

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-fourth Session
May 28, 2007**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:51 a.m. on Monday, May 28, 2007, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

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

STAFF MEMBERS PRESENT:

Gary L. Ghiggeri, Senate Fiscal Analyst
Cynthia Clampitt, Committee Secretary

OTHERS PRESENT:

Lorne J. Malkiewich, Director, Legislative Counsel Bureau
Andrew Clinger, Director, Department of Administration
Al Bellister, Nevada State Education Association
Dan R. Reaser, National Vehicle Protection Association

CHAIR RAGGIO:

We will open the hearing on Senate Bill (S.B.) 131.

SENATE BILL 131 (3rd Reprint): Makes various changes regarding certain court fees charged by county clerks. (BDR 2-385)

This bill came back from the Assembly with amendments. I asked various committees having the policy issues to determine whether we should concur or not concur. A representative from the Senate Committee on Judiciary felt we should not concur at this time with Assembly Amendment 964 to S.B. 131.

SENATOR BEERS MOVED TO NOT CONCUR WITH ASSEMBLY AMENDMENT 964 TO S.B. 131.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Senate Committee on Finance
May 28, 2007
Page 2

CHAIR RAGGIO:

We will open the hearing on S.B. 314.

SENATE BILL 314 (2nd Reprint): Requires the provision of information concerning services that are provided at certain residential facilities. (BDR 40-1169)

I advised you that S.B. 314 was amended by Assembly Amendment 860 to include other facilities. The Chair of the Senate Committee on Human Resources and Education noted it is a policy matter and suggested we not concur.

SENATOR CEGAVSKE MOVED TO NOT CONCUR WITH ASSEMBLY AMENDMENT 860 TO S.B. 314.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will open the hearing on S.B. 461.

SENATE BILL 461: Makes an appropriation to the Legislative Fund for various projects of the Legislature and the Legislative Counsel Bureau. (BDR S-1206)

LORNE J. MALKIEWICH (Director, Legislative Counsel Bureau):

Senate Bill 461 contains all the one-shot appropriations for the Legislative branch of government in the *Executive Budget*. It was heard on April 4, 2007, in this Committee and an amendment was proposed indicating the construction projects contained therein would be bid and subject to prevailing wage, but otherwise the provisions of *Nevada Revised Statutes* (NRS) 338 would not apply ([Exhibit C](#)).

The bill includes appropriations of \$50,000 for reproducing out-of-print publications of *Nevada Reports* and *Statutes of Nevada* and \$1,551,912 for information technology (IT) projects. This IT appropriation was reviewed by the Legislative Commission's Subcommittee on Information Technology before being proposed to the Budget Committee. I was asked to look at the new pricing in effect and determined we can reduce about \$20,000 from this appropriation. Our amounts are set lower than those in the *Executive Budget* for the costs of computers because we have the choice of either using the Purchasing Division or looking for a better price elsewhere.

The third appropriation in this bill is \$3 million for advance planning for a new office building; the fourth is \$1,952,324 for the replacement of screens in the Legislative Chambers and miscellaneous construction and maintenance projects such as resurfacing and roof repair.

CHAIR RAGGIO:

Is this resurfacing for the top floor of the parking garage and the repair of the roof for the Sedway Building?

MR. MALKIEWICH:
That is correct.

CHAIR RAGGIO:
There are also problems with the front elevator lighting and sprinklers in the lobby area.

MR. MALKIEWICH:
All of those are part of minor maintenance projects and included in the last appropriation. In addition, there are two remodel projects, one for the accounting area to accommodate the proposed new Human Resources Unit. We are going to convert our Accounting Unit to a Human Resources Unit and remodel the Sedway Building to add some space to the library, some restroom space and expand the Sedway Building a little to give the Research Division more space.

CHAIR RAGGIO:
You will add 1,222 square feet?

MR. MALKIEWICH:
That is correct. It is not a lot of space, but there are needs for library space and access to restrooms. The Research Division is currently in five different buildings. This is an attempt to try to give them more space within the Sedway Building.

