

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-fourth Session
May 15, 2007**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 4:23 p.m. on Tuesday, May 15, 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:

Joseph J. Heck, Clark County Senatorial District No. 5
Randolph J. Townsend, Washoe County Senatorial District No. 4

STAFF MEMBERS PRESENT:

Bob Atkinson, Senior Program Analyst
Sarah Coffman, Program Analyst
Joi Davis, Program Analyst
Jeffrey A. Ferguson, Program Analyst
Gary L. Ghiggeri, Senate Fiscal Analyst
Eric King, Program Analyst
Melinda Martini, Program Analyst
Michael Bohling, Committee Secretary

OTHERS PRESENT:

Hatice Gecol, Ph.D., Director, Nevada State Office of Energy
Rose McKinney-James, Clark County School District
Scott Craigie, Arizona Public Service Energy Services Company
Carole A. Vilardo, Nevada Taxpayers Association
Patrick Cates, Administrative Officer, Division of Health Care Financing and Policy, Department of Health and Human Services
Steven W. Kondrup, Acting Commissioner, Division of Financial Institutions, Department of Business and Industry
Ted J. Olivas, City of Las Vegas
David K. Morrow, Administrator, Division of State Parks, State Department of Conservation and Natural Resources
Allen Biaggi, Director, State Department of Conservation and Natural Resources
Kenneth E. Mayer, Director, Department of Wildlife
Gloria P. Dopf, Deputy Superintendent for Instructional, Research and Evaluative Services, Department of Education

Senate Committee on Finance
May 15, 2007
Page 2

CHAIR RAGGIO:

We will open the hearing on Senate Bill (S.B.) 437.

SENATE BILL 437 (1st Reprint): Revises provisions concerning generation and consumption of energy. (BDR 58-232)

SENATOR RANDOLPH J. TOWNSEND (Washoe County Senatorial District No. 4):

On behalf of the Senate Committee on Commerce and Labor, you have before you S.B. 437 and Proposed Amendment 3934 ([Exhibit C](#), original is on file in the Research Library) which removes all the fiscal impact that came as a result of processing the bill. I will focus primarily on the proposed amendment.

The bill deals with a broad spectrum of issues regarding renewable energy, particularly solar energy, demonstration projects, incentive programs and school pilot programs; public schools and their need to conserve energy; residential property; the Fund for Energy Assistance and Conservation which provides incentives for conservation purposes.

CHAIR RAGGIO:

What types of incentives are provided?

SENATOR TOWNSEND:

Most that are associated with any costs will be removed from the bill.

In the proposed amendment and mock-up, ([Exhibit C](#)), sections 54, 55, 58, 59 and 107 will be removed from the bill.

Section 54 addresses the life-cycle costs of public building projects. The proposed amendment would remove section 54. Although that has tremendous value in reducing consumption, the cost is one that gave concern to the staff. We recommend that public building projects and their life-cycle costs be dealt with in your bill on capital improvement projects (CIPs) as this Committee considers appropriate.

Section 55 requires new occupied buildings of 10,000 square feet or more to meet the energy and water conservation requirements. This section would be removed because of its fiscal impact.

Section 58 provides for the partial ad valorem tax abatement for single-family residential property that meets energy and water conservation efficiency standards. We have recommended this section be removed.

Section 107 is also requested to be deleted. It repeals the sunset provision, thus maintaining the existing partial abatement on property taxes for new facilities that generate electricity from renewable energy. The sunset would remain, with removal of this section.

CHAIR RAGGIO:

If the amendment is adopted, what impact is there upon any revenue sources at either the State or local level?

SENATOR TOWNSEND:

There would be no impact on either level, based on the removal of these sections.

CHAIR RAGGIO:

Are any of the fiscal notes originally attached to this bill from various agencies still valid? If these fiscal notes can be removed, we need to know at this time.

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

We attached a fiscal note because our office was going to adopt the regulation for section 58, green-building tax abatement for homes. It is moot now and there is no fiscal note. Another was adopting regulation for home energy ratings. Senator Townsend said he would help us. In addition, if we manage to get our renewable energy specialist approved by the Senate Committee on Finance, the Office of Energy will be able to offset that cost.

CHAIR RAGGIO:

In other words, it is dependent upon approval of that position.

DR. GECOL:

Yes, that is correct.

CHAIR RAGGIO:

I will ask staff to contact the other agencies affected to determine whether their fiscal notes are still operative if the proposed amendment is adopted.

SENATOR COFFIN:

Can we use this bill as a vehicle to adjust the problem we have on the green-building standards for commercial buildings?

SENATOR TOWNSEND:

Of course we can. It should be noted for the record that I have already met with Assemblywomen Smith and Kirkpatrick, who are assigned to deal with the issue. We will be meeting again. Depending on how leadership wants to process it, by Friday we will have a mock-up on that proposal, and it can be placed either in a separate bill or in an energy bill.

SENATOR COFFIN:

We will, as a Legislature, define who qualifies for what level. Is that correct?

SENATOR TOWNSEND:

Yes, that is correct. There was deep concern with the regulatory process expressed by a number of individuals. We felt it should be set statutorily, for budget purposes. That will go to a public hearing at a joint meeting of the two committees.

SENATOR TITUS:

I am looking forward to working with you in addressing expansion of the original legislation. We have to address things such as allowing smoking and calling it green.

In section 107, are you lifting the sunset? Would you please go over that again for me?

SENATOR TOWNSEND:

To remove the fiscal note, the recommendation is to remove section 107 and let the sunset occur.

SENATOR TITUS:

That is not until June 30, 2009. Will you sunset the provision or not?

SENATOR TOWNSEND:

We will sunset the provision. We will remove the section of the law that would repeal the sunset.

SENATOR TITUS:

That is 2009. Would that be something we can address later? How does it cause a fiscal note?

SENATOR TOWNSEND:

It has to do with partial abatements on property for new facilities that generate electricity from renewable energy. If you want to shorten it, I respect the Committee's wishes. We decided to remove the repeal of the sunset because, according to our staff's analysis, that would remove the fiscal note based on section 107.

SENATOR BEERS:

Section 22, subsection 4 says, "A utility may recover its reasonable and prudent costs, including, without limitation, incentives, that are associated with carrying out and administering the Solar Program within its service area by seeking recovery of those costs in an appropriate proceeding before the Commission" Does that refer to the Public Utilities Commission of Nevada (PUCN)?

SENATOR TOWNSEND:

Yes, it does.

SENATOR BEERS:

We have pretty well removed the direct cost to government, but we still have costs that will be passed on to our citizens in the electric rates. Is that correct?

SENATOR TOWNSEND:

I would be glad to give you some statistics. I have an analysis from the PUCN regarding the Solar Generations program ([Exhibit D](#)). In year 4, the annual cost to the customer would be \$4.48 which equates to about 37 cents a month. In year 5, it drops to \$4.10, and in year 6 it is about \$3.80, as the incentive costs drop.

SENATOR BEERS:

Did the PUCN say they have the budget to administer the program?

CHAIR RAGGIO:

Staff has been instructed to contact the agencies that provided the fiscal notes.

SENATOR BEERS:

Section 30 appears to set up an administrative program for schools to be involved in this. Does that cause an unfunded mandate?

SENATOR TOWNSEND:

I do not believe it is an unfunded mandate, but I have a representative from the school district here.

ROSE MCKINNEY-JAMES (Clark County School District):

The pilot program is structured to provide the school district with the ability to enter into contractual arrangements with vendors so we can test whether some of these systems may result in our ability to consume less energy and exercise the ability to examine some of these technologies. We are unaware of an impact it would have on our budget with respect to instructional costs. We hope the entity undertaking the project will accept the liability and the cost; we hope to make money on it.

SENATOR BEERS:

Please give me an example of an entity for this.

Ms. MCKINNEY-JAMES:

We might enter into an arrangement with a small solar company to provide systems we would install on the rooftops of a handful of schools. We would enter into a separate contractual agreement to establish a price and other terms. We would then reap the benefit of the reduction in our power costs and in the use of energy.

SENATOR BEERS:

Renewable does not make it cheaper. It sounds like the school district will be investing school money in the solar systems.

Ms. MCKINNEY-JAMES:

The investment would come from the vendor. For example, we would give them a free rooftop.

SENATOR BEERS:

If I started a solar company, I could respond to your Request for Proposal (RFP) and, at my expense, I would put the solar system on some of your roofs. Then what? How do I make money?

Ms. MCKINNEY-JAMES:

You would make money based on how we structured the contractual agreement with respect to the price of the power. You would sell us the power. We would use the power you generate to reduce our reliance on what we use from the regular power company.

SENATOR BEERS:

The electricity from the power company is cheaper than what will be coming off the solar panels. How do the schools benefit? It sounds like the schools will be paying more for their electricity.

Ms. MCKINNEY-JAMES:

That is not the intent. I do not believe we will pay more if we arrived at an arrangement to use solar at the peak. We would be able to have power through a net-metering structure in which we would be jointly connected to the grid but use solar when it made more sense.

