

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-fourth Session
May 23, 2007**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:28 a.m. on Wednesday, May 23, 2007, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

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

GUEST LEGISLATORS PRESENT:

Senator Maggie Carlton, Clark Senatorial District No. 2
Senator Warren B. Hardy II, Clark Senatorial District No. 12
Senator John J. Lee, Clark Senatorial District No. 1
Senator Randolph J. Townsend, Washoe Senatorial District No. 4
Assemblywoman Bonnie Parnell, Assembly District No. 40
Assemblywoman Debbie Smith, Assembly District No. 30

STAFF MEMBERS PRESENT:

Gary L. Ghiggeri, Senate Fiscal Analyst
Larry L. Peri, Principal Deputy Fiscal Analyst
Lynn Hendricks, Committee Secretary

OTHERS PRESENT:

Fred Schmidt, PowerLight Corporation; Ormat Nevada, Incorporated
Joseph Guild, III, Motion Picture Association of America
Robert Rovere, International Alliance of Theatrical Stage Employees, Local 720
B.J. Thomas, International Alliance of Theatrical Stage Employees, Local 720
Tim Rubald, Executive Director, Division of Economic Development, Commission
on Economic Development
Hrair Messerlian, Executive Director, Nevada and San Diego Branch, Screen
Actors Guild
Arthur T. Lynch, Screen Actors Guild
Gary M. G. Deacon
Edgar Roberts, Administrator, Motor Carrier Division, Department of Motor
Vehicles
Joyce Haldeman, Clark County School District
Anne Loring, Washoe County School District
Terry Hickman, Nevada State Education Association

Lonnie Shields, Nevada Association of School Administrators; Clark County Association of School Administrators and Professional Employees
Alfredo Alonso, The Davidson Group
Mark Herron, President, The Davidson Group
Keith Rheault, Ph.D., Superintendent of Public Instruction, Department of Education
Carol Sala, Administrator, Aging Services Division, Department of Health and Human Services
Barry Gold, AARP Nevada
Martin Bibb, Retired Public Employees of Nevada
Samuel P. McMullen, Regional Emergency Medical Services Authority
Jim Gubbels, Regional Emergency Medical Services Authority
R. Ben Graham, Nevada District Attorneys Association
Judith Wright, B.A., Chief, Bureau of Family Health Services, Health Division, Department of Health and Human Services
Randy Robison, Partners in Conservation
Andrew List, Nevada Fire Safe Council
Janice Roberts, Nevada Fire Safe Council
Gary Zenino, Chairman, Board of Directors, Nevada Fire Safe Council
Greg McKay, Chief, North Lake Tahoe Fire Protection District
Troy Dillard, Administrator, Compliance Enforcement Division, Department of Motor Vehicles
Leslie A. Johnstone, Executive Officer, Board of the Public Employees' Benefits Program
Steve Weaver, Chief of Planning and Development, Division of State Parks, Department of Conservation and Natural Resources

CHAIR RAGGIO:

I 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)

The Committee asked for an explanation of this bill. We are considering an amendment that deletes any fiscal impact, and the Committee needed some further information about the effect of the bill in its amended form.

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

I have with me Mr. Fred Schmidt, who was part of the utility work group that spent 14 months working on the bill. We identified that one of the single biggest problems in the State was the issue of consumption. In southern Nevada, the base load is about 2,500 megawatts; at peak, it is about 6,000 megawatts. This means the utility needs to purchase short-term, long-term and spot-price contracts. Spot price is the most expensive energy you can buy in the world. When consumption spikes in southern Nevada, they have a significant problem in acquiring energy at any reasonable rate. For this reason, consumption is the major focus of this bill.

I have a mock-up of proposed amendment 3934 to this bill ([Exhibit C](#), original is on file in the Research Library). Section 30 creates a Renewable Energy School Pilot Program, authorizing the Public Utilities Commission of Nevada (PUCN) to adopt regulations for this program. This was because the school district in southern Nevada is the second largest user of energy in the area, after the Southern Nevada Water Authority. As a result, they have an aggressive program

to control energy costs, and they wanted to be able to use renewable sources to accommodate the rising cost of energy.

CHAIR RAGGIO:

We heard testimony on this from the school district. We understand this pilot program is limited to ten schools.

SENATOR TOWNSEND:

Yes. Six of those ten schools are in Clark County.

Section 31 authorizes the director of the Nevada State Office of Energy to adopt regulations to establish a program to evaluate residential energy consumption. Rather than have some kind of mandate, this is an opportunity for home builders to develop guidelines to improve construction in areas affected by dramatic temperature changes.

Section 33 authorizes up to 50 percent of the Universal Energy Charge surplus to be used for low-income residential energy efficiency in connection with the purchase of a home. If someone qualifies for low-income housing and owns a house, money that has been acquired through the Universal Energy Charge could be applied to weatherize and improve conservation in that house. This was done because it would be a onetime expenditure rather than continuing to subsidize monthly utility bills.

Section 38 directs the PUCN to adopt regulations to establish a natural gas decoupling program that would remove the financial disincentives that discourage utilities from supporting energy conservation. The purpose of this provision is that the gas company must build an infrastructure to provide the commodity, and when we encourage people not to use it, it has a dramatic impact on their revenue stream.

Section 41 requires the electric utility to file quarterly rate adjustments reducing their carrying charges. This comes from the PUCN. The deferred energy carrying charges for electric utilities from November 2004 to November 2006 was almost \$55 million, which the consumer pays. We are trying to lower that. The Consumer's Advocate asked to change those rate adjustments to quarterly.

Section 42 requires the electric utility general rate case filing to be triennial. Rather than mandate a rate case every two years, they thought it would be better to have them every three years, since they cost \$1 million and are problematic. This section also allows the electric utility to use a hybrid future test year. It specifies how the electric utility would file to use the quarterly rate adjustments. A hybrid future test year is a projection of costs in the out-years, as opposed to coming in historically.

Section 44 was part of Senator Titus's proposal to increase net metering to one megawatt. It modifies the definition of "net metering system" to exclude systems that exceed the limit on the demand of the customer class. It is specifically for the purposes of encouraging people to develop renewable energy that can feed not only themselves, but if they have excess, can feed back onto the system.

Section 46 allows customer generators to carry forward net metering credits indefinitely.

Section 48 increases the renewable portfolio standard for solar from 5 percent to 6 percent, which was also part of Senator Titus's proposal. The overall renewable portfolio standard requirement this year is 9 percent, so it would be 5 percent of 9 percent, and then we put that in the out-years. This reemphasizes solar, our most obvious renewable component.

Section 50 provides for a voluntary residential energy evaluation in connection with the sale of real property. This is enabling legislation that would encourage people to have their homes evaluated.

CHAIR RAGGIO:

What does section 50, subsection 2, mean for the sale of a residential property? It seems to say that in every sale of a residential property, there must be some report from the seller to the purchaser.

SENATOR TOWNSEND:

We are trying to encourage people to identify problems with consumption and find ways to reduce energy usage.

CHAIR RAGGIO:

When does this become applicable?

SENATOR TOWNSEND:

The effective date is 2011. The Nevada Association of Realtors asked for that amount of time so they could build it into their educational component.

CHAIR RAGGIO:

When that becomes effective, what does the seller have to do? Must they go to someone to get an evaluation?

SENATOR TOWNSEND:

There are companies out there that will do this, but usually you would go to your utility company and ask for an energy audit. I have done it on our homes, and they are extremely beneficial.

CHAIR RAGGIO:

Is there a cost to the seller?

SENATOR TOWNSEND:

The average fee is \$200. There is a provision in the bill to allow both parties to waive that if they both agree. That is in section 50, subsection 3, paragraph (d).

SENATOR COFFIN:

I would expect the price of that evaluation to go up. With an older home, the seller would probably have to pay quite a bit of money to bring it up to the standard of a new home. A reasonably knowledgeable buyer assumes that a 60-year-old home will hold heat in the summer and leak it in the winter. Do we really need to make them pay money to find that out?