SENATOR COFFIN:
Will that be approximately 12,000 more square feet at the Sedway Building?
Does this include planning money?

CHAIR RAGGIO:
It is approximately 1,200 square feet.

MR. MALKIEWICH:
There are a couple of minor remodel projects. One is to add a little space to the first floor of the Sedway Building and one to remodel a small area on the first floor. The major advance planning money is for the new 70,000 square foot staff office building across 5th Street with a walkway to the Legislative Building. Since it would be adjacent to the Sedway Building, the Sedway Building would also have access through that building to this building and create a complex. This would be the advance planning money; we proposed to the budget Subcommittee construction money, but the Subcommittee thought a more prudent course would be to do just the planning money at this time.

SENATOR COFFIN:
How many biennia will it be before we need the staff space?

MR. MALKIEWICH:
We already have our programmers in offices where they cannot stand up without hitting their heads and research staff in five different buildings. We can use the space at any time. The benefit of this is we would not get rid of the Sedway Building, and we will probably have too much space, at first. We would move people into the new building. If we need to in the future, we could expand

back into the Sedway Building. The space freed up in the Legislative Building would help the Legislators.

SENATOR COFFIN:

The Sedway Building is pretty old; it was a bank for a long time. Would it be economical to knock it down at the same time the new building is built? They would not be harmonious. I gather you are trying to build a building across the street that would be harmonious with the Legislative Building and the other building on the Capitol Complex. Will it be harmonious with the other buildings in terms of height?

MR. MALKIEWICH:

Those are some of the questions we will be considering in planning. In general, you save a lot of dollars by making use of buildings and not knocking them down.

CHAIR RAGGIO:

Is there any further discussion? Hearing none, I will accept a motion to amend and do pass as amended S.B. 461.

SENATOR RHOADS MOVED TO AMEND AND DO PASS AS AMENDED S.B. 461, WITH A \$20,000 REDUCTION IN THE APPROPRIATION FOR INFORMATION TECHNOLOGY PROJECTS.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will open the hearing on S.B. 381.

SENATE BILL 381 (1st Reprint): Authorizes the Chairman of the State Gaming Control Board to allow abatements of certain license fees paid by certain gaming licensees. (BDR 41-1130)

We have been considering S.B. 381 for some time. It authorizes the Chairman of the State Gaming Control Board to allow abatements for a certain tier of licensees, to be effective in the next biennium with certain requirements, including the reinvestment of the money into improvements. What is the Committee's pleasure?

SENATOR BEERS:

While there is an impact to State government in the abatement, there quite likely will be a recovery of that abatement through stimulated economic activity in Nevada's smaller cities and counties.

SENATOR BEERS MOVED TO DO PASS S.B. 381.

SENATOR RHOADS SECONDED THE MOTION.

SENATOR COFFIN:

We heard from the testimony of the Gaming Control Board that the fiscal note on this would be \$20 million. I was approached today by lobbyists for this bill who offered to help me get my National Guard and Reserve appropriation bill through. They showed me a fiscal note on my bill which would cut the payment for the Guard and Reserve 90 percent; they would reduce my bill by 90 percent. The implication seemed to be that it would allow us to be able to afford to give these small gaming establishments their money. I told them Memorial Day was not a good day to talk to me about cutting benefits to these families.

To me, it is poisonous now. I cannot support this bill.

SENATOR TITUS:

I am not in favor of the bill, but to give the full Senate an opportunity to vote on it, I will vote to pass it out of Committee. I will not vote for the bill on the Senate Floor.

CHAIR RAGGIO:

I will vote with the same commitment as Senator Titus.

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

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Senate Bill 381 will be recommended for do pass with the comments as indicated. We will close the hearing on S.B. 381.

SENATOR TITUS:

Is there a way to pass this to the Senate Floor without recommendation?

CHAIR RAGGIO:

It can be done. At this point, we have a 5-2 vote to pass it out to the Senate Floor. It can be voted out without recommendation.

SENATOR TITUS:

That is what I would prefer. How can we do that?