SENATOR BEERS:

I am concerned we are losing school funding. I do not understand where the cost gets passed on to the power company, which is going to recover it from all ratepayers through increased rates.

SCOTT CRAIGIE (Arizona Public Service Energy Services Company):

I represent Arizona Public Service Energy Services Company which is one of the companies that does this today. We have been working on these programs for the last five years. A number of components come with this service. You can put solar panels on a roof. There are also aggressive conservation steps taken: double-paned windows are installed in all the rooms and lighting components are changed for heavy-duty conservation. All the changes made save the school money and reduce the amount of power taken from the utility company into the building for heat and so forth. The money saved is used to bond the construction project of a new addition or other changes made at the school building.

We are working on four schools in the Clark County School District. We did this at the community college in Carson City when they made a major set of additions. When White Pine County made additions to some older buildings, we did major conservation steps through the rest of the school. The money saved could be used to expand the CIPs or reduce their overall costs.

SENATOR BEERS:

The school was paying this much for its energy before your client came along and reduced the school's direct energy costs, at the client's expense.

MR. CRAIGIE:

Yes, and we put the paperwork together and help them if they are expanding the buildings. If they are not expanding the buildings, they can save the revenue or bond on it.

SENATOR BEERS:

There are no savings, because your client takes the increment they have saved.

MR. CRAIGIE:

They can do it that way or the increment can be used to help fund the construction project on the building.

SENATOR BEERS:

Your client is the power company.

MR. CRAIGIE:

No. We use Nevada Power in southern Nevada; we use Sierra Pacific Power in northern Nevada. The savings is revenue they can either keep or use to expand their CIPs.

SENATOR BEERS:

The person who invested the money to improve the energy efficiency and install solar generators on the school needs a return. Where does their return come from?

MR. CRAIGIE:

We get a return from a portion of the savings we collect over a 20-year period.

SENATOR BEERS:

Do you split the savings?

MR. CRAIGIE:

Yes, we split the savings.

SENATOR BEERS:

Why does this require statutory enactment?

MS. MCKINNEY-JAMES:

We are attempting to establish a pilot that will allow us to test a variety of options using these systems, conservation and energy efficiency. It is entitled "renewable systems" because we wanted to be able to use solar and wind in particular. It is a pilot that will allow us to negotiate. As the second largest user of electricity in Clark County, we have high bills. We are trying to find an innovative way to advance these technologies and realize savings.

SENATOR BEERS:

Section 30, subsection 2, paragraph (g) describes incentives for the school district to encourage participation. If what Mr. Craigie described is true, you would not need incentives. If this is a net \$0 gain for school funds to educate children, why are we spending administrative time doing this?

CHAIR RAGGIO:

This indicates the Commission must establish regulations that include the incentive.

MS. MCKINNEY-JAMES:

There is no intent to take funds from instructional budgets to support this effort. The Facilities Division, which is a substantial part of the school district, is actively engaged in building schools and constructing other facilities. The Division wants to use what are currently underutilized aspects of our facilities and take them to a point that will benefit the district.

CHAIR RAGGIO:

We have made clear the legislative intent. Are there other questions from the Committee? The issue before this Committee is the adoption of Proposed Amendment 3934.

SENATOR COFFIN:

I want us to understand whether this is or is not an unfunded mandate to the school districts.

MR. CRAIGIE:

Without question, it is enabling legislation for the school district to participate in this program.

CHAIR RAGGIO:

It is permissive language in the bill.

CAROLE A. VILARDO (Nevada Taxpayers Association):

Are the existing abatements still being honored?

SENATOR TOWNSEND:

This bill does not address any of the current challenges of A.B. No. 3 of the 22nd Special Session and never was intended to address those.

CHAIR RAGGIO:

We will close the hearing on S.B. 437 and open the hearing on S.B. 59.

SENATE BILL 59 (1st Reprint): Makes various changes relating to the State Plan for Medicaid. (BDR 38-766)

JOSEPH J. HECK (Clark County Senatorial District No. 5):

Senate Bill 59 does two things: First, it adopts the Family Opportunity Act which was a provision within the Deficit Reduction Act of 2005. The Family Opportunity Act expands Medicaid eligibility to 300 percent of the federal poverty level for families with disabled children. It does so through a Medicaid buy-in program and allows for federal matching dollars.

The second provision contained within the bill directs the Department of Health and Human Services to investigate the feasibility of primary-source verification of insurance coverage for Medicaid recipients. Some families within the State who have insurance find it is not enough to cover their critically ill children, and they wind up tapping out their policy maximum. A \$1 million or \$2 million lifetime cap is quickly expended taking care of some of these critically ill children.

This program requires the family to enroll in a group health plan, if one is available, provides for the payment of a premium into the Medicaid program and allows them to have coverage through that program utilizing federal matching dollars. Currently, a hard-working family in Nevada with insurance coverage is usually given three options when they run out of insurance: divorce to minimize their assets and qualify for existing programs; move to a state with a medically needy program; declare bankruptcy. We all agree those are not the options we want for our Nevada families.

The section that directs the study for primary-source verification is based on a 2006 U.S. Government Accountability Office (GAO) report which found that an average of 13 percent of respondents who reported having Medicaid for the entire year also reported having private health coverage at some time during the same year. We face two problems in ensuring Medicaid is the payer of last resort: verifying Medicaid beneficiaries' private health insurance coverage and collecting payments from third parties where claims were paid before identifying other coverage available.

The second provision directs the Department of Health and Human Services to investigate the feasibility of a primary-source verification program so we can determine whether an individual has other insurance before Medicaid pays the claim. Data reveal an estimated 12 percent of Nevada Medicaid beneficiaries have private health coverage; that equates to almost \$142 million in claims which belong to other payers.

CHAIR RAGGIO:

Are any amendments proposed for this bill?

SENATOR HECK:

There are none.

CHAIR RAGGIO:

Can you advise us of the fiscal note on this bill?

Senate Committee on Finance
May 15, 2007
Page 9

GARY L. GHIGGERI (Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):
For fiscal year (FY) 2007-2008, there is an estimated cost of \$99,655.

CHAIR RAGGIO:
Who submits these figures?

MR. GHIGGERI:
This came from the Division of Health Care Financing and Policy.

PATRICK CATES (Administrative Officer, Division of Health Care Financing and Policy, Department of Health and Human Services):
For FY 2008-2009, the estimated cost is \$982,104; for future biennia, the estimate is almost \$9 million.

SENATOR BEERS:
Is the \$9 million estimate for a biennium?

MR. GHIGGERI:
It is for FY 2010-2011; it is \$8,592,858.

MR. CATES:
The \$9 million is for the two-year future biennium; it is about \$1 million for the 2008-2009 biennium.

CHAIR RAGGIO:
How are those dollars used?

MR. CATES:
The majority of those dollars are used to pay the medical costs for the disabled children this bill proposes covering.

CHAIR RAGGIO:
Are those for families whose income does not exceed 300 percent?

MR. CATES:
That is correct.

CHAIR RAGGIO:
What is the federal portion?

MR. CATES:
It is the normal Federal Medical Assistance Percentage (FMAP) rate of approximately 52 percent.

CHAIR RAGGIO:
Are there other costs?

MR. CATES:
There are some staffing costs: two full-time positions for the Division of Health Care Financing and Policy to pull medical records and perform disability determinations; a small contract for a physician to do eligibility determinations; one caseworker for the Division of Welfare and Supportive Services to handle

the additional caseload; and some minimal contract costs to perform a feasibility study on the third-party liability component.

SENATOR BEERS:

Are all those included in your fiscal note?

MR. CATES:

Yes, they are.

CHAIR RAGGIO:

Is this fiscal note different from the one in the original bill?

SENATOR HECK:

It is based on caseload projections. The original projections covered a much wider swath. Subsequently, a study was done by the Catalyst Center for Children and Youth at Boston University School of Public Health. The study provided a more-accepted national model for predicting caseloads specifically for the Family Opportunity Act of 2003. We are utilizing those numbers for caseload projection. Additionally, other provisions deleted from the original bill helped bring down the fiscal note.

To clarify Senator Beers' question, the money in this fiscal note is General Fund revenue; the 52 percent from FMAP is not included.

SENATOR BEERS:

The future biennium total would be \$18 million to \$19 million. Of that, \$9 million is General Fund money.

CHAIR RAGGIO:

We will close the hearing on S.B. 59 and open the hearing on S.B. 476.

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

CHAIR RAGGIO:

A fiscal note has been submitted by the Department of Business and Industry ([Exhibit E](#)). This bill provides for licensing and regulation of exchange facilitators and their activities.

STEVEN W. KONDRUP (Acting Commissioner, Division of Financial Institutions, Department of Business and Industry):

Currently, qualified intermediaries for the Internal Revenue Code Section 1031 business property exchange (1031 exchange) are registered with the Real Estate Division, Department of Business and Industry. This legislation will remove the registration and record keeping from the Real Estate Division and place it with the Division of Financial Institutions which will be required to license as well as renew licensing after the initial licensing period.