SENATOR TOWNSEND:

The only way you would actually pay is if you independently got an evaluation. The utility currently provides them free of charge; it decreases their cost of doing business and allows them to avoid building new power plants. If you go outside the utility for an evaluation, you will pay what the market will bear.

SENATOR COFFIN:

My other concern is the time involved. When I had one of these done, it took a week or two, and that was after I called the Government Affairs office; and I never got anything in writing. They might not have enough staff. When I had it done 7 or 8 months ago, they only had one person doing these evaluations.

SENATOR TOWNSEND:

Because of the high demand, the utility is now subcontracting the work. I will check into why you did not get a written report. It took about 30 days for me to get mine. They are currently reworking the forms they use to make them more understandable to the average consumer, and you may have been caught up in that.

CHAIR RAGGIO:

As I understand it, all of the deleted sections from section 54 on had partial abatements. All of that has been removed, so there is no potential loss of revenue from this bill at this time.

SENATOR TOWNSEND:

Correct.

The next significant change is in section 62, which begins the Wind Energy Systems Demonstration Program Act. Section 87 begins the Waterpower Energy Systems Demonstration Program Act. Both of these came out of Senator Titus's bill. There are people in all corners of Nevada who believe in these systems, and these programs offer an opportunity for them to do so. The water-based systems came out of eastern Nevada where they believe they can use them to decrease their own usage. The debate is whether you start from the top or the bottom, and these are cases of individual people or programs that can be developed to reduce energy consumption from the grid, which is the single biggest problem we have. When you look at the proposal in eastern Nevada, there is a \$3 billion, 3,000-megawatt proposal for a coal-fired power plant because the demand is so great, particularly in southern Nevada. There are two ends of the equation: production of energy, and reduction in consumption of energy. This bill attempts to reduce consumption in a manner acceptable to the public.

CHAIR RAGGIO:

Section 101, subsection 1, refers to incentives to be established by the PUCN for participants in the Waterpower Demonstration Program. Since there will be no tax abatements, what kind of incentives will remain as something the PUCN would adopt in regulation?

FRED SCHMIDT (PowerLight Corporation; Ormat Nevada, Incorporated):

The waterpower and wind programs are intended to be modeled after the way we started the solar programs where the PUCN started with an incentive of a dollar-per-watt rebate. This was built into the utility's rates.

CHAIR RAGGIO:

Would the utility absorb the incentive?

MR. SCHMIDT:

Yes, although it would pass it on to its ratepayers. In the solar program, we started at \$5 a watt, and we had oversubscription, so the PUCN has lowered

the amount each year. The current amount on solar photovoltaic systems is \$2.50 a watt. This is intended to be flexible, so the PUCN could set an appropriate amount with the input of the utility and the Consumer's Advocate.

CHAIR RAGGIO:

They do not have the authority to reestablish some of the tax abatements that were deleted from this measure.

MR. SCHMIDT:

No. The only authority they have would have to come through the regulation of the utility rates they currently have.

SENATOR TITUS MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 437 WITH PROPOSED AMENDMENT 3934.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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CHAIR RAGGIO:

We have a couple of bill draft requests (BDRs) for introduction.

BILL DRAFT REQUEST S-1230: Makes a contingent appropriation to the Interim Finance Committee for a portion of the costs of constructing a courthouse in White Pine County. (Later introduced as [Senate Bill 571](#).)

SENATOR COFFIN MOVED TO INTRODUCE BDR S-1230.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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BILL DRAFT REQUEST S-1517: Extends the reversion date of a transfer of room tax proceeds required by the previous legislative session for the restoration and preservation of the exterior of the Lear Theater. (Later introduced as [Senate Bill 572](#).)

SENATOR COFFIN MOVED TO INTRODUCE BDR S-1517.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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CHAIR RAGGIO:

I will open the hearing on S.B. 321 and turn the meeting over to Senator Beers.

SENATE BILL 321 (1st Reprint): Provides certain economic incentives for certain motion picture companies. (BDR 18-1182)

SENATOR COFFIN:

The first reprint of the bill contains a minor amendment. The original fiscal note of many millions of dollars was in error; the actual fiscal note is considerably less, under \$100,000 ([Exhibit D](#)).

I was stunned to find out last year that Nevada lags far behind other states in film production incentives. What had happened was all the states were suffering because Canada's dollar weakened, and so many production companies moved to Canada to do as much of the work as possible there. In response, almost every state enacted incentives to bring film companies back. The point of the bill is to try to bring back production to Nevada that currently consists of people flying helicopters along the Las Vegas Strip or over Reno's "Biggest Little City" sign, taking a few shots of casinos and then going back to Hollywood. This bill will provide the needed incentives to keep movies here not only for set-up shots, but for a lot of production and postproduction work.

This is an important bill. It is not a huge abatement, but rather something that will create economic growth for us.

JOSEPH GUILD, III (Motion Picture Association of America):

The Motion Picture Association of America strongly supports this bill.

ROBERT ROVERE (International Alliance of Theatrical Stage Employees, Local 720): I have prepared remarks to hand out ([Exhibit E](#)) and a handout detailing incentive programs in other states ([Exhibit F](#)). I will point out that our neighbor state Utah has gotten an average rate of return of 15 to 1 from its 10-percent tax rebate for film productions. Illinois created film incentives in 2003, and spending on film production in the state jumped from \$26 million in 2003 to \$94 million in 2005. Louisiana's film production grew \$11.8 million in 2002 to \$514 million in 2005 thanks to their incentive program. New Mexico is now to film production what Nevada was to gaming in the early days; thanks to a good film incentives program, they are now known as "Tamale-wood."

The point is to build an infrastructure. This is an industry that is nonpolluting and non-extractive; it leaves behind money, talent and new business; and it returns again and again. We are not here to make a program more generous than other states, but to create a level playing field. This bill carries a 30-percent Nevada resident hire requirement. Traditionally, the film crews come in from Los Angeles, and when they leave, they take all their money back with them. Nevada has been good to Hollywood. With this bill, Hollywood can return the favor and be good to Nevada.

VICE CHAIR BEERS:

I would imagine if we processed this and attracted more productions, the people who work on those productions would spend more and generate more tax revenues than we are giving up in the abatement.

MR. ROVERE:

You are correct. Mr. Rubald can give you more information on that.

B.J. THOMAS (International Alliance of Theatrical Stage Employees, Local 720):
I second Mr. Rovere's statements. We support this bill.

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

I have a handout ([Exhibit G](#)). On the first chart, fourth line down, you can see that feature film percent of total revenue has been declining. Total revenue from feature films has declined by 68 percent, from \$44.8 million in 2000 to \$14.3 million in 2006. We would like to reverse that trend. The current trend is certainly not from a lack of effort by the Division of Motion Pictures, Commission on Economic Development; it is due primarily to increased competition from other states and the aggressive incentive packages mentioned by Mr. Rovere.

This bill would not abate sales tax on equipment purchased by local production companies, but by purchases made in the production of a specific project. Not all projects would be abated under S.B. 321. As Senator Beers indicated, there is significant additional economic benefit to the State, which would include significant additional tax revenues to both state and local government. We anticipate a total economic impact of \$147.7 million throughout Nevada.

This bill is a significant, positive move for the State. What we need is a tool in the bag that we can pull out right now when film companies ask us about incentives. We are currently negotiating on a large project that would allow an investment of \$300 million in the State. It is not a film project per se, but it would directly affect future film projects dramatically. That project is concerned about these types of incentives because of the future use of their facility.

I did a side-by-side comparison with the situation in New Mexico. If this bill goes into effect, we still come up short by about 13 percent, even taking our wonderful tax structure into account. I believe we can overcome that through good salesmanship and the fact that we have many locations ready to shoot instantly. We need this additional tool in our bag.

HRAIR MESSERLIAN (Executive Director, Nevada and San Diego Branch, Screen Actors Guild):

The acting and production communities in Nevada strongly urge your support of S.B. 321. Film projects are shot in Nevada, but Nevadans do not benefit from them to the extent they should. This bill will bring that additional benefit to the citizens of Nevada.