CHAIR RAGGIO:

You can move to rescind the action we just took and make another motion.

SENATOR TITUS MOVED TO RESCIND THE ACTION TO DO PASS PREVIOUSLY TAKEN ON S.B. 381.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION FAILED. (SENATORS BEERS, CEGAVSKE, MATHEWS, RAGGIO AND RHOADS VOTED NO.)

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SENATOR COFFIN:

Will you accept discussion and a motion on S.B. 116, the National Guard and Reserves bill?

CHAIR RAGGIO:

We will open the hearing on S.B. 116.

SENATE BILL 116: Provides for a bonus to be paid to certain members of the Nevada National Guard and the Reserves called to duty to combat terrorism. (BDR 36-13)

Senate Bill 116 was introduced by Senator Coffin and others.

SENATOR COFFIN:

We had a hearing on this bill in early March. When I introduced the bill at that time, it was already in an amended form because I had taken the position of allowing people who might feel a conflict in receiving benefits to donate their money to the USA Patriot Act relief fund, which stays in this version. However, this new version on which the fiscal impact does not change, is in [Exhibit D](#). It would provide the same rewards to the folks who have served us, but it would not take it from the General Fund or the Highway Fund; it would take it from the Fund to Stabilize the Operation of State Government, better known as the rainy-day fund.

We have been sitting on about \$270 million for a few years. If there ever was a rainy day for anybody, it was for those folks with the children, husbands and wives who have been called back to duty. Last Session, I tried to get a vote in Committee and failed, but we did have a vote the last day of the Session to tag it onto the \$300 million vehicle registration rebate. I tried to take \$20 million out through an amendment. The amendment failed.

Two years later, I think the sentiment of the Legislature has changed and there is a majority of votes on the Senate Floor to pass this bill. I would appreciate a yes vote to move it out. It will not affect discussion in which a lot of money has been carved out and saved for General Fund operations. We have been saving money for a rainy day. We have had budget cuts due to shortfalls and never used this money.

This would amount to about 10 percent of the rainy-day fund. I did not intend to bring this up today, but, after what happened on the previous bill, I felt it was my duty to do it today, Memorial Day. If there is any other way to show our appreciation for the work, sacrifice and lives lost, I would be willing to entertain it.

SENATOR BEERS:

Did we not wipe out the rainy-day fund subsequent to the tragedy of September 11, 2001?

CHAIR RAGGIO:

We did. Senator Coffin is referring to the fact that we have reestablished the rainy-day fund. What is the amount currently in the fund?

SENATOR COFFIN:

We had a discussion in Committee. The Chair asked Mr. Andrew Clinger, and he thought it was \$177 million; our staff said it was around \$270 million.

ANDREW CLINGER (Director, Department of Administration):

It is \$270 million.

CHAIR RAGGIO:

That does not include what is contemplated to be added for other purposes, does it?

SENATOR BEERS:

The fiscal note is incomplete, because this would be taxable income to the recipients. For most of these people, who have fewer than 20 years in, we would have to pay Medicare. I do not know whether there is a Public Employees' Retirement System (PERS) impact. If our National Guard does not participate in PERS, it would be subject to social security.

CHAIR RAGGIO:

Would an employer contribution be required?

SENATOR BEERS:

Yes, but I do not know whether the National Guard members are exempt from PERS or social security.

SENATOR COFFIN:

I am going on the full fiscal note prepared by the Office of the Military, which has had two years to work on it. I do not know the number of people who work for the State. It is a bonus; it is not going to be part of pay.

SENATOR BEERS:

Federal law says it is.

SENATOR COFFIN:

It would be taxable, but it is not part of their State pay.

SENATOR BEERS:

I do not see how it is not.

SENATOR COFFIN:

We can withhold social security, but I think it is up to the taxpayer. If you feel we need to withhold for Medicare, I will be glad to accept an amendment.

SENATOR BEERS:

It is not up to the taxpayer.

SENATOR COFFIN:

If you want to withhold an amount and pass it so it nets out to the same thing, I would be willing to accept an amendment.