CHAIR RAGGIO:

Why is that more appropriate? It is a policy decision.

MR. KONDRUP:

The Division of Financial Institutions would be more appropriate to handle these because we are dealing with bank accounts and trust accounts for the 1031 exchange program.

CHAIR RAGGIO:

Is that the issue heard in the Senate Committee on Commerce and Labor? Is this the resolution which resulted in the first reprint of this bill?

MR. KONDRUP:

Yes, that is correct. The fiscal note is for staffing required by the Division of Financial Institutions which is a self-funded division. The fees from the licensing and examinations take care of the division's budget. The fiscal note requested is for three staff members for licensing and the examination of qualified intermediaries required in the bill.

The bill also requires the commissioner have a standard auditing procedure and establish a manual for the auditing procedures. The staff I requested will need to work with the Internal Revenue Service to become specialized in this area to ensure the industry meets the requirements and qualifications for the 1031 exchange, tracking the funds from the time of sale to reinvestment to make sure everything is in compliance.

CHAIR RAGGIO:

I am looking at the letter addressed to the Director of Administration, dated May 8, 2007, page 2, ([Exhibit E](#)), which supports the fiscal note summary. It appears the total expenditures would be \$150,130 in FY 2007-2008 and \$175,555 in FY 2008-2009. It indicates revenue of \$53,800 and \$27,800 respectively.

MR. KONDRUP:

Currently, there are 57 entities registered with the Real Estate Division. This bill would require the Division of Financial Institutions to be responsible for title companies, attorneys, certified public accountants (CPAs) and other entities that deal with the 1031 exchanges during the licensing. The revenue figure calculated for the fiscal note was based on the number of registrants currently with the Real Estate Division and the application and licensing fees they pay.

CHAIR RAGGIO:

Is the authorization to existing fees or augmented fees?

MR. KONDRUP:

These are new fees that will be charged for the licensing center. The entities currently register with the Real Estate Division, but no fees are collected.

CHAIR RAGGIO:

What kinds of fees are being contemplated for this revenue authorization?

MR. KONDRUP:

There is an application fee and a licensing fee. Section 21 has the basic information regarding the licensing of these agencies.

CHAIR RAGGIO:

Section 21 indicates the fee for the filing and investigation of an application is \$500 and issuance of a license is \$200. Annual renewal would be \$200.

MR. KONDRUP:

That is correct.

CHAIR RAGGIO:

Is that the basis on which the projected revenue is contemplated?

MR. KONDRUP:

Yes, based on the 57 companies that have currently registered with the Real Estate Division.

CHAIR RAGGIO:

Does the balance of revenue come within the Real Estate Division or is it General Fund?

MR. KONDRUP:

Because of the way the bill is written, other entities will be required to be licensed. Revenue fees are based on the number currently registered with the Real Estate Division. Title companies, attorneys and CPAs who do the 1031 exchanges now but have not been required to register with the Real Estate Division will be required to be licensed through the Division of Financial Institutions.

CHAIR RAGGIO:

Where is that found in the bill?

MR. KONDRUP:

The issuance of licenses is discussed starting with section 11. We are incorporating the mortgage lending area into this bill for the Division of Financial Institutions. It is my understanding this bill came from the Senate Committee on Commerce Labor and not from the Division of Financial Institutions.

CHAIR RAGGIO:

I will probably have to get more information.

SENATOR MATHEWS:

Have all of the entities been contacted? Did they testify on this bill?

MR. KONDRUP:

I have met with some of the entities and we have communicated on how everything will come together if the bill is passed. We will do workshops and work together.

SENATOR MATHEWS:

Did they come and say yes or no?

MR. KONDRUP:

Yes, there has been testimony.

SENATOR MATHEWS:

You have had positive testimony from all these people regarding your change. Is that correct?

MR. KONDRUP:

Yes, that is correct.

SENATOR MATHEWS:

I want to put on the record that I am a Realtor.

SENATOR BEERS:

The section 1031 exchange is a creature of the federal government. Is there no component of the federal government that looks at this kind of exchange?

MR. KONDRUP:

The Internal Revenue Service does look at the 1031 exchange, but a situation arose here in which a substantial amount of money did not go where it was supposed to go. That is why this bill was presented.

SENATOR BEERS:

Has it happened elsewhere?

MR. KONDRUP:

I have no knowledge of anyplace else.

CHAIR RAGGIO:

Are any representatives present of those who would be required to be licensed under this measure?

SENATOR COFFIN:

Senator Beers, are you asking about instances in which money had been stolen? I know of an instance here; it was not the one most recently publicized. This has happened many times with 1031 exchange people walking off with the money. I still do not understand why it is going to the Division of Financial Institutions. It is a realty function and Realtors are most familiar with it.

MR. KONDRUP:

It came to the Division of Financial Institutions because this Division is responsible for the banking entity where the trust accounts are and where this money is kept. They want us to track the funds and make sure each individual's money is handled properly.

SENATOR COFFIN:

Realtors, banks and trust companies handle trust funds.

MR. KONDRUP:

Title companies do, also.

SENATOR COFFIN:

Payroll processors are included in this bill.

MR. KONDRUP:

Payroll processors were removed from the bill. That is one reason the fiscal note was reduced.

SENATOR COFFIN:

Are we regulating payroll processors in any way someplace else?

MR. KONDRUP:

Not to my knowledge.

SENATOR COFFIN:

Are leaving them out to save some money?

MR. KONDRUP:

Yes, that is correct.

SENATOR COFFIN:

Not every good thing comes free. It is a policy question. Why do we leave one out just to save a few dollars?

CHAIR RAGGIO:

We will probably ask for information from the Senate Committee on Commerce and Labor. We will close the hearing on S.B. 476.

We will open the hearing on S.B. 38.

SENATE BILL 38: Creates the Records and Technology Division of the Department of Public Safety to maintain the Central Repository for Nevada Records of Criminal History. (BDR 43-559)

CHAIR RAGGIO:

Senate Bill 38 was heard first in the Senate Committee on Transportation and Homeland Security and rereferred to this Committee. The Subcommittee on Public Safety closed the Criminal History Repository budget this morning. It is my understanding they approved the adoption of the bureau manager recommended by the Governor. Is that correct?

MR. GHIGGERI:

Yes, that is correct.

CHAIR RAGGIO:

If that is so, is this bill able to be processed?

MR. GHIGGERI:

Yes, it is.

CHAIR RAGGIO:

I will defer to the Chair of the Subcommittee.

SENATOR RHOADS MOVED TO DO PASS S.B. 38.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED.

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CHAIR RAGGIO:

We will close the hearing on S.B. 38 and open the hearing on S.B. 71.

SENATE BILL 71 (1st Reprint): Enacts certain provisions of the Uniform Parentage Act. (BDR 11-719)

CHAIR RAGGIO:

Were any amendments proposed on this bill?

MR. GHIGGERI:

An amendment was proposed by a representative of Child Support Enforcement. At that hearing, the Committee requested that Senator Terry Care provide a copy of the proposed amendment to whoever requested the legislation. I have attached a copy of the amendment and a response provided for the Committee's review as well as a revised fiscal note for the bill as amended ([Exhibit F](#)). The implementation cost for the Health Division is approximately \$9,800 in FY 2007-2008 and an estimated loss to the General Fund for vital statistics fees of \$69,000 each fiscal year of the biennium.

It appears there is a conflict between the suggested amendment from Child Support Enforcement and the information provided by Senator Care.

CHAIR RAGGIO:

Senator Care is not present. We will hold this until we can hear from him.

We will close the hearing on S.B. 71 and open the hearing on S.B. 123.

SENATE BILL 123 (1st Reprint): Makes various changes to provisions relating to public records. (BDR 19-462)

CHAIR RAGGIO:

Senate Bill 123 was first heard in the Senate Committee on Government Affairs, then in this Committee. We have an updated fiscal note ([Exhibit G](#)), and I believe there was a significant amendment. We received a subsequent letter from the Division of Parole and Probation indicating concerns and a response from Senator Care. In deference to Senator Care, we will hold this bill until he and others concerned with the issue are here.

We will close the hearing on S.B. 123 and open the hearing on S.B. 186.

SENATE BILL 186: Makes an appropriation to the Office of the Governor to purchase replacement computer hardware and software and to purchase office furniture and machines. (BDR S-1202)

CHAIR RAGGIO:

Senate Bill 186 is an appropriation in the budget to purchase replacement computers; there is a proposed amendment which changes the amount of the appropriation ([Exhibit H](#)).

MR. GHIGGERI:

This legislation was heard in this Committee on March 28, 2007. A revised recommendation from the Governor is in [Exhibit H](#). We have updated the Governor's revised recommendation with current prices for the equipment. This

Senate Committee on Finance
May 15, 2007
Page 16

provides a reduction from what was originally recommended in the budget from \$50,000 to \$32,405 for the items delineated.