ARTHUR T. LYNCH (Screen Actors Guild):

I support this bill out of a concern for the future of the citizens of Nevada, particularly the kids and younger people. This is an unbelievable opportunity for them to gain the skills necessary to investigate this as a career field or use it in whatever field they go into. You may think there is a lot of production in Nevada, but the reality is Nevada is often played by Los Angeles, Vancouver, Toronto and New Mexico. This is especially true of rural Nevada; how many times have you seen pine trees in movies about Area 51? I recommend passage of this bill not so much for the financial benefit, but for the future of Nevada, the people who live here and those who want to build careers for themselves in this field.

GARY M. G. DEACON:

In the past, I have worked with both the Commission on Economic Development and the Division of Motion Pictures. I know how important it is to bring productions here to Nevada. Any bill that creates jobs for Nevadans and keeps people working in their field is good for Nevada.

EDGAR ROBERTS (Administrator, Motor Carrier Division, Department of Motor Vehicles):

We have submitted a fiscal note on this bill reflecting an increase of our Affiliated Computer Services, Incorporated, contract for programming and revenue loss from temporary fuel permits. We project a cost of \$63,006 in fiscal year (FY) 2007-2008, and the cost for future biennia is \$30,900.

VICE CHAIR BEERS:

Senator Coffin, please meet with the Department of Motor Vehicles (DMV) and see if there is a way to get that programming cost out.

I will close the hearing on S.B. 321 and open the hearing on Assembly Bill (A.B.) 212.

ASSEMBLY BILL 212 (2nd Reprint): Provides for high school reform.
(BDR 34-118)

ASSEMBLYWOMAN BONNIE PARNELL (Assembly District No. 40):

This is an exciting bill, and the cost is minimal. I have had a concern that in the last few years, when we have been devoting so much time and attention to our youngest students, we have been shortchanging the older students. This bill is an attempt to pay attention to ninth graders, who are moving from moderate-sized middle schools to large high schools, some with over 3,000 students. We know that if we do not catch students in the ninth grade, they can start developing poor attendance habits and quickly lose ground on the credits they need to graduate. This has been identified as an area where we can make great changes if we can be there for ninth graders, create a situation where a more intimate relationship is possible, get the school counselors more involved and create a small learning community.

There was concern initially that the need for uniform grading scales would have a fiscal impact on the State. However, we have worked the bill so that most of the school districts feel they can take care of this with no great additional cost to district activities. The fiscal impact of the bill is down to almost nothing. The school districts were initially concerned they might have to build new wings on the high schools or build new science labs. All those concerns have now been alleviated. You will hear from the districts, and I have a handout detailing their plans for this project ([Exhibit H](#)).

This bill does four things. It requires school boards of trustees to develop a policy that all ninth-grade students would have a four-year academic plan, a plan for graduation. Many states have started this with great success. The second part of the bill is creating what we were calling a "ninth grade school within a school." An amendment is being proposed to change this term to "small learning communities" ([Exhibit I](#)). Using this title enables school districts to apply for federal funds.

Section 4 requires the State Board of Education to adopt regulations prescribing a uniform grading policy. The lack of a uniform grading scale for advanced placement and honors classes has been problematic for our high schools. Some use a 4.0 scale, and others use a 5.0 scale. That means we do not have a level playing field for high-school graduates applying for scholarships such as the Millennium Scholarship.

Section 5 addresses how much time high-school counselors are spending outside of guidance and working with students. This bill would limit the amount of time counselors are required to assist with test administration and coordination. They should be given the time to do what they were hired to do: guide and counsel students through high school.

Finally, section 6 of the bill changes the age of compulsory school attendance from 17 years to 18 years.

VICE CHAIR BEERS:

I graduated at the end of the 12th grade at the age of 17. Would this have been a problem for me?

ASSEMBLYWOMAN PARNELL:

No. The language in this section requires children to attend school between the ages of 7 and 18, unless they have graduated from high school. You can graduate as young as 15.

JOYCE HALDEMAN (Clark County School District):

In Clark County, about one-fourth of our high schools have already implemented a version of this plan for ninth graders, and we have found it to be quite successful. All the schools except one have done it without additional funding. We will struggle to do this, but with the appropriate management of existing resources, we can get this done without additional dollars.

The one part of the bill that gives us some concern is the requirement, in section 2, subsection 2, paragraph (b), that parents sign the ninth-grade academic plan. There is no amount of money that will get some parents to sign. We will continue to work with parents and hope they will take an interest in their children's academic plans. I am not suggesting this provision should not be in the bill, but it is something that is out of our control.

VICE CHAIR BEERS:

That provision only requires that you have a policy for parents to sign the plan. There is no penalty if parents do not sign.

SENATOR RHOADS:

What happens if a student enrolls in this plan and fails?

MS. HALDEMAN:

The intention of this program is to get the student to sit down at the beginning of his time in school, think about his academic plan and recognize the available options. It does not address whether or not he follows through.

SENATOR RHOADS:

My concern is that you might have one ambition at the age of 14 and another at age 16. Can you change your mind?

ASSEMBLYWOMAN PARNELL:

Section 2, subsection 4, specifically states that if a student does not fulfill his academic plan, he can still graduate and receive a high-school diploma if he meets the requirements for graduation. This is merely an attempt to get students, parents and schools engaged and committed to graduating from high school.

MS. HALDEMAN:

There is also an annual opportunity to review the plan, and students can make adjustments at that time.

SENATOR CEGAVSKE:

This is akin to what we do for students in special education, and we have asked why we are not doing it for every student. It is long overdue. When a student is involved in his own education, there is a buy-in; when a parent has to sign something, there is involvement.

ANNE LORING (Washoe County School District):

We agree that it is long past time to focus attention on high-school students. We urge adoption of the amendment in [Exhibit I](#). The "ninth grade school within a school" model is one of many forms of the "small learning communities" idea. At Hug High School in Washoe County School District, we are doing a small learning community, and it is a vertically-aligned small school. That is, there are four separate groups of ninth through twelfth graders that are geographically isolated. Expanding the language to "small learning communities" will still get at Assemblywoman Parnell's intent, while leaving it broad enough to encompass existing programs.

ASSEMBLYWOMAN PARNELL:

I support this amendment. Along with the other benefits, this language allows the program to become a revenue source through federal funding.

MS. LORING:

Regarding the fiscal impact of the bill, we originally had concerns about the four-year plan in section 2. Our original fiscal note was based on one-on-one meetings between counselors, students and parents. Assemblywoman Parnell has clarified that while one-on-one meetings are certainly desirable, they are not the only way to implement the provision; it could also be done by having counselors go into English classes or using freshman-parent night. With that in mind, we remove that part of the fiscal note. We also had a fiscal note about science labs because, as first written, the bill required freshmen to be geographically isolated, and many schools were not designed with that in mind. With the addition of the phrase "where practicable" in section 3, this is no longer an issue. With regard to section 5, we agree that it is desirable to limit the amount of time counselors spend administering tests. We currently have test coordinators at all of our high schools, but not at our middle schools. With the understanding that the policy will be guided by fiscal limitations, we remove that fiscal note also.

SENATOR CEGAVSKE:

I am struggling with the phrase "small learning communities." Is there something more generic we could use? In Clark County, we understand "school within a school." Does the Education Department have a definition for "small learning communities"? With regard to section 5, I agree that counselors were

hired to do a job of counseling, and I know that is a struggle. It is either the principal, the vice principal, the dean or the counselors who end up doing the testing.

MS. LORING:

We felt the language of section 5 gave enough flexibility to take scheduling and security issues into account. It directs the board of trustees to adopt a policy limiting the amount of time counselors spend on testing.

SENATOR CEGAVSKE:

I know that security during testing is a huge issue for all the districts, and I am concerned that if we restrict the time counselors spend in administering tests, we will lessen the feeling of security in these test situations. I would like a response from the school districts about this issue.

MS. LORING:

We feel test security is vital. In Washoe County, we have high-school test coordinators, and we do an "all hands on deck" call for adults to proctor some of the high-stakes examinations.

SENATOR CEGAVSKE:

Are they paid proctors or volunteers?