SENATOR BEERS:

Under tax law for bonuses, it is called supplemental withholding. They apply a flat percentage, or a person can opt to use a couple of other methods available. I would be more comfortable with an updated fiscal note and perhaps an amendment to accommodate the tax implications to both the State and the recipients.

SENATOR COFFIN:

This issue is not so significant that it should hold up the bill. I think these people will take this money any way they can get it. They would be happy and willing to pay their taxes and pay their share of Medicare and social security if

necessary. If the Committee processes the bill and there is determined to be some cost to the State over and above what the Office of the Military and our Legal Division ascertained, I would be willing to reduce the total amount of the appropriation so the State is held harmless. I think the cost to the State would be minimal, in any event. It is a small price for the State to pay, considering some of these kids will not be coming back to collect on Medicare.

CHAIR RAGGIO:

We should determine any potential additional fiscal impact, taking into account Senator Coffin's proposal to amend the bill for those purposes.

We will close the hearing on S.B. 116 and open the hearing on S.B. 166.

SENATE BILL 166: Requires payment of increased salaries to certain school employees holding national certification. (BDR 34-1149)

Senator Mathews introduced this bill. An amendment proposed by Mr. Al Bellister, Nevada State Education Association, would increase the fiscal impact to more than \$500,000 in the next biennium. Based on what is going on with proposed settlements on the Distributive School Account (DSA) and related items, the request ought to be considered, but at the next session. There is some interest in covering librarians.

AL BELLISTER (Nevada State Education Association):

We have information from the Department of Education that six librarians have currently earned their certificates. There are currently 360 librarians statewide.

CHAIR RAGGIO:

Do we know the cost of adding the librarians? I thought it was \$18,000 in FY 2007-2008 and a little over \$18,000 in FY 2008-2009.

MR. BELLISTER:

That is correct.

SENATOR COFFIN:

The librarians were excluded from the 5-percent bonus for at-risk positions a couple of sessions ago. Have they been brought back into the category of people receiving the 5-percent bonus for serving at at-risk schools?

MR. BELLISTER:

There is no 5-percent bonus for serving in an at-risk school; there is a 20-percent service credit for serving in an at-risk school. Senate Bill 166 pertains only to those licensed employees who have earned national certification. Librarians have been excluded by virtue of the fact that the current statute reads "teachers," and the word "teacher" has been narrowly defined not to include a librarian or certain other specialists.

SENATOR COFFIN:

We have made an egregious error in taking the 20-percent service credit potential from the librarians. They are teachers. My sister-in-law was a librarian in an at-risk school. She was stabbed with a knife and nearly died. She ultimately had to retire and is still disabled today. Librarians have been excluded as if they are not real teachers. How many librarians would qualify for this bonus?

MR. BELLISTER:

All 360 librarians Statewide would become eligible if this bill is amended as proposed, and if they earn national certification. Six librarians have currently earned national certification.

CHAIR RAGGIO:

I will entertain a motion to amend S.B. 166 by adding librarians to the eligibility list.

SENATOR MATHEWS MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 166.

SENATOR COFFIN SECONDED THE MOTION.

MR. GHIGGERI:

Mr. Bellister's amendment would include those in basic support.

MR. BELLISTER:

That is correct.

MR. GHIGGERI:

I recommended the inclusion of that cost in basic support be deferred to July 1, 2009. Otherwise, staff would have extreme difficulty recalculating the DSA basic support amount at this time. We would have to add the funding for those currently qualified. Staff recommends funding as currently funded at \$18,000 a year, it be added to the appropriate budget account, and, beginning July 1, 2009, it be added to the basic support.

CHAIR RAGGIO:

We will have to do that. Would it be included in your motion?

SENATOR MATHEWS:

Yes, it can be included.

CHAIR RAGGIO:

Is it acceptable to the second?

SENATOR COFFIN:

Yes, it is acceptable.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will recommend S.B. 166 for amend and do pass. I suggest we leave it at that level for the rest of the session so we do not jeopardize passage of the bill.

We will open the hearing on S.B. 331.

