Are the projections reasonable?

MR. WOODBURY:

Yes, the projections are reasonable.

MS. MARTINI:

Decision unit E-176 is in-house production. The *Executive Budget* recommends expenditures of \$535,000 in FY 2007-2008 and \$603,548 in FY 2008-2009 authorizing *Nevada Magazine* to provide in-house copywriting services. The *Nevada Magazine* would develop the Commission's Travel Planner and Visitors Guide as well as various other brochures. Funding is recommended to come from advertising charges of \$400,000 each year and a transfer from the Commission on Tourism of \$135,000 each year of the biennium. The amount of the transfer has been revised to \$135,000 in the first year and \$98,365 in the second year of the biennium.

E-176 Increase Non-Gaming Business – ECON DEV & TOURISM-36

CHAIR RAGGIO:

How realistic is the advertising income expectation?

MR. WOODBURY:

The projections are realistic. This request brings in-house a publication we have done outside. The committed advertising is already at \$300,000.

MS. MARTINI:

The *Executive Budget* recommends reclassification of three of the classified positions to cost \$26,695 in FY 2007-2008 and \$23,919 in FY 2008-2009, page 14 of [Exhibit G](#). *Nevada Revised Statutes* 231.230 requires the executive director and all other non-clerical employees be unclassified.

The *Executive Budget* recommends \$100 in each year of the biennium for a host fund. This budget has never had a host fund. The in-state travel request appears reasonable as does replacement equipment.

CHAIR RAGGIO:

The reclassification of positions to unclassified will be considered with the unclassified pay authorization bill. If we approve this budget, how are the other budgets affected?

MS. MARTINI:

The transfers from the Commission on Tourism will be approved if this budget is approved.

SENATOR BEERS MOVED TO APPROVE B/A 530-1530, INCLUDING THE TRANSFER FROM THE COMMISSION ON TOURISM, B/A 225-1522, AS RECOMMENDED BY THE GOVERNOR.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

BUDGET CLOSED.

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SENATOR CEGAVSKE:

I have not seen a *Nevada Magazine* or an advertisement for one in a long time.

DEBRA DUDLEY (Publisher, Division of Publications, Commission on Tourism):
You have all been added to our complimentary copy list.

SENATOR RAGGIO:

I am glad you told us that after we approved the budget. The Committee has closed B/A 530-1530 and will hear B/A 225-1523.

Tourism - Tourism Development – Budget Page ECON DEV & TOURISM-41
(Volume II)

Budget Account 225-1523

MS. MARTINI:

The closing details for Tourism Development, B/A 225-1523, are on page 15 of [Exhibit G](#). There are no major issues in this account. Staff recommends this budget be closed as recommended by the Governor.

Senate Committee on Finance
May 11, 2007
Page 25

SENATOR BEERS MOVED TO APPROVE B/A 225-1523 AS
RECOMMENDED BY THE GOVERNOR.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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CHAIR RAGGIO:

There being no further business to come before this Committee, this meeting is
adjourned at 1:34 p.m.

RESPECTFULLY SUBMITTED:

Sandra K. Small,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: _____