MS. LORING:

They are usually staff. I do not know if we use volunteer parents in that role. We do not have test coordinators at every middle school, though some use discretionary money to hire retired teachers and people like that for this purpose. But clearly, this bill will not entail a sacrifice of security. We cannot do that; the stakes are too high for everyone.

MS. HALDEMAN:

In Clark County, the Deputy Superintendent of Instruction has a strong feeling that counselors should be counseling students. She has been implementing a plan to move counselors away from testing. I do not know exactly how she is doing that. The way we handle high-stakes testing are things we keep foremost in mind as we do this. We are trying to move away from using counselors for testing.

SENATOR CEGAVSKE:

I understand that, but I would like to see the impact of this bill. Please get back to us with an outline of how that is done in Clark County.

MS. HALDEMAN:

I will be happy to do that.

SENATOR CEGAVSKE:

I am also not convinced that "small learning communities" is the right terminology to use here.

ASSEMBLYWOMAN PARNELL:

If you will look at [Exhibit H](#), you will see a list of the different names the school districts are using for existing programs in Clark County. "Small learning communities" is the umbrella, generic term for all these types of programs.

"Ninth grade school within a school" is too specific; "small learning communities" allows you to name the programs just about anything.

SENATOR RHOADS:

Elko County's fiscal note claims section 2 will require them to hire 4.5 full-time equivalents (FTEs) to do the program, at a cost of \$1.3 million over a two-year period.

MS. LORING:

We had a similar fiscal note originally for more counselors, since we do not have enough counselors to do face-to-face, one-on-one meetings with all students. Our current ratio is 375 kids to one counselor. Assemblywoman Parnell has since confirmed that these meetings can be done in a group setting, and we revised our fiscal note based on that. I suspect this would also solve Elko's problems.

ASSEMBLYWOMAN PARNELL:

We wanted every school district to look at local issues. This was really about local control of a great idea for our high schools. The larger issue is how we can start to reform without a huge fiscal impact or causing stress on a system that is already stressed. We want them to think outside the box, do what they can do; we want them to start working on this and get it going, and do it within the confines of each individual school district.

TERRY HICKMAN (Executive Director, Nevada State Education Association):

We support this bill. We think it is a great concept; it is time to really pay attention to the high schools, and that transition is critical.

VICE CHAIR BEERS:

I understand you were a high-school counselor yourself.

MR. HICKMAN:

Yes. I was a counselor for 20 years at Carson High School, Eldorado High School and Centennial High School, with a caseload of 1,500 to 4,000 students. It is critical that those ninth graders feel a part of the school and know their counselor, because the counselor is generally the one adult they will know for four years.

LONNIE SHIELDS (Nevada Association of School Administrators; Clark County Association of School Administrators and Professional Employees):

Our initial concerns with the bill have been taken care of by the amendments. We support the bill with the amendments and the explanations.

VICE CHAIR BEERS:

I will close the hearing on A.B. 212.

CHAIR RAGGIO:

I will open the hearing on A.B. 567.

ASSEMBLY BILL 567 (1st Reprint): Revises provisions governing university schools for profoundly gifted pupils. (BDR 34-918)

ASSEMBLYWOMAN DEBBIE SMITH (Assembly District No. 30):

Last Session, we passed legislation to create the University School for Profoundly Gifted Students, also known as the Davidson Academy. Since passage of that bill, we have seen a great deal of accomplishment. The school is up and running, and we have some great testimony here this morning. The school was created as a public school, but public funding was not funneled to the school; they were not given Distributive School Account funding. The understanding, which was put on the record in 2005, was that they would get the school in place, get the students there and then come back to us when they had accomplished what they set out to do.

This bill will allow this school to receive the same per-pupil funding that every other school receives. It also makes some technical adjustments to allow the Superintendent of Public Instruction the proper governance of this school. The bill also revises the governing body of the board.

We have seen so much good come from the opportunity we extended in the 2005 Session. There has been national press for our State that is unprecedented, confirming what a great thing we did when we authorized this school to be formed. I am proud of what has been accomplished and hope we can allow them to continue by adding the per-pupil funding.

CHAIR RAGGIO:

I agree with your comments. We owe a great deal of gratitude to the Davidsons; they were so generous in helping to establish such a school. It has received national recognition and stands alone in this area.

ALFREDO ALONSO (The Davidson Group):

Most of this bill is clean-up language. One of the questions that has been asked repeatedly is whether this is essentially a boarding school, and the answer is no. People are actually moving their families and businesses here to allow their children to attend the Davidson Academy. All we are asking is for these students to be treated the same as every other student in the State.

CHAIR RAGGIO:

Mr. Herron, what is the status of the program?

MARK HERRON (President, The Davidson Group):

The school enrolled 35 students in August 2006 when it opened at the University of Nevada, Reno. About 40 percent of them became residents of Nevada to take advantage of this opportunity. They will wrap up their school year on June 6, 2007. We are proud of them and of the school. We are currently located on the second floor of the KNPB public broadcasting building. We will be there for one more academic year, and in fall 2008, we will move into what is now the Jot Travis Student Union.

CHAIR RAGGIO:

The fiscal note provided by the Department of Education indicates that although the school did not receive State funding for the 36 students in FY 2006-2007, the State would have been obligated to pay the basic support for the students if they had enrolled in any other public school within the county school district. Therefore, the fiscal note identified only any obligation of the State for new students who were not included in the current funding allocations. It is not

necessarily a specific increase in State funds associated with the school being eligible for State appropriations.

SENATOR TITUS:

You said 40 percent of the students became residents to take advantage of this program. I thought it was for Nevada students only.

MR. HERRON:

It is. The Davidson Academy is a day school, not a boarding school. The students must all be residents of the State living with their families to be enrolled. Some of them actually moved to Nevada so they could be eligible for this school.

SENATOR TITUS:

Are you saying their families moved here from out of state to go to this school, not just temporarily like college students who get a driver's license so they can qualify as residents?

MR. HERRON:

That is correct. We are not caring for the children other than during the school day.

MR. ALONSO:

In the hearings we had on this bill in the Assembly Committee on Ways and Means, Assemblywoman Buckley told of meeting an individual in an important position in the State in a job that had been difficult to fill. The Assemblywoman asked the woman how she had come to Nevada, and it turned out that when her child was accepted to the Davidson Academy, she moved her entire family to Nevada and got this job here. This shows how the program is working. We have had people move their businesses to Nevada for this reason, some of them quite lucrative. It is a plus for Nevada in every way I can imagine.

SENATOR CEGAVSKE:

I would like to thank the Davidsons. What they have done and what they are doing for these gifted students has been incredible, and I would like to once again voice my support for this program. I know they could not be here today, but please thank them for us.

KEITH RHEAULT, PH.D. (Superintendent of Public Instruction, Department of Education):

We support this bill. I was given the opportunity to address any missing statutes, and all of those are reflected in the bill. Just as a point of interest, although this is not a charter school, the closest thing to funding the school was a State board-sponsored charter school. The statutes reflect this similarity. I see this as a fiscally-neutral bill.

To my mind, the most important part of this bill is the provisions that allow me to look at regulations for the school. It is unique, and we do not always know what is coming. One of the unique factors this past year was finding a place to test students. They might technically be in the sixth grade, but they should be testing at the high-school level. We have worked out an agreement that every student has an individual learning plan (IEP), and we will determine testing based on the IEP.

CHAIR RAGGIO:

I will close the hearing on A.B. 567 and open the hearing on S.B. 179.

SENATE BILL 179: Revises provisions governing refunds of accrued property taxes to senior citizens. (BDR 38-1326)

SENATOR TITUS:

This bill increases the eligibility for the senior citizens' property-tax rebate for low-income seniors. It was supported by all members of the Senate and passed unanimously by the Senate Committee on Taxation. It brings some of the figures and eligibility up to more current standards, since they have not been changed since the 1970s. For example, the amount of the refund has been raised from a cap of \$500 to \$1,000, and liquid assets have been raised from \$150,000 to \$205,000. When we discussed budget account 101-2363, we heard that there was money left over from the senior citizens' tax-rebate program because the cap on property taxes had lowered the number of people who were eligible. Rather than putting that leftover money in the General Fund, I would ask this Committee to consider rolling it over to help cover the cost to expand the eligibility requirements. This is a first-come-first-served program; these rebates are only available as long as the money is there. Perhaps Mr. Ghiggeri could tell us how this works.