SENATE BILL 331: Makes an appropriation to the Nevada System of Higher Education for support of research and other activities concerning energy.
(BDR S-318)

This is Senator Coffin's bill. We heard this on April 6, 2007. There was a proposed amendment to provide the Department of Conservation and Natural Resources with the ability to make grants to the Nevada System of Higher Education (NSHE) for the support of research and development concerning the reduction, reclamation and conversion of solid waste. How will that amendment affect the current distribution of funds?

SENATOR COFFIN:

The bill has been reworked to reduce the fiscal note to zero by adding a paragraph to NRS 444A.110, section 2. It would add subsection (k) to subsection 2 of section 2, and would allow the Division of Environmental Protection to make grants to the NSHE for the support of research and development concerning the reduction, reclamation and conversion of solid waste.

CHAIR RAGGIO:

That does away with a requested appropriation. Is that agreeable to the Senator who has introduced this request?

SENATOR COFFIN:

Yes, it is.

SENATOR COFFIN MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 331 WITH AMENDMENT 4186.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The bill will be recommended for amend and do pass. We will open the hearing on S.B. 540.

SENATE BILL 540: Revises provisions governing the system of public education in this State. (BDR 34-113)

We heard this bill earlier and reviewed the proposed amendments. Senator Cegavske has been discussing this with members of the Assembly Committee on Education. Are we able to process the measure now? Are there other amendments?

SENATOR CEGAVSKE:

An amendment is being discussed in the Assembly and I am hoping to receive a response today. We will be meeting again.

CHAIR RAGGIO:

We will open the hearing on S.B. 229.

SENATE BILL 229 (1st Reprint): Provides for the registration and regulation of warrantors of vehicle protection products and related sellers and warranty administrators of such products. (BDR 57-1137)

DAN R. REASER (National Vehicle Protection Association):

Senate Bill 229 remains before you and it has not yet gone to the Assembly. It was introduced on March 7, 2007, and amended and unanimously approved by the Senate Committee on Commerce and Labor. It came to this Committee for review on May 14, 2007, with regard to a fiscal note. The Deputy Commissioner of the Division of Insurance submitted a memorandum indicating the increase in fees from \$250 to \$1,000 resolved the fiscal note issues.

There may be some residual concern about this bill at the substantive level, in particular with regard to consumer protection. It is important for the Committee to know the Senate Committee on Commerce and Labor reviewed it at length. In the first reprint of the bill, section 16, subsection 3, all the consumer protections accorded and the authorities of the Commissioner of Insurance are incorporated. Additionally, by the enactment of this bill, the Trade Practices Act under NRS 598 would become available remedies. There should not be any abiding consumer-protection issues.

If the bill does not get processed, the issue presented will be a dispute as to whether this is a regulated product or not. It is the view of my firm that it is not a regulated product. The Deputy Commissioner of the Division of Insurance would like it to be a regulated product. If it is not, there will be no consumer protections. This is an appropriate piece of legislation and has been endorsed by a number of other states. You will not be out on the front edge of a new regulatory scheme.

CHAIR RAGGIO:

If we want to do something, we will need a motion to rescind our previous action.

SENATOR COFFIN:

There was no vote; there was a motion, but no vote because you held it.

CHAIR RAGGIO:

There was a motion to indefinitely postpone, and it passed unanimously. First, there was a vote to do pass, and it failed.

SENATOR RHOADS MOVED TO RESCIND THE PREVIOUS ACTION
MADE ON MAY 26, 2007, TO INDEFINITELY POSTPONE S.B. 229.

SENATOR COFFIN SECONDED THE MOTION.

SENATOR TITUS:

I object to the motion.

THE MOTION FAILED. (SENATORS TITUS, CEGAVSKE, BEERS AND
MATHEWS VOTED NO.)

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Senate Committee on Finance
May 28, 2007
Page 12

CHAIR RAGGIO:
There being no further business, the meeting of the Senate Committee on Finance is adjourned at 9:36 a.m.

RESPECTFULLY SUBMITTED:

Carolyn Allfree,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE:_____