CHAIR RAGGIO:
A couple of items have been deleted.

MR. GHIGGERI:
That is correct. Those were deleted at the request of the Governor's Office.

SENATOR RHOADS MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 186 WITH THE AMOUNT OF \$32,405 FOR THE ITEMS
DELINEATED.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:
We will close the hearing on S.B. 186 and open the hearing on S.B. 393.

SENATE BILL 393 (1st Reprint): Makes various changes concerning
transportation. (BDR 43-109)

CHAIR RAGGIO:
Senate Bill 393 was first heard in the Senate Committee on Transportation and
Homeland Security. Proposed Amendment 3963 to the first reprint ([Exhibit I](#))
comes from Senator Dennis Nolan. This Committee had some concerns.

MR. GHIGGERI:
There was concern with section 7, and this amendment deletes section 7 in its
entirety. Section 7 refers complaints to the Investigation Division, Department
of Public Safety. I have a revised fiscal note. The Investigation Division testified
in opposition to this section of the bill. The Department of Public Safety
submitted a fiscal note of approximately \$7,100 a year which this amendment
would eliminate.

CHAIR RAGGIO:
The proposed amendment also addresses section 15. There is new language
under subsection 1. "Authority" references the Nevada Transportation
Authority. Subsection 2, paragraph (c), provides that the Authority shall appoint
a Deputy Commissioner who shall oversee "(1) The review of applications for
certificates, permits and modifications of tariffs; (2) The maintenance of a
hearing calendar of all matters pending before the Authority" That is
changed from "(1) The review of applications for employment; (2) Docketing
procedures"

SENATOR BEERS:
That does not create any significant functional change.

CHAIR RAGGIO:
No, I just wanted to point out the change. What is the fiscal note with the
proposed amendment?

MR. GHIGGERI:

Based on the elimination of section 7, the \$7,100 fiscal note has been eliminated. The original fiscal note had impacts to other agencies, but the first reprint removed those.

SENATOR COFFIN MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 393.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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SENATOR MATHEWS:

I wish to reserve the right to change my vote on the Senate Floor.

CHAIR RAGGIO:

We will close the hearing on S.B. 393 and open the hearing on S.B. 90.

SENATE BILL 90 (1st Reprint): Revises provisions relating to the Nevada Commission on Homeland Security. (BDR 19-299)

CHAIR RAGGIO:

Senate Bill 90 was heard in the Senate Committee on Transportation and Homeland Security. We have Proposed Amendment 3958 to the first reprint ([Exhibit J](#)). The bill was heard in this Committee on May 4, 2007. Mr. Lawrence Casey, Executive Director, Nevada Commission on Homeland Security, testified on this measure.

SENATOR COFFIN:

The proposed amendment would remove the cost of travel of subcommittees. The payment of travel was not deemed to be necessary because they have other means of communication, and they want the bill to move.

SENATOR COFFIN MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 90.

SENATOR BEERS SECONDED THE MOTION.

SENATOR TITUS:

We are adding an employee from Las Vegas. Does the total change; is it still 14 or are we going to expand the Commission?

TED J. OLIVAS (City of Las Vegas):

This bill does not increase the size of the Commission on Homeland Security.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will close the hearing on S.B. 90 and open the hearing on S.B. 173.

SENATE BILL 173 (1st Reprint): Revises provisions relating to the expenditure of money received from the Federal Government to prevent or respond to acts of terrorism. (BDR 31-224)

CHAIR RAGGIO:

This was heard in the Senate Committee on Transportation and Homeland Security. This Committee proposed an amendment ([Exhibit K](#)).

MR. GHIGGERI:

The Committee requested an amendment to this legislation. As the bill came to this Committee, it contained a requirement for review and approval of applications to the federal government for money; this proposed amendment removes that provision and only requires them to keep the agency apprised of the information.

SENATOR COFFIN MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 173.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will open the hearing on the Joint Subcommittee on Public Safety, Natural Resources, Transportation Closing Report, Department of Conservation and Natural Resources.

CONSERVATION AND NATURAL RESOURCES

JEFFREY A. FERGUSON (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Joint Subcommittee for Public Safety, Natural Resources and Transportation developed recommendations for the budgets of the Tahoe Regional Planning Agency (TRPA) and the State Department of Conservation and Natural Resources (DCNR) including: the Director's Office (Administration), Natural Heritage, Conservation Districts, Heil Wild Horse, State Lands, Nevada Tahoe Regional Planning Agency, State Parks, Water Resources, Environmental Protection, and Forestry. The Subcommittee does not have a recommendation for the Forestry Conservation Camps budget at this time because it will be recommended for closing along with the Department of Corrections budgets.

The recommendations of the Subcommittee for DCNR result in General Fund savings of \$176,002 in FY 2007-2008 and \$175,294 in FY 2008-2009. For the TRPA, the Subcommittee's recommendations result in additional General Funds of \$14,268 in FY 2007-2008 and General Fund savings of \$126,984 in FY 2008-2009.

CHAIR RAGGIO:

We will open the hearing on the Director's Office, Budget Account (B/A) 101-4150.

DCNR - Administration – Budget Page DCNR-1 (Volume III)
Budget Account 101-4150

MR. FERGUSON:

Regarding the DCNR Director's Office, B/A 101-4150, the Subcommittee did not recommend approval of the Governor's recommendation to provide General Funds of \$11,704 in FY 2007-2008 to purchase 4 new laptop computers and software for the incident command trailer. Instead, the Subcommittee directed the agency to purchase the computers and software in the current fiscal year utilizing Homeland Security funds. The Subcommittee agreed with the Governor's recommendation to transfer the Cooperative Snow Survey Program from the Director's Office to the Division of Water Resources, DCNR.

CHAIR RAGGIO:

We will open the hearing on the Nevada Natural Heritage, B/A 101-4101.

DCNR - Nevada Natural Heritage – Budget Page DCNR-8 (Volume III)
Budget Account 101-4101

MR. FERGUSON:

Regarding the Nevada Natural Heritage, B/A 101-4101, the Subcommittee did not recommend approval of the Governor's recommendation to place database run sales fees of \$12,926 in each year of the biennium into reserves and increase transfers from the Nevada Department of Transportation (NDOT) to partially fund a biologist position. Instead, the Subcommittee recommended directing the agency to utilize all database fee revenue to support the biologist position, thereby eliminating the reserve in this budget and providing for a corresponding reduction in transfers from the NDOT. The Subcommittee also recommended reducing the Governor's recommendation for out-of-state travel by \$4,402 over the biennium.

CHAIR RAGGIO:

We will open the hearing on State Lands, B/A 101-4173.

DCNR - State Lands – Budget Page DCNR-30 (Volume III)
Budget Account 101-4173

MR. FERGUSON:

Regarding State Lands, B/A 101-4173, the Subcommittee reduced the Governor's recommendation for out-of-state travel by one-third, or \$4,638 in each year of the biennium. As part of the initiative to reduce General Fund appropriations, the Governor recommended eliminating General Funds of \$28,000 in FY 2007-2008 for the purchase of geographic information system (GIS) parcels for five additional counties. However, the Subcommittee recommends approving the purchase of these five GIS parcels.

CHAIR RAGGIO:

We will open the hearing on the State Parks, B/A 101-4162.

DCNR - State Parks – Budget Page DCNR-43 (Volume III)
Budget Account 101-4162

MR. FERGUSON:

Regarding the State Parks, B/A 101-4162, the Subcommittee recommended approving six new positions for the Division of State Parks as follows:

- One new water systems operator and associated equipment for the Fallon region, funded with General Funds. The water system at Lahontan is “treated” as opposed to simply chlorinated. As a result, State law requires the system have a certified water systems operator.
- One new park interpreter position and a seasonal park technician for six months each year at the Dangberg Home Ranch Historic Site. The Subcommittee recommended reducing the Governor’s recommendation for seasonal salary costs from nine months each year to six months. In addition, the Subcommittee directed the agency to collect \$4,000 in fees in FY 2008-2009 in support of these positions.

CHAIR RAGGIO:

What is the present status of the Dangberg Home Ranch Historic Site?

MR. FERGUSON:

Significant repairs and upgrades have been done to the ranch. Tours of the site were required to begin on April 1, 2007. The tours are on a reservation basis, pending the approval and implementation of this position. There is still work to be done and the park is not in a condition for them to feel comfortable charging a fee, but these things will change as time goes on.

- One administrative assistant was recommended for Lahontan State Recreation area. This position will be fully funded by the additional fees anticipated to be collected.
- Two positions were recommended for approval for the Valley of Fire State Park—one administrative assistant and one commissioned park ranger—to provide reservations and oversight of the growing number of commercial weddings. These two positions would be fully funded with additional revenues generated from increasing the fee for commercial wedding permits from \$15 to \$150.