GARY L. GHIGGERI (Senate Fiscal Analyst):

I am not sure how it would work, but there were funds that were not expended in the Senior Citizens' Property Tax Assistance account. The amount of money recommended for appropriation for the 2007-2009 biennium was reduced by that amount of money, and I believe it was just short of \$900,000.

CHAIR RAGGIO:

The fiscal note indicates a cost. Are you saying there is money available that would reduce that?

SENATOR TITUS:

In the budget, the property tax fund as it exists now was cut by about \$900,000 because fewer people qualify today because of the property tax cap. I am suggesting that instead of cutting it, we leave that amount of money in there and expand eligibility.

CAROL SALA (Administrator, Aging Services Division, Department of Health and Human Services):

I have written testimony regarding S.B. 179 ([Exhibit J](#)). When our budget closed in this Committee last Friday, there was a General Fund savings of \$1.8 million. The fiscal note on this bill after we made the adjustments came to \$1.2 million over the biennium.

CHAIR RAGGIO:

The fiscal note we have before us is \$1,473,000. Are you saying there is an adjustment on that?

MS. SALA:

Yes. That fiscal note was created using the first draft of the bill. Since our budget was closed and we had to redo our figures based on the 3-percent property tax, we recalculated the fiscal note for this bill. The estimated cost on this bill is now \$1,262,728 for the biennium. However, the changes with this

bill would only come into play in FY 2008-2009 because of the timing of the property tax. In future biennia, the cost would be about twice that.

SENATOR TITUS:

Would you just say again, for the record and for emphasis, so we'll be sure everybody catches it, that the savings that was left from the account as it existed before is almost the exact same amount that you could cover this by extending the eligibility?

MS. SALA:

Thank you, Senator Titus, through Senator Raggio. When we closed our budget between Senate and Assembly last week, the General Fund savings, when we worked it out with our LCB analyst, was \$1.8 million after closing in that budget account, and the estimated fiscal note on this bill is approximately \$1.2 million.

BARRY GOLD (AARP Nevada):

We support this bill. I have written testimony ([Exhibit K](#)).

MARTIN BIBB (Retired Public Employees of Nevada):

We support this bill.

CHAIR RAGGIO:

I will close the hearing on S.B. 179 and open the hearing on S.B. 501.

SENATE BILL 501 (1st Reprint): Makes various changes to provisions relating to taxation and nonprofit entities that provide emergency medical services. (BDR 32-1406)

SAMUEL P. McMULLEN (Regional Emergency Medical Services Authority):

This bill is a long odyssey for Regional Emergency Medical Services Authority (REMSA). In the old days, there were ambulance wars between companies in Washoe County. To resolve that, a governmental franchise was put together with a nonprofit corporation as the recipient. This nonprofit corporation is now only one provider of ambulance services in Washoe County. In effect, we are a local government entity, but without the tax benefits of local government. This bill requests that REMSA be treated as a local government and exempted from fuel taxes, both diesel and gasoline. There is also a provision for exemption from vehicle registration costs, but the fuel is the most important thing.

One of the things that happened to REMSA was they were told they would get the same sales-tax exemption they got as a nonprofit if they did a lease transaction. It was not until after they had done the transaction that they were told they had lost their sales-tax exemption. That is also a piece of this bill.

CHAIR RAGGIO:

What did they lease and from whom?

MR. McMULLEN:

They provide air-ambulance services in Washoe County and surrounding counties, as far as the mining industry in northeastern Nevada. For this purpose, they lease multimillion-dollar helicopters they use to transport injured people in the outlying areas. The original bill made the sales-tax exemption retroactive;

that was amended out, and the fiscal note was decreased significantly because of that change.

CHAIR RAGGIO:

The new fiscal note has not been distributed yet. Do you have those numbers?

MR. MCMULLEN:

In the original fiscal note, there is a single-year tax effect at \$59,000 a year for FY 2008-2009. That assumes three leased aircraft, which is about \$20,000 a year for each air ambulance. You will see a revised fiscal note from the DMV relating to the Highway Fund. On page 4 of the fiscal note, you will see the regular gasoline, regular jet fuel and diesel fuel. Total fuel taxes altogether would be in the range of \$41,000. That is the major impact of this bill; everything else is minor.

JIM GUBBELS (Regional Emergency Medical Services Authority):

I am the vice president and chief administrative officer for REMSA and Care Flight. We have been able to provide this service without any tax subsidy, and our only source of revenue is from patient charges. Anyone can call 9-1-1, and we will respond. We respond to about 50,000 ground transports a year. Of those 50,000 calls, we transport about 32,000 patients. If we do not transport, we do not charge anyone, and only about 50 percent of the patients we do transport can pay us. We transport about 1,800 patients by helicopter, of whom about three-quarters come from rural Nevada. Whenever the Special Weapons and Tactics (SWAT) team goes out, we have a SWAT team that goes with them. In addition, we are at every community emergency drill, every homeland security drill and every emergency preparedness drill in support of the community. In this bill, we are requesting the same tax relief that our public safety agency has.

Overall, \$41,000 or \$37,000 is not a lot of money. But REMSA does a lot for the community, and I can do good things with that amount. We do point-of-impact child safety passenger-seat inspection once a month, in which families bring in their child safety seats and we inspect them to make sure they are correctly installed. If they do not have a car seat and cannot afford one, we will donate one to them to make sure the children are safe. With \$41,000, I can buy enough car seats to support that program for a year.

CHAIR RAGGIO:

This bill talks generically about nonprofit organizations. Is REMSA the only operation in this State that would qualify?

MR. MCMULLEN:

Yes. The legislation is general, but REMSA is the only entity that is affected. The fiscal note will reflect that. As a side note, this is the same entity to which you gave the ability to send ambulances, on a prepaid basis, for \$40 per year a person. They also do the same with air ambulances for \$59 a year. They know how to make the most of their money.

SENATOR COFFIN:

I heard this bill in the Senate Committee on Taxation and endorsed it because it is more than just a bill for a company based in Washoe County; it is beneficial to the entire State. Most of the people on the roads do not know how risky it is, how little hospital service we are able to provide between Las Vegas and the

northern counties. I do not know if you offer that \$40 fee to a select few, but it is a smart thing to do.

MR. GUBBELS:

The flight program is for the entire State. The ground ambulance service is just for Washoe County.

MR. ROBERTS:

The DMV's updated fiscal note reflects the additional impact of S.B. 501 as amended. There is a loss of revenue in the amount of \$41,000 in FY 2007-2008 and \$43,000 in FY 2008-2009. The effect on future biennia is \$86,000. This is due to a loss of tax on gasoline, jet fuel and diesel.

We have a concern that opening the exemption to nonprofit ambulance services might lead to further requests for exemptions, thus taking money away from the Highway Fund. We are also concerned that under section 8, the statute used to allow special license plates for antique fire trucks has limited use in this context. The statute in question, *Nevada Revised Statutes* (NRS) 482.3795, was created to allow antique trucks to be used at musters, exhibitions, parades and similar activities. If REMSA's ambulances are used for general transportation, they will be required to pay the full governmental-service taxes, registration and plate fees.

CHAIR RAGGIO:

What is the definition of "general transportation"?

MR. ROBERTS:

The statute applies only to vehicles being used for musters, exhibitions, parades or similar activities.

MR. McMULLEN:

We asked the Legislative Counsel Bureau to draft this. If it is not clear, I would suggest an amendment to page 9, line 1, by adding the phrase "authorized emergency medical service" to the list.

CHAIR RAGGIO:

I suggest you bring us an amendment. Since this is a Senate bill, we have a limited amount of time to amend it and get it over to the other House. Staff indicates we have the revised fiscal note. Are there other fiscal notes, other than the one from the DMV? What is the one from the Compliance Division of Taxation?

GARY L. GHIGGERI (Senate Fiscal Analyst):

They have submitted a revised fiscal note. They indicate in FY 2007-2008, there would be lost sales- and use-tax revenue, local school support-tax and local government loss of approximately \$60,000 a year. They also indicate there would be computer programming costs in FY 2007-2008 of about \$79,000. Ongoing loss of revenue would be approximately \$119,000.

MR. McMULLEN:

Since only one entity is affected by this bill, we were not sure what the necessity was for all the programming. I will prepare an amendment and have it to you before noon today.

CHAIR RAGGIO:

I will close the hearing on S.B. 501 and open the hearing on S.B. 380.

SENATE BILL 380 (1st Reprint): Makes various changes concerning defendants in criminal actions. (BDR 14-279)

R. BEN GRAHAM (Nevada District Attorneys Association):

I have an amendment ([Exhibit L](#)) that removes sections 1 through 131 of the original bill and replaces them with language dealing with those found to be incompetent and who will probably never be returned to competency. These are issues we have been working with for more than a decade. Under current law, those who are found not guilty by reason of insanity are sent to a treatment center and may be released in as little as four or five months, or even less, with no significant treatment or program to follow them. Another segment of the population may be found incompetent; this means they may never be able to go to trial and are basically medicated and released back onto the street with no follow-through.

The original version of this bill had two other major sections dealing with pleas of not guilty by reason of insanity and guilty but mentally ill. Those portions were placed in A.B. 193.

ASSEMBLY BILL 193 (1st Reprint): Makes various changes concerning pleas, defenses and verdicts in criminal actions. (BDR 14-152)

CHAIR RAGGIO:

What is the status of A.B. 193?

MR. GRAHAM:

It passed out of the Assembly Committee on Judiciary last week.

Senate Bill 380 is asking for the Division of Mental Health, Department of Health and Human Services, to serve those who are found not guilty by reason of insanity and who are not likely to ever become competent. We are talking about people who, in a number of cases, have killed children. Since this would be a procedural measure, there is a feeling that it is not *ex post facto*, so it would not be a violation to start treating people upon release even now.

CHAIR RAGGIO:

Why was this issue taken out of the other bill?

MR. GRAHAM:

This issue was initially going to be addressed in another bill. Their proposals initially had a fiscal impact of over \$2.5 million, and they removed the competency issue in an effort to lessen the fiscal impact of the bill. Our request was to put A.B. 193 content, A.B. 369 content and competency into S.B. 380, in the event there were problems in the Assembly with those other issues. As it happened, the Assembly did not deal with competency, and so we have brought this amendment to S.B. 380 to do so.

ASSEMBLY BILL 369 (2nd Reprint): Makes various changes to provisions governing the civil commitment of a person found not guilty by reason of insanity. (BDR 14-1155)

MR. GRAHAM:

Senate Bill 380 would provide a release program, and the mental health people are asking for a half position in the north and a full position in the south with some extra items to monitor these people for up to ten years. Currently, they are gone from us within months. We could follow these people for ten years with a treatment program and monitor their progress. In the event they were not complying and had become a danger to the community, they would be reported back to the defense attorneys and prosecutors, and the courts could bring these people back in and possibly put them in a more restrained environment.

CHAIR RAGGIO:

What is the cost of the amendment?

MR. GRAHAM:

It is less than \$139,000 a year for both programs, not guilty by reason of insanity and guilty but mentally ill. I have a revised fiscal impact statement ([Exhibit M](#)) from Mr. Mike Chapman, Senior Program Analyst, Fiscal Analysis Division.

CHAIR RAGGIO:

Is there someone here from the Department of Health and Human Services to verify this information?

MR. GRAHAM:

They have asked me to act in their stead.

CHAIR RAGGIO:

I will close the hearing on S.B. 380. If we are ready to do so, I will take a motion on A.B. 567.

ASSEMBLY BILL 567 (1st Reprint): Revises provisions governing university schools for profoundly gifted pupils. (BDR 34-918)

SENATOR CEGAVSKE MOVED TO DO PASS A.B. 567.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

* * * * *

CHAIR RAGGIO:

I will recess the meeting at 10:32 a.m.

I will call the meeting back to order at 4:42 p.m. and open the hearing on S.B. 411.

SENATE BILL 411: Makes an appropriation to the Bureau of Family Health Services of the Health Division of the Department of Health and Human Services to fund diagnostic clinics for fetal alcohol syndrome. (BDR S-1183)

SENATOR MAGGIE CARLTON (Clark Senatorial District No. 2):

I serve on the Maternal and Child Health Advisory Board and co-chair the Perinatal Substance Abuse Committee of that body. We were discussing how these fetal alcohol syndrome diagnostic clinics were done and realized that by doing them in a clinic atmosphere we could save money. We can do a diagnostic clinic for \$3,800, which is about half what it would take if the child had to go to the four different diagnosticians separately. We put all the professionals together in one place; they evaluate the child in the morning, and they sit down together and decide on a diagnosis in the afternoon. These clinics have been quite successful in southern Nevada, and we would like to expand the program. We currently have approximately 80 children on the waiting list whom we would like to get diagnosed and into treatment. As soon as we do this, the better off these children and their families will be.

CHAIR RAGGIO:

Is this an existing program?

SENATOR CARLTON:

Yes, in southern Nevada.

CHAIR RAGGIO:

Where would these clinics be established?

SENATOR CARLTON:

The bill would fund 25 clinics, 12 of which would be in Las Vegas and 8 in Reno.

CHAIR RAGGIO:

How did you come up with the cost?

SENATOR CARLTON:

We took the cost of the one clinic we are running now and multiplied it.

CHAIR RAGGIO:

Will \$101,169 fund 25 diagnostic clinics?

JUDITH WRIGHT, B.A. (Chief, Bureau of Family Health Services, Health Division, Department of Health and Human Services):

Yes, sir. That number also includes training for the providers in the north and travel funds for trainers.

CHAIR RAGGIO:

Please provide a breakdown of the costs to staff.

SENATOR BEERS:

This amount seems quite low. I do not understand how you can possibly do it. Is the money for utilities, materials or what?

SENATOR CARLTON:

We have a lot of volunteer help, the doctors are willing to work for almost nothing and the space is usually donated. It is done as a service to the children so we can get them diagnosed and into treatment. This is a labor of love.

Senate Committee on Finance
May 23, 2007
Page 23

SENATOR BEERS:

It sounds like a great program at a low price, but you need to convince us the price you have quoted is right.

SENATOR CARLTON:

I will provide an itemized list.

MS. WRIGHT:

I have a list of the providers at the existing clinic. They include a geneticist, a developmental behavior pediatrician, a neuropsychologist, two genetic counselors, a nurse, a psychological testing assistant and a clinical coordinator. The \$3,800 for the clinic covers all of those providers coming together to see a child.

SENATOR RHOADS:

Are you planning on putting any of these in rural Nevada in the future?

SENATOR CARLTON:

Yes. I would like to expand this program across the State.

SENATOR CEGAVSKE:

Do you work with the Area Health Education Center at all?

MS. WRIGHT:

We do, but not on this particular clinic.

SENATOR CEGAVSKE:

That might be another avenue, especially when we do the First Lady's Healthcare Conference.

SENATOR BEERS:

On page 1, line 13, what is the significance of September 18, 2009?

SENATOR CARLTON:

I do not know.

MR. GHIGGERI:

That is the customary reversion language that we include in all bills.

CHAIR RAGGIO:

I will close the hearing on S.B. 411 and open the hearing on S.B. 376.

SENATE BILL 376 (1st Reprint): Requires the Division of State Parks of the State Department of Conservation and Natural Resources to prepare a comprehensive outdoor recreation plan for a certain designated area. (BDR S-1009)

SENATOR WARREN B. HARDY II (Clark Senatorial District No. 12):

This bill requires the Division of State Parks, Department of Conservation and Natural Resources, to prepare a comprehensive outdoor recreation plan for certain areas. I was approached by a Las Vegas all-terrain vehicle (ATV) group called Partners in Conservation (PIC) who had applied for federal grants to help improve wilderness areas such as the Logandale Trail System that ATV enthusiasts utilize. They found themselves ineligible for those grants

because Nevada does not have the recreation plan required. The original bill had a fiscal impact of \$2 million; it has now been limited to an appropriation of \$250,000. I have subsequently asked the groups involved to figure the minimum amount of money they would need to make some progress, and they brought it down to \$50,000.