Although this recommendation was included in the *Executive Budget*, the agency requested removal because the Governor does not support fee increases. However, the Subcommittee recommends approving this recommendation because the fee increase is supported by the commercial wedding industry, and the two positions are needed to provide the industry’s requested level of service. The Subcommittee felt the increased workload at the park is directly related to the commercial use of the park by wedding companies, and the additional resources required to meet the growing workload should not be considered a General Fund cost or an expense to the general public.

- One new administrative assistant was recommended for Spring Mountain Ranch State Park to assist with the increasing responsibilities associated with weddings and other activities that require permit processing. Funding for this new position would come from additional user charges anticipated to be collected through the increasing number of activities and associated park visitors.

The Subcommittee recommended approval to reestablish two of the three permanent positions and funding for four seasonal positions currently assigned to Floyd Lamb State Park, to other State park locations in Clark County. As the Committee is aware, Floyd Lamb State Park will transfer to the City of Las Vegas on July 1, 2007. The park ranger position will transfer to the Valley of Fire State Park to assist with backcountry patrol. The maintenance repair specialist will be transferred to Big Bend of the Colorado State Park. The four seasonal positions will be located at Spring Mountain Ranch, Valley of Fire, Big Bend of the Colorado and the Old Las Vegas Mormon Fort. As part of the initiative to reduce General Fund appropriations, the Subcommittee agreed with the Governor's recommendation to not reestablish the park supervisor position.

The Subcommittee recommended approval of the Governor's recommendation to provide General Funds of \$151,533 in FY 2007-2008 and \$154,643 in FY 2008-2009 to allow certain seasonal positions to extend their employment from the current level of service (number of months) to up to nine months of service to better align seasonal employment with the usage patterns of park patrons. The Subcommittee also recommended approval of the Governor's recommendation to provide General Funds of \$229,153 in FY 2007-2008 and \$106,905 in FY 2008-2009 to establish a weed management program for the Carson, Panaca, and Las Vegas regions to address the growing problem of noxious weeds in State parks in compliance with *Nevada Revised Statute* (NRS) 555.

SENATOR COFFIN:

Kershaw Ryan State Park is not mentioned here. The ranger for that area retired. Do we have it staffed?

MR. FERGUSON:

I am not certain whether it has been restaffed.

DAVID K. MORROW (Administrator, Division of State Parks, State Department of Conservation and Natural Resources):

Yes, we have staffed that position and we are pleased with the individual we have selected to replace a long-time, successful employee.

CHAIR RAGGIO:

Has the park been fully restored from the flood damage that occurred many years ago?

MR. MORROW:

Yes, it has, and it has become one of the showcases of the Division, based on the previous employee and supervisor.

CHAIR RAGGIO:

We will open the hearing on the Environmental Protection Administration, B/A 101-3173.

MR. FERGUSON:

Regarding the Environmental Protection Administration, B/A 101-3173, the budgets for the Division of Environmental Protection (DEP), contained a number of errors and omissions related to the agency's indirect cost transfers. These errors and omissions were corrected by staff with concurrence from the budget office and the agency. The Subcommittee recommended approval of staff's revisions for the administration budget, as well as the Division's other budgets.

The Subcommittee recommended approval of the Governor's recommendation to transfer two deputy administrator positions and one information systems specialist position from other division budgets to the Administration budget. The Subcommittee also recommended approval of the Governor's recommendation for one new administrative assistant position for the Bureau of Administration. However, the Subcommittee did not recommend approval of the Governor's recommendation to add \$50,000 in each year of the biennium for a contract for temporary services. The Subcommittee recommends reducing the Governor's recommended out-of-state travel and training costs by one-third, a reduction of \$18,364 over the biennium.

CHAIR RAGGIO:

What was the purpose and what is the result of not funding the contract for temporary services?

MR. GHIGGERI:

There was insufficient support for that amount of money.

CHAIR RAGGIO:

By "support," do you mean backup?

MR. GHIGGERI:

Yes, that is correct.

CHAIR RAGGIO:

We will open the hearing on Air Quality, B/A 101-3185.

DCNR - Dep Air Quality – Budget Page DCNR-79 (Volume III)
Budget Account 101-3185

MR. FERGUSON:

Regarding the DEP Air Quality, B/A 101-3185, the Subcommittee approved the Governor's recommendation to add four new engineer positions for the Bureau of Air Pollution Control. These four positions are recommended to establish an additional branch within the Bureau to address the increasing workload with respect to mercury emissions, emissions and instrumentation auditing functions of regulated industries, and the chemical accident-prevention program. The costs of \$362,166 in FY 2007-2008 and \$465,580 in FY 2008-2009 associated with these four new positions was included in developing the new air quality fee structure approved by the Legislative Commission in December 2006.

SENATOR TITUS:

This Committee passed S.B. 422 contingent upon closing this budget with that position.

SENATE BILL 422 (2nd Reprint): Requires the creation of a registry and inventory of greenhouse gases emitted in this State. (BDR 40-678)

Senate Bill 422 was my bill which established a registry and an inventory for greenhouse gas emissions. The Division submitted a letter saying they could fund this position out of the Nevada Power Company settlements ([Exhibit L](#)). I hope we can close this budget with that position included.

CHAIR RAGGIO:
Did the Joint Subcommittee consider that?

MR. FERGUSON:
It was not considered by the Joint Subcommittee. However, staff could easily add a position and the associated funding. The Division of Environmental Protection has indicated the cost for the position would be \$106,900 for FY 2007-2008 and \$107,187 in FY 2008-2009.

Senate Bill 422, in its current form, would become effective on October 1, 2007. We have talked with the agency, and the fiscal note is based on this position beginning on July 1, 2007. The Subcommittee may wish to amend S.B. 422 to become effective on July 1, 2007.

MR. GHIGGERI:
The Committee approved S.B. 422 contingent upon this position being added.

CHAIR RAGGIO:
Unless there is an objection from the Committee, when we close this Budget Account 101-3185, we can consider that as an addition. Is it feasible to put it into the budget?

MR. FERGUSON:
Yes, it is.

CHAIR RAGGIO:
We will open the hearing on Water Programs, B/A 101-3186 and B/A 101-3187.

DCNR - Dep Water Pollution Control – Budget Page DCNR-87 (Volume III)
Budget Account 101-3186

DCNR - Dep Waste Management and Federal Facilities – Budget Page DCNR-114 (Volume III)
Budget Account 101-3187

MR. FERGUSON:
Regarding the DEP Water Programs, B/A 101-3186 and B/A 101-3187, the Subcommittee recommended approval of the Governor's recommendation to transfer the State Revolving Loan Program administrative functions from the Water Pollution Control Budget to a new budget account entitled the State Revolving Loan Program, B/A 3189. Included in the transfer are 5.0 full-time equivalent existing positions and revenues and expenditures totaling \$1.8 million in each year of the biennium. The Subcommittee did not approve Budget Office amendment 9, which would transfer \$33,946 in each year of the biennium to the State Environmental Commission Budget to double the number of hearings

held by the Commission in the 2007-2009 biennium. The Subcommittee also did not approve the Governor's recommendation to provide a new information technology position for the Safe Drinking Water Regulatory Program since the new position was not supported by the Department of Information Technology.

CHAIR RAGGIO:

Did the Subcommittee feel the Commission did not require these additional meetings?

MR. FERGUSON:

The Subcommittee felt there was not adequate backup to support the increased number of hearings.

CHAIR RAGGIO:

If any agency or the Budget Office has serious, compelling concerns, please express them.

ALLEN BIAGGI (Director, State Department of Conservation and Natural Resources):

The State Environmental Commission's duties and responsibilities are increasing on a yearly basis. We feel strongly that to fulfill their mission and to oversee the regulatory requirements of the agency and appeal hearings that come before them, those additional meetings are necessary. We believe the backup was presented and ask for your reconsideration of the reduction.

CHAIR RAGGIO:

How many meetings would this accommodate?

MR. BIAGGI:

This would have provided for two or three additional meetings a year.

CHAIR RAGGIO:

Was that request made to the Joint Subcommittee?

MR. FERGUSON:

I do not believe it was.

MR. BIAGGI:

It was not.

CHAIR RAGGIO:

What is the cost? Is that the \$33,946?

MR. FERGUSON:

Yes, it is.

SENATOR RHOADS:

I recommend we add the three meetings a year. How much of that amount is General Fund money?

MR. BIAGGI:

None is General Fund money; it is all fees.

MR. FERGUSON:

Regarding the DEP Waste Management and Federal Facilities, B/A 101-3187, as noted in the DEP administration closing, the Subcommittee recommended the approval of the Governor's recommendation to transfer two positions from this budget to the agency's administration budget, one deputy administrator and one information systems specialist position. The Subcommittee recommends reducing funding for contract services recommended by the Governor by \$200,000 in each year of the biennium because the agency was unable to provide sufficient details about the recommended contract.

CHAIR RAGGIO:

We will open the hearing on Mining Regulation/Reclamation, B/A 101-3188.

DCNR - Dep Mining Regulation/Reclamation – Budget Page DCNR-127
(Volume III)

Budget Account 101-3188

MR. FERGUSON:

Regarding the DEP Mining Regulation/Reclamation, B/A 101-3188, the Subcommittee did not recommend approval of the Governor's recommendation to add a professional engineer position for the mining reclamation branch beginning in FY 2008-2009. This position was recommended to perform duties currently performed through a contract with the Bureau of Land Management (BLM). This contract expires at the end of FY 2007-2008; however, the agency was unsure whether the BLM would renew the contract beyond FY 2007-2008. Accordingly, the Subcommittee directed the agency to approach the Interim Finance Committee (IFC) during the 2007-2009 biennium to request the new position if the contract with BLM is not renewed.

CHAIR RAGGIO:

How much did that cost?

MR. FERGUSON:

I do not have that figure; I believe it was about \$80,000 each year of the biennium.

CHAIR RAGGIO:

We will open the hearing on the Division of Forestry, B/A 101-4195.

DCNR - Forestry – Budget Page DCNR-148 (Volume III)
Budget Account 101-4195

MR. FERGUSON:

Regarding the Division of Forestry, B/A 101-4195, the Subcommittee approved the Governor's recommendation to transfer two fire management officer positions from the Intergovernmental Agreements budget to the Division of Forestry budget. In the Intergovernmental Agreements budget, these two positions were fully funded with county receipts; however, the Governor recommended funding these two positions with General Funds in the Division of Forestry budget. The Subcommittee recommends requiring participating counties to fund 10 percent of the costs for these two positions since it was determined they spend approximately 10 percent of their time on county-related activities. This action reduces the General Fund requirement in this budget by \$18,434 in FY 2007-2008 and \$19,534 in FY 2008-2009. The Subcommittee

also recommended approval of the Governor's recommendation to eliminate one administrative assistant position.

CHAIR RAGGIO:

Is this new to mandate the counties to pay 10 percent?

MR. FERGUSON:

No, it is not. They currently are paying 100 percent of the cost for these positions. Washoe County was funding a large portion of one of the positions, but Washoe County is no longer a part of the Intergovernmental Agreements budget.

CHAIR RAGGIO:

Why is it necessary to use General Funds now if they were previously funded by county receipts?

MR. FERGUSON:

That was the decision brought before the Subcommittee. Essentially, the counties that remain do not have the money, particularly for the fire management officer in northern Nevada. To make things equitable, the Clark County position would also be reduced by 10 percent.

CHAIR RAGGIO:

We will open the hearing on Forest Fire Suppression, B/A 101-4196.

DCNR - Forest Fire Suppression – Budget Page DCNR-161 (Volume III)
Budget Account 101-4196

MR. FERGUSON:

Regarding Forest Fire Suppression, B/A 101-4196, the Subcommittee recommended approval of the Governor's recommendation to increase the General Fund support for the Forest Fire Suppression budget from \$1 million to \$2.5 million annually. The current \$1 million appropriation in each year has historically been insufficient to fund forest fire suppression costs incurred by the agency. As a result, during the past several years, the agency has had to rely on allocations from the IFC Contingency Fund and the Disaster Relief Account to fund fire suppression costs. The Subcommittee recommended approval of this recommendation as it would provide State funding up front for fire suppression costs, thereby preserving the balance in the IFC Contingency Fund to be used for other unforeseen funding shortfalls that will occur in the 2007-2009 biennium.

CHAIR RAGGIO:

That appears to be reasonable, particularly this year with the likelihood of many more fires.

We will open the hearing on Deferred Maintenance. This is one of concern to us.

MR. FERGUSON:

Regarding Deferred Maintenance, the Subcommittee recommended deleting the original Governor's recommended funding for all deferred-maintenance projects from the DCNR budgets and recommended the Committee introduce legislation for a one-shot appropriation for these projects. The Committee should note, as

part of the most recent initiative to reduce General Fund appropriations, the Governor recommended reducing deferred-maintenance funding in the State Lands budget by \$90,850 in FY 2007-2008, the Division of State Parks budget by \$68,745 in FY 2008-2009, and the Division of Forestry budget by \$40,500 in FY 2007-2008. However, the Subcommittee voted to transfer the entire original Governor's recommended deferred-maintenance costs to a one-shot appropriation: \$228,850 in FY 2007-2008 for State Lands, \$1.23 million in FY 2007-2008 and \$788,686 in FY 2008-2009 for State Parks and \$304,625 in FY 2007-2008 for Forestry. The Committee may wish to restore the deferred-maintenance projects back into these budgets. If the Committee wishes to restore deferred maintenance in these budgets, it should consider reducing deferred-maintenance funding as recommended by the Governor's most recent budget-reduction initiative—\$90,850 in FY 2007-2008 for State Lands, \$68,745 in FY 2008-2009 for State Parks, and \$40,500 for Forestry.

MR. GHIGGERI:

I believe there was an initiative in the Assembly to pull all deferred maintenance out of the budget and place it into a one-shot appropriation. It was done under the assumption there may be surplus funding in FY 2006-2007. However, I do not believe that is still the case.

CHAIR RAGGIO:

It seems to me deferred maintenance should be put back into the budget. What did the Joint Subcommittee decide?

MR. FERGUSON:

The Joint Subcommittee recommended removing the deferred maintenance as originally recommended by the Governor. Before any budget cuts were applied to those, they moved them to a one-shot appropriation where they could all be considered together. I do not believe a bill has been brought forth. If the Committee wishes, we could bring those back into these budgets. However, the Committee would need to make a decision whether to include the recommended budget cuts proposed by the Governor.

CHAIR RAGGIO:

Is it possible to have these put back into the budgets and still implement the budget reductions if they were not recommended by the Subcommittee?

MR. FERGUSON:

That adjustment could be made by the full Committee when they act on the Subcommittee report.

SENATOR COFFIN:

It is shortsighted to cut deferred maintenance, because deferred maintenance is already behind. If we go back to a one-shot formula, which we were on for a while, we will find the parks running down to the condition in which we found them in the late 1980s.

CHAIR RAGGIO:

What kinds of reductions were recommended by the Governor in total deferred maintenance?

MR. FERGUSON:

Staff has included a table showing the potential savings in FY 2007-2008 and FY 2008-2009, and a brief description of the recommended budget reductions. In FY 2007-2008, the total for the entire department was \$131,350; in FY 2008-2009, it was \$68,745.

CHAIR RAGGIO:

They are not major reductions.

MR. FERGUSON:

No, they are not.

CHAIR RAGGIO:

We will open the hearing on the Tahoe Regional Planning Agency (TRPA), B/A 101-4204.

DCNR - Tahoe Regional Planning Agency – Budget Page DCNR-184 (Volume III)
Budget Account 101-4204

SARAH COFFMAN (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

Regarding the TRPA, B/A 101-4204, the Subcommittee recommended approval of \$200,000 in each year of the biennium to begin implementing the Pathway 2007 Regional Plan. However, the Subcommittee recommends replacing \$67,000 of the \$200,000 General Fund appropriation recommended by the Governor in each year with additional transfers from the Department of Motor Vehicles Pollution Control Account. The Subcommittee recommended limiting the use of increased pollution control funding for the Pathway 2007 Regional Plan to the 2007-2009 biennium. To correct the one-third/two-thirds funding split between California and Nevada, the Subcommittee recommends increasing General Fund appropriations by \$81,268 in FY 2007-2008 and decreasing appropriations by \$59,984 in FY 2008-2009 for this purpose. The Subcommittee also approved funding for cost-of-living increases and fringe benefit adjustments for TRPA's employees contingent upon California funding their two-thirds share. If California does not fund its two-thirds share, the Subcommittee recommends funding Nevada's one-third share for cost-of-living increases and fringe benefits as a onetime bonus which has been done in previous biennia.

SENATOR RAGGIO:

That has been policy here for a long time.

MR. FERGUSON:

The Subcommittee recommends closing the following DCNR budget accounts as recommended by the Governor, with minor or technical adjustments:

- Division of Conservation Districts, B/A 101-4151
- Heil Wild Horse Bequest, B/A 607-4156
- Nevada Tahoe Regional Planning Agency, B/A 101-4166
- Division of Water Resources, B/A 101-4171
- DEP Water Quality Planning, B/A 101-3193
- DEP Water Planning Capital Improvement, B/A 101-4155
- DEP State Revolving Loan Program, B/A 101-3189
- DEP State Environmental Commission, B/A 101-4149

- Forestry Intergovernmental Agreements, B/A 101-4227
- Forestry Nurseries, B/A 101-4235

CHAIR RAGGIO:

The Chair will entertain a motion to approve the Joint Subcommittee on Public Safety, Natural Resources and Transportation Closing Report, Department of Conservation and Natural Resources. If there is no objection from the Committee, Air Quality, B/A 101-3185, will be revised to add the position of environmental scientist III, with the funding coming from the Nevada Power Company settlement, as indicated; \$33,946 will be transferred to Water Programs, B/A 110-3186, in the indicated funding to accommodate the additional meetings for the State Environmental Commission; and the Deferred Maintenance items indicated for one-shot funding will be put back into the budgets and the budget reductions accommodated.