CHAIR RAGGIO:
What could they do with \$50,000?

SENATOR HARDY:
The focus would be the Logandale Trail System, which is the best ATV trail system in southern Nevada, and Whitney Pockets, which is between Logandale Trail and Mesquite. I understand there is a friendly amendment from the Division of State Parks ([Exhibit N](#)) to help facilitate the necessary studies without the funding we had originally asked for. Mr. Weaver from the Division will be here later if you have questions about that amendment.

RANDY ROBISON (Partners in Conservation):
The two areas to be focused on would be a pilot project; PIC would do a master plan for recreation in those two small areas to get a better idea of the actual cost and issues of creating a master plan for the State. Whitney Pockets, for example, is an ad hoc recreational site with no designated camping sites, parking lots or trails.

CHAIR RAGGIO:
Where is that located?

MR. ROBISON:
It is in northeastern Clark County.

SENATOR HARDY:
It is a beautiful spot near the Arizona Strip area that the City of Mesquite has been endeavoring to develop as a recreation area. It is near the Devil's Sinkhole area, southeast of Mesquite and near Lake Mead.

MR. ROBISON:
With any amount of money, they could move forward with developing a master plan, identifying campsites and trails and designating facilities. This can then be used to apply for grants. Without funding, they may still be able to make some progress through the Division of State Parks, but it will be limited.

SENATOR HARDY:
There is significant federal funding available for these kinds of projects if we have a master plan.

CHAIR RAGGIO:
Are you saying federal funding is not available without some kind of master plan?

SENATOR HARDY:
That is the problem, yes. We need this recreation plan to access the grant process. The first thing on the application is, "Is this in conformance with your regional recreation plan?" Since we must answer "no" to that question, our applications are rejected.

CHAIR RAGGIO:

Is there any other funding available for this process?

SENATOR HARDY:

Partners in Conservation raises a significant amount of money, and some of the off-roading groups raise money. They have built the Logandale Trail System on a volunteer basis. The money they raise generally goes into improving the trails. The concern of the enthusiasts is that they have to divert that money for this purpose. It is perhaps penny-wise and pound-foolish, but it would take away from maintaining the trails that are currently there. There is not a penny of taxpayer dollars going into it. The Logandale Trail System rivals the Paiute Trail in central Utah, and that system is maintained by tax dollars. They do a phenomenal job.

SENATOR BEERS:

Have you provided a revised fiscal note?

SENATOR HARDY:

I have not. I have indicated they feel they could look at Whitney Pockets and Logandale Trails, since these are the two primary areas where we would be seeking federal grants. The amendment indicates the Division would help facilitate the preparation as a flow-through agency for the funding and provide technical advice. Their intention seems to be to work in cooperation with the PIC.

CHAIR RAGGIO:

I will close the hearing on S.B. 376 and open the hearing on S.B. 564.

SENATE BILL 564: Makes an appropriation to the Nevada Fire Safe Council for a wildfire threat reduction program. (BDR S-1468)

SENATOR JOHN J. LEE (Clark Senatorial District No. 1):

Last Session, the Nevada Fire Safe Council (NFSC) received \$1.5 million and was able to leverage it into \$4.3 million in projects. There are currently 66 Nevada communities that are at extreme or high risk for fire. In each project that the NFSC worked with a community, there is a matching provision of two to one. This helps the NFSC educate and get involved with communities to save their structures from wildfires.

ANDREW LIST (Executive Director, Nevada Fire Safe Council):

This bill would appropriate approximately \$1.9 million to the NFSC to continue our education and mitigation projects across Nevada. You do not have to look far to see how big the fire issue is in Nevada. Today's *Reno Gazette-Journal* reports a Type 2 wildfire burning on the Nevada-California border; the article says 300 acres, but it is now closer to 800 acres. The solution to what we are facing is in the same issue of the newspaper in an article titled, "Homeowners Are First Line of Defense Against Wildfire." What this article talks about is exactly what the NFSC does. We educate citizens about the importance of being aware of their surroundings in a wilderness-urban interface type of community. We also tell them the most important tools they have are in their own garages – a shovel, a pick, a ladder, tin snips and things like that.

We educate and we mitigate. The first component includes forming community chapters of concerned citizens who want to make their community fire-safe.

This can involve helping them find funding for community projects like creating a fuel break. We have currently organized 61 of these community chapters across the State, and we will adopt 6 new chapters at our next board meeting. We have more than 3,500 individual members who have contacted us to make their homes fire safe.

I have a report that will tell you how we used the money we received last session ([Exhibit O](#), original is on file in the Research Library). Page 3 of this report includes an executive summary of how the \$1.5 million was spent. It went into 28 communities where we treated 971 acres for wildfire, removed over 5,000 tons of biomass and installed 13 dry-hydrant systems. We matched that money with other granting entities, such as the federal government and home owners' associations, and came up with \$4.3 million. When you take out the money we paid for staff and overhead, our indirect rate is approximately 14 percent. We strive to put every dollar we can on the ground, which is where it belongs.

The money provided by this bill would be used to continue some of these projects, work on projects in newer communities and keep the NFSC going. We will continue to apply for grants to get money from other sources. We also receive money from the Nevada Division of Forestry and the U.S. Forest Service.

Page 11 of [Exhibit O](#) is titled, "Defensible Space as a Matter of Public Policy." This explains why it is important to spend money to create defensible space such as fuel breaks around communities. First of all, it saves lives. It has been shown that if firefighters have a safe place to work, they are less likely to perish in the fire they are fighting. Second, if you spend money to fight a fire before it starts, the fire is ultimately less costly to contain. If you have a community with a fuel break around it, it takes fewer firefighters to defend the community. Those resources can then be put on the fire front. The fire is smaller, and so is the bill for putting it out. Third, it is important for the environment. If there is a large brushfire that cannot be contained, especially in rural and central Nevada, it burns hotter and faster, and what comes back is a monoculture – nothing but cheat grass and pinion juniper. If we can contain those fires and make them smaller, we can save some of the last stands of native sagebrush and some of the native habitat.

I have two additional handouts: the NFSC newsletter ([Exhibit P](#), original is on file in the Research Library) and a brochure describing the work of the NFSC ([Exhibit Q](#)).

JANICE ROBERTS (Nevada Fire Safe Council):

I have been involved with the NFSC for about six years. I moved into pinion pines and sagebrush without knowing what was needed to protect my property. I happened to come across the NFSC, and they have been phenomenal in the education part in this community. Since then, I have become involved with the Council and have run many projects to make the community aware of defensible space. It is important that the community come together to protect their property and be committed. Fuel reduction is a mere fraction of the cost of fire suppression. The Council is much needed, and funding it is a win-win situation for the State.

GARY ZENINO (Chairman, Board of Directors, Nevada Fire Safe Council):

I would like to stress that the NFSC is a community-based effort to bring communities to take responsibility for protection of their communities. It has been very successful. If we can do this pre-suppression activity, it will ultimately reduce the cost of fires when they do enter the community. In Nevada, it is not a matter of if fires strike, but when, particularly in the northern part of the State. This bill will not only save the State money in the long run, it will save lives and property. As a native Nevadan, I am proud the Legislature was able to fund the NFSC two years ago, and we can show the good work we have done with that money since then.

GREG MCKAY (Chief, North Lake Tahoe Fire Protection District):

We strongly support S.B. 564. The NFSC has been an indispensable partner in this process from day one, with public education, securing additional funds and being a good collaborative partner that has cut through all levels of government.

CHAIR RAGGIO:

The Committee wants to tell you we thought the money we gave you last Session was well spent. You did a great deal with limited funding. In addition to the parts you quoted, I saw that the entire State is in a drought situation, so the potential for fire is very high this fire season. Our problem is, as you know, we have limited revenue this time, much less than we had anticipated even last fall.