MR. GHIGGERI:

When you do that, you may want to amend S.B. 422 to make the effective date July 1, instead of October.

CHAIR RAGGIO:

We can make that part of the motion and then take action on the other bill.

SENATOR RHOADS MOVED TO AMEND AND DO PASS AS AMENDED THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION CLOSING REPORT, DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES.

SENATOR COFFIN SECONDED THE MOTION.

SENATOR MATHEWS:

Thank you for returning the deferred maintenance to the budgets. You are correct; it is a fairly small amount. A prime example of what happens when you do not do maintenance is Clear Creek.

SENATOR TITUS:

Thank you for adding the position. I was under the impression that deferred maintenance was moved to a one-shot appropriation because the funding included a lot of construction which could be outside the cap. That is why I agreed to it, not because we should not do deferred maintenance. We should, but we should not do these cuts. If the maintenance is needed, we should do it. Our parks are in bad shape.

CHAIR RAGGIO:

I will defer to staff. They think this is a better way to do it.

SENATOR TITUS:

I wish we would reconsider making the cuts.

CHAIR RAGGIO:

In the overall picture, the cuts are not great.

SENATOR TITUS:

We can put them back into the overall picture.

Senate Committee on Finance
May 15, 2007
Page 30

CHAIR RAGGIO:

I am trying to not put more in than we have to.

MR. GHIGGERI:

Staff will be tracking the funding applicable to deferred maintenance or any construction projects to make sure it is counted in the appropriate location, whether inside or outside the cap.

SENATOR BEERS:

We should have a conversation with the Assembly so this does not become a significant closing difference. We came to the conclusion that there was no significant impact on anything. We heard they are taking deferred maintenance funding out of the budget and putting it into a budget-wide bill.

CHAIR RAGGIO:

We will try to accommodate their concerns.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will open the hearing on the Joint Subcommittee on Public Safety, Natural Resources and Transportation Closing Report, Department of Wildlife.

ERIC KING (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Joint Subcommittee for Public Safety, Natural Resources and Transportation has completed its review of the Department of Wildlife (NDOW) budget and has made recommendations for the Department's 2007-2009 biennium budget. The Subcommittee's recommendations for NDOW result in a General Fund savings of \$400,000 in FY 2007-2008.

CHAIR RAGGIO:

We will open the hearing on the Wildlife Administration, B/A 101-4452.

WILDLIFE

Wildlife - Administration – Budget Page WILDLIFE-1 (Volume III)
Budget Account 101-4452

MR. KING:

Regarding Wildlife Administration, B/A 101-4452, although the Governor proposed General Fund reductions of \$180,624 during the 2007-2009 biennium, including deferring the establishment of one of two wildlife biologist IV positions until July 2008, the Subcommittee recommended approval of the establishment of two biologist IV positions, effective October 2007, for the wildlife diversity program. The Subcommittee also recommended approval of the reclassification of an administrative aid to an administrative services officer III, thereby creating a chief financial officer for the NDOW. In addition, the Subcommittee approved the establishment of an administrative services officer II to augment existing financial staff. An executive assistant to the Director position was approved to be moved from the classified to the unclassified service to be consistent with the classification of similar positions in

State agencies. The Subcommittee recommended denying approval to move a chief pilot position to the unclassified service, but recommended approval of staff's recommendation to increase the existing classified chief pilot position's salary to Grade 41, step 10, to address recruitment and retention issues for this position.

CHAIR RAGGIO:

Have they been unable to fill these positions at the current level?

MR. KING:

Yes, the position has been vacant for over two years.

This adjustment increased the chief pilot position's annual salary and benefits to \$106,504 from the budgeted Grade 41, step 1, amount of \$76,429.

With the exception of an adjustment to reduce employee training funds by \$1,131, the Subcommittee recommended closing the remainder of the Wildlife Administration account as recommended by the Governor, with technical adjustments noted by Fiscal staff.

CHAIR RAGGIO:

We will open the hearing on the Wildlife Boating Program, B/A 101-4456.

Wildlife - Boating Program – Budget Page WILDLIFE-15 (Volume III)
Budget Account 101-4456

MR. KING:

Regarding the Wildlife Boating Program, B/A 101-4456, the Subcommittee recommended approval of \$958,785 for the purchase of new and replacement equipment. In addition, the Subcommittee recommended to approve increased training funds of \$49,176 for game wardens. The Subcommittee recommended to close the remainder of the boating program account as recommended by the Governor, with technical adjustments noted by fiscal staff.

CHAIR RAGGIO:

We will open the hearing on Wildlife Trout Management, B/A 101-4454.

Wildlife - Trout Stamp Program – Budget Page WILDLIFE-20 (Volume III)
Budget Account 101-4454

MR. KING:

Regarding Wildlife Trout Management, B/A 101-4454, due to the identification of alternatives that would eliminate the need to construct a power substation for the Lake Mead Fish Hatchery, the Subcommittee recommended to not approve the Governor's recommendation to use \$400,000 of General Funds for construction of a substation. The Subcommittee recommended approval of repair and maintenance projects for the Lake Mead and Mason Valley Fish Hatcheries totaling \$167,520.

CHAIR RAGGIO:

There was a proposal to construct a power substation at the Lake Mead Fish Hatchery, and that was deleted. Is that correct?

MR. KING:

There are two alternatives that would include running power lines directly to the hatchery and obviate the need for a substation.

CHAIR RAGGIO:

They obviously need power at the hatchery.

MR. KING:

They do have power. Power fluctuations or potential problems at the hatchery could affect the power that goes to the City of Henderson. They would like to isolate the hatchery from the power provided to the City of Henderson.

CHAIR RAGGIO:

We will open the hearing on the Wildlife Obligated Reserve, B/A 101-4458.

Wildlife - Obligated Reserve – Budget Page WILDLIFE-24 (Volume III)
Budget Account 101-4458

MR. KING:

In Wildlife Obligated Reserve, B/A 101-4458, the Subcommittee recommended approval of \$413,420 for the 2007-2009 biennium to fund wildlife habitat enhancement projects and Operation Game Thief activities. The Subcommittee recommended closing the remainder of the boating program account as recommended by the Governor, with technical adjustments noted by fiscal staff.

SENATOR RHOADS MOVED TO APPROVE THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION CLOSING REPORT, DEPARTMENT OF WILDLIFE, AND THE RECOMMENDATIONS CONTAINED THEREIN.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will open the hearing on the Joint Subcommittee on K-12/Human Resources Closing Report, Department of Education.

K-12 EDUCATION

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

The Joint Subcommittee on K-12/Human Resources completed its review of the budget accounts for the Department of Education, except the Distributive School Account, Other State Education Programs, and the School Remediation Trust Fund which will be presented at a later date. The closing actions of the Subcommittee resulted in a decrease in the amount of General Fund support in these Department of Education accounts in the amount of \$85,000 for FY 2007-2008 and \$83,737 in FY 2008-2009. The following highlights the more significant closing recommendations of the Subcommittee.

Senate Committee on Finance
May 15, 2007
Page 33

CHAIR RAGGIO:

We will open the hearing on Education State Programs, B/A 101-2673.

NDE - Education State Programs – Budget Page K-12 ED-19 (Volume I)
Budget Account 101-2673

Ms. DAVIS:

Regarding Education State Programs, B/A 101-2673, the Subcommittee recommended approval of the Governor's recommendation to continue the grant writer position created by the 2005 Legislature and scheduled to sunset on June 30, 2007. In recommending approval of the continuation of the position, the Subcommittee recommended a letter of intent directing the Department to provide updates on the activities and accomplishments of this position to each meeting of the Interim Finance Committee. In addition to approving the remainder of the account as recommended by the Governor, the Senate members of the Subcommittee recommended approval of a new parent coordinator position, provided the Department is successful in identifying funding to support the position.

CHAIR RAGGIO:

Is there a difference on this item?

Ms. DAVIS:

Yes, there is a closing difference.

CHAIR RAGGIO:

We will make a note of that. We will open the hearing on Proficiency Testing, B/A 101-2697.

NDE - Proficiency Testing – Budget Page K-12 ED-35 (Volume I)
Budget Account 101-2697

Ms. DAVIS:

Regarding Proficiency Testing, B/A 101-2697, the Subcommittee recommended this budget be closed as recommended by the Governor, with a letter of intent directing the Department to issue a Request for Information (RFI) on what services vendors could provide and the cost of implementing an electronic format for the scoring of the writing assessment. The results of the RFI should be provided to the Interim Finance Committee by June 2008.