MR. LIST:

I would just like to comment that the NFSC is audited every year by an outside auditor, a local certified public accountant firm, and there have never been any significant findings. Also, on all the projects we do, we put everything out to bid to secure the best possible price.

CHAIR RAGGIO:

We hope to be able to find some revenue for you. I will close the hearing on S.B. 564 and open the hearing on A.B. 580.

ASSEMBLY BILL 580: Revises provisions relating to the disposition of fees and administrative fines for certain licenses and titles relating to motor vehicles. (BDR 43-1417)

TROY DILLARD (Administrator, Compliance Enforcement Division, Department of Motor Vehicles):

This is a DMV-sponsored bill that is needed to implement our budget. It provides for reallocation of existing revenue sources from the account for the regulation of salvage pools, automobile wreckers, body shops and garages within the General Fund to the Motor Vehicle Fund. It further establishes the revolving account for the issuance of salvage titles within the Motor Vehicle Fund. The bill abolishes the account for the regulation of salvage pools, wreckers, body shops and garages.

CHAIR RAGGIO:

I believe this is consistent with the action taken by the Joint Subcommittee.

MR. DILLARD:

That is correct. This bill needs to be moved to facilitate the implementation of the budget that was passed.

CHAIR RAGGIO:

Therefore, there is no fiscal impact to this bill.

MR. DILLARD:

That is correct.

SENATOR RHOADS MOVED TO DO PASS A.B. 580.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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CHAIR RAGGIO:

We will not hear S.B. 250 this morning; it will be heard again in this Committee on Friday.

SENATE BILL 250: Makes an appropriation to the Adjutant General of the Office of the Military for the purchase of vehicles and equipment. (BDR S-1226)

I will open the hearing on A.B. 464.

SENATE BILL 464: Makes an appropriation to the Disaster Relief Account. (BDR S-1239)

This is an appropriation included in the budget. We heard it first on April 2, but we held the bill because staff indicated some adjustments might be necessary.

MR. GHIGGERI:

This measure, as recommended in the *Executive Budget*, would have provided for a General Fund appropriation of approximately \$7.4 million. There is currently \$9.3 million in the account. The Governor has submitted a budget amendment to reduce the appropriation by \$6 million. There are two pending claims for payments in this account; those are to Lincoln County and the City of Caliente, and they will be coming to the June Interim Finance Committee meeting. If the Committee desires, it would probably be appropriate to reduce the appropriation amount by \$6 million. That would reduce this to approximately \$1.4 million.

CHAIR RAGGIO:

Is there some other funding that will come into this?

MR. GHIGGERI:

This account is replenished \$500,000 per quarter on interest earnings from the Fund to Stabilize Operation of State Government, better known as the rainy-day fund, in the budget as presented, except when the rainy-day fund was pretty well emptied during the 2003 Session.

CHAIR RAGGIO:

That appears to be adequate for any potential claim. If the Committee has no opposition, we could propose an amendment to amend the amount to \$1,427,042 and process the bill.

SENATOR CEGAVSKE MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 464 WITH THE STATED AMENDMENT.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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CHAIR RAGGIO:

I will open the hearing on S.B. 547.

SENATE BILL 547: Makes various changes regarding the management of the Public Employees' Benefits Program. (BDR 23-1414)

LESLIE A. JOHNSTONE (Executive Officer, Board of the Public Employees' Benefits Program):

This bill was originally introduced by the administration to establish the irrevocable trust fund for prefunding of retirement benefits for State retirees. On April 9, this Committee considered the bill and wanted to make some changes so the Public Employees' Retirement System (PERS) would be responsible for investing the funds.

CHAIR RAGGIO:

We initially had some concerns, but I understand the bill is now acceptable to the staff of PERS.

Ms. JOHNSTONE:

Yes. That was taken care of in S.B. 457, which sets up the mechanism within the retirement system for a separate investment board. Local government was the main focus of that bill, but it also allows the State to invest through the same mechanism.

SENATE BILL 457: Provides for the creation, administration and investment of a trust fund for the management of certain retirement benefits provided by a local government. (BDR 23-736)

CHAIR RAGGIO:

Is any amendment to S.B. 547 required?

Ms. JOHNSTONE:

We have made some technical adjustments, which are detailed in this handout ([Exhibit R](#)). We have also included language to restrict board-member investments in the fund or like companies. There is also language to clarify the calculation of the employer subsidy. That would allow us to calculate the subsidy for all years of service across all public employers in Nevada and not limit the subsidy to a minimum of five years of service with any one employer. We have had some situations where individuals worked in different school districts, and not all of those years of service have counted.

CHAIR RAGGIO:

I am looking at section 4 of [Exhibit R](#). What is the purpose of the amendment here?

Ms. JOHNSTONE:

There are notes in the margin for all the changes. In section 4, the word "subsidies" was not defined. We changed it to offset a portion of the actual cost. In section 5, that is a wording to change to standardize the language throughout the bill. In section 8, subsections 1 and 2 are not needed now that the funds will be invested with the retirement system. Sections 9 and 10 have been deleted; they are no longer needed, with the passage of S.B. 457. In section 14, we have eliminated the investment officer. In section 17, subsection 2, we have added clarifying language for the calculation of the subsidy. On pages 10 and 11 of [Exhibit R](#), we have some suggested language that would help us clarify the intent of A.B. No. 286 of the 72nd Session, that the subsidy is applicable to retirees who join the Public Employees' Benefits Program at the time of retirement and through any reinstatement.

SENATOR TITUS:

Is there anything in this bill that prohibits investment in Darfur?

Ms. JOHNSTONE:

Not specifically. The investment criteria would be consistent with that followed by PERS, and they will be setting up those criteria.

SENATOR CEGAVSKE MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 547 WITH THE AMENDMENT PROPOSED IN [EXHIBIT R](#).

SENATOR BEERS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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CHAIR RAGGIO:

I will reopen the hearing on S.B. 376.

SENATE BILL 376 (1st Reprint): Requires the Division of State Parks of the State Department of Conservation and Natural Resources to prepare a comprehensive outdoor recreation plan for a certain designated area. (BDR S-1009)

STEVE WEAVER (Chief of Planning and Development, Division of State Parks, Department of Conservation and Natural Resources):

We have a proposed amendment to the bill ([Exhibit S](#)). Because this measure is not in the Governor's recommended budget, we cannot support it, though we do support its intent. We have several recommendations for technical changes that will clarify some potential issues regarding the possible role of the Division of State Parks and make the whole program more doable if it is approved.

In section 5, subsection 1, we recommend changing the first sentence as shown on page 2 of [Exhibit S](#) to give the county commissions of Clark and Lincoln Counties primary responsibility for the plan with the Division's help. We feel uncomfortable taking the lead role in this, since we would be usurping the counties' role in doing planning within their borders. We do have some expertise we would be glad to share.

We also recommend changing the term "comprehensive outdoor recreation plan" because the Statewide Comprehensive Outdoor Recreation Plan (SCORP) is an assessment policy plan. It is not the type of plan that would facilitate what they are trying to accomplish here. We recommend it be called instead a "regional outdoor recreation plan." We also recommend that section 5, subsection 1, include a description of the specific areas to be covered, since the language as it stands is vague.

We recommend replacing section 5, subsection 1, paragraph (a), with the language on page 3 of [Exhibit S](#). There are some sections of the SCORP that are pertinent to the intent of this bill, but most of it is not. It is not the type of plan that would facilitate what the bill is trying to accomplish.

We recommend deleting section 5, subsection 2, paragraph (b). We feel it would not be appropriate for the Division to usurp local authority and responsibility for implementing provisions outside designated State park boundaries.

Finally, in section 5, subsection 3, paragraph (b), subparagraph (1), we recommend changing the word "comprehensive" to "regional," in keeping with the change of the name of the plan.

CHAIR RAGGIO:

We will keep [Exhibit S](#) in the record and make note of the suggestions if the bill is processed.

Is there anything further to come before this Committee? Hearing none, I will adjourn this meeting at 5:41 p.m.

RESPECTFULLY SUBMITTED:

Lynn Hendricks,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: _____