CHAIR RAGGIO:

We will open the hearing on Teacher Education and Licensing, B/A 101-2705.

NDE - Teacher Education and Licensing – Budget Page K-12 ED-40 (Volume I)
Budget Account 101-2705

Ms. DAVIS:

Regarding Teacher Education and Licensing, B/A 101-2705, the Subcommittee concurred with the Governor's recommendation for two additional full-time positions, a licensing analyst and an administrative assistant III, to assist with the workload in the Office of Teacher Licensure in Las Vegas. These positions would be funded with teacher licensing fees in the amount of \$125,607 in FY 2007-2008 and \$140,497 in FY 2008-2009.

CHAIR RAGGIO:

We will open the hearing on Drug Abuse Education, B/A 101-2605.

NDE - Drug Abuse Education – Budget Page K-12 ED-46 (Volume I)
Budget Account 101-2605

Ms. DAVIS:

Regarding Drug Abuse Education, B/A 101-2605, the *Executive Budget* recommended the full-time position in this budget be reduced to half-time due to a decrease in the available federal funding. Subsequently, the Governor proposed a budget amendment to reinstate the other half of the position with funding provided from the Substance Abuse Prevention and Treatment Agency. Based on the split funding for the position, the Department requested, and the Subcommittee approved, the relocation of this position to Education Staffing Services, B/A 101-2719, where the position would be funded equally by transfers from the Drug Abuse Education account and the Substance Abuse Prevention and Treatment Agency account.

CHAIR RAGGIO:

We will open the hearing on GEAR UP, B/A 101-2678.

NDE - GEAR UP – Budget Page K-12 ED-54 (Volume I)
Budget Account 101-2678

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

Regarding GEAR UP, B/A 101-2678, the Subcommittee recommended approval of funding for a second GEAR UP program as recommended by the Governor; the first program will end in FY 2006-2007. Funds for the new GEAR UP grant will total \$18 million over six years beginning in FY 2006-2007.

The goal of Nevada GEAR UP is to help more low-income students become prepared academically and financially to enter into and succeed in college. Findings from the fifth-year evaluation of the program indicate that many Nevada GEAR UP students may not be able to enroll in college, based upon their current performance on Statewide tests and grades in high school. Because of these findings, the Subcommittee recommended approval of a letter of intent requesting the Department provide staff with information concerning the accomplishments of the first GEAR UP program in the form of semiannual reports for distribution to the Interim Finance Committee throughout the biennium. The interim reports should include, at a minimum, the number and percentage of students who successfully graduate from high school and the number and percentage of these students who enroll in a postsecondary institution, as well as the state assessment results for the students enrolled in the new GEAR UP program.

CHAIR RAGGIO:

We will open the hearing on Elementary and Secondary Education—Titles II, V and VI, B/A 101-2713.

NDE - Elementary & Secondary ED Titles II, V, & VI – Budget Page K-12 ED-73
(Volume I)
Budget Account 101-2713

MS. MARTINI:

Regarding Elementary and Secondary Education—Titles II, V and VI, B/A 101-2713, the Subcommittee recommended authorizing federal Title VI funding of \$442,365 in each fiscal year of the upcoming biennium for support of the System for Accountability Information for Nevada (SAIN) program; this is in addition to the General Funds of \$321,161 in FY 2007-2008 and \$336,173 in FY2008-2009 approved by the Subcommittee for the SAIN program through Other State Education Programs, B/A 2699. These funds will be utilized to bring the system into compliance with new security requirements imposed by the Department of Information Technology which will support full public exposure to the SAIN system during the 2007-2009 biennium. In addition, these funds will support linking the State student information data collection systems with the teacher licensure database during the 2007-2009 biennium.

CHAIR RAGGIO:

Senator Cegavske chaired this, and we were impressed with what is going on with the SAIN program.

We will open the hearing on Student Incentive Grants, B/A 101-2606.

NDE - Student Incentive Grants – Budget Page K-12 ED-78 (Volume I)
Budget Account 101-2606

MS. DAVIS:

Regarding Student Incentive Grants, B/A 101-2606, the Subcommittee recommended this budget close as recommended by the Governor. However, the Subcommittee was provided information that Congress may eliminate or reduce the Leveraging Educational Assistance Program (LEAP) and the Special Leveraging Educational Assistance Program (SLEAP) federal grants. The Subcommittee recommended a letter of intent directing the Department to provide information regarding the elimination or reduction, if any, of the LEAP and SLEAP grants to the Interim Finance Committee prior to the Department awarding grants to students so that the Committee can determine whether to provide reduced grants to students from the General Fund in this budget or discontinue the program.

CHAIR RAGGIO:

We will open the hearing on the Individuals with Disabilities Education Act (IDEA), B/A 101-2715.

NDE - Individuals with Disabilities (IDEA) – Budget Page K-12 ED-98 (Volume I)
Budget Account 101-2715

MS. DAVIS:

Regarding Individuals with Disabilities Education, B/A 101-2715, the Subcommittee recommended a reduction in General Fund support in this budget in the amount of \$78,611 in FY 2007-2008 and \$75,862 in FY 2008-2009 to better align with the anticipated needs for the placement of disabled students in appropriate facilities outside their school district through the NRS 395 program.

Concerning other accounts with no major closing issues, the Subcommittee reviewed the following budgets: Education Staffing Services, Education Support Services, School Health Education-AIDS, Discretionary Grants—Unrestricted, Discretionary Grants—Restricted, Elementary and Secondary Education—Title I,

Career & Technical Education, Continuing Education and Nutrition Education Programs. The Subcommittee recommended these accounts be closed, as recommended by the Governor, with technical adjustments.

SENATOR COFFIN:

If what we are seeing from the first five years of GEAR UP is indicative of its success, does the Committee have questions regarding whether to accept these federal funds? Is there another place to put the federal funds?

SENATOR CEGAVSKE:

We struggled with this. Some people who did site visits thought it looked good, but the results are not anywhere near what we had anticipated. It is a huge concern, but they are insisting on another chance. I believe we offered some recommendations.

MS. MARTINI:

The Subcommittee spent a lot of time on this program, and the Department of Education submitted a plan for improvement which will alter some aspects of the program they felt made it not achieve as well as it could. They are on Page 20 of the packet under "Plan for Improvement". We also requested ongoing reports from the GEAR UP program.

SENATOR COFFIN:

Are we aiming at just low-income children or low-achieving children as well when they are in high school?

MS. MARTINI:

There are several criteria for the schools chosen, and I am not sure of all that went into play.

SENATOR COFFIN:

I am curious; we have stopped taking remedial students at the university.

GLORIA P. DOPF (Deputy Superintendent, Department of Education):

It is my understanding the GEAR UP program selects sites that are primarily low-income, poverty sites, but also have low-achievement characteristics of the youngsters. That was one of the challenges we faced in trying to set the performance indicators in that these youngsters are selected because they are not candidates that usually go to post-secondary education, yet we try to provide the support with GEAR UP to increase the likelihood they will.

There is some improvement in the outcomes compared with the youngsters who do not receive the services of GEAR UP, but they are not as grand as we would have liked them to be. In summary, the program is targeted at low-income and also low-achieving youngsters, which makes the goals a little harder to attain.

CHAIR RAGGIO:

Do we need to address the Education State Programs because of the different position the Senate took on that? We approved a new Parent Coordinator position, contingent on available funding.

BOB ATKINSON (Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

Senate Committee on Finance
May 15, 2007
Page 37

Included in the budget is authority to receive federal funding to support the position. They would not be able to support it without federal funding. It was not approved by the Assembly.

SENATOR CEGAVSKE:

Did they not fund it with General Fund money?

MR. ATKINSON:

There was discussion of another position, a gifted and talented coordinator position. The Senate members of the Subcommittee did not approve that position; Assembly members of the Subcommittee approved it by redirecting General Fund money from the Gifted and Talented units in the Distributive School Account to support that position in this budget account.

CHAIR RAGGIO:

For these purposes, the Chair will accept a motion to approve the budget as recommended in the Closing Report, with the exception of that item, and approve the parental involvement position based upon the availability of the federal funding.

SENATOR CEGAVSKE MOVED TO APPROVE THE JOINT SUBCOMMITTEE ON K-12/HUMAN RESOURCES CLOSING REPORT, DEPARTMENT OF EDUCATION, WITH THE PARENTAL INVOLVEMENT COORDINATOR POSITION CONTINGENT UPON AVAILABLE FEDERAL FUNDING.

SENATOR MATHEWS SECONDED THE MOTION.

SENATOR TITUS:

I will object to the motion because we should have a gifted and talented program coordinator.

THE MOTION CARRIED. (SENATOR TITUS VOTED NO.)

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Senate Committee on Finance
May 15, 2007
Page 38

CHAIR RAGGIO:
There being no further business, the meeting of the Senate Committee on Finance is adjourned at 6:49 p.m.

RESPECTFULLY SUBMITTED:

Carolyn Allfree,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE:_____