

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-fourth Session  
April 2, 2007**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:11 a.m. on Monday, April 2, 2007, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

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

**GUEST LEGISLATOR PRESENT:**

Senator Randolph J. Townsend, Washoe County Senatorial District No. 4

**STAFF MEMBERS PRESENT:**

Jeffrey A. Ferguson, Program Analyst  
Gary L. Ghiggeri, Senate Fiscal Analyst  
Larry L. Peri, Principal Deputy Fiscal Analyst  
Anne Vorderbruggen, Committee Secretary

**OTHERS PRESENT:**

Daniel J. Klaich, Executive Vice Chancellor and Chief Operating Officer, System Administration Office, Nevada System of Higher Education  
James Richardson, Ph.D., NV Faculty Alliance  
Renee Parker, Chief of Staff, Office of the State Treasurer  
Marvin Leavitt, Chairman, Committee on Local Government Finance  
John Sherman, Washoe County  
Mike Alastuey, Committee on Local Government Finance  
Dana Bilyeu, Executive Officer, Public Employees Retirement System  
Amy Roukie, Administrative Services Officer, Health Division, Department of Health and Human Services  
Tim Tetz, Executive Director, Office of Veterans' Services  
Dino DiCianno, Executive Director, Department of Taxation  
Andrew Clinger, Director, Department of Administration  
Randal Munn, First Assistant Attorney General and Legislative Liaison, Office of the Attorney General

**CHAIR RAGGIO:**

Before we begin the agenda, staff has some information for the Committee. The Governor has requested all agencies to reduce their budgets, particularly in the areas of proposed enhancements. It would be helpful for us to understand the ramifications of the revenue projections and other requirements of the budget.

Mr. Ghiggeri will give us a report on what the General Fund balance is likely to be and the anticipated amounts which may not be available for the budget.

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

I have distributed to the Committee a sheet titled "General Fund Balance, Fiscal Years 2007 through 2009" ([Exhibit C](#)).

CHAIR RAGGIO:

This is the best estimate we have at the moment.

MR. GHIGGERI:

This list provides information on a cumulative basis for fiscal years (FY) 2006-2007, FY 2007-2008 and FY 2008-2009. The shaded areas on [Exhibit C](#) are where we anticipate adjustments from the Governor's recommendations in the *Executive Budget*. The first adjustment is noted under the Revenues line item. This is an unofficial General Fund revenue reprojected. The Economic Forum will be meeting May 1, 2007, to reproject General Fund revenues. [Exhibit C](#) reflects an estimated reduction of \$4.6 million in FY 2006-2007, an estimated reduction of \$12.1 million in FY 2007-2008 and \$18.5 million in FY 2008-2009. This results in a total reduction of approximately \$35.3 million in General Fund revenue.

CHAIR RAGGIO:

That is largely as a result of what? Is it sales tax?

MR. GHIGGERI:

It is sales tax. The reduction would be greater this fiscal year had the Office of the State Treasurer not reprojected increased revenues from interest income and unclaimed property. The fees from the Office of the Secretary of State are projected to decrease from the Economic Forum's projection. The Modified Business Tax is also projected to show a slight decrease.

CHAIR RAGGIO:

These are anticipated numbers which will probably be reflected in the next Economic Forum. The indications are the reduction in the General Fund revenue projections over the period from FY 2006-2007 through FY 2008-2009 will be more than \$35 million.

SENATOR BEERS:

Is this is a \$35 million reduction to an increase of hundreds of millions of dollars?

MR. GHIGGERI:

That is correct.

MR. GHIGGERI:

The next shaded line on [Exhibit C](#) is Projected Increase/Reduction to DSA Reversion. We are projecting a slight increase of approximately \$1.5 million to the General Fund reversion from the Distributive School Account (DSA) this fiscal year. That increase is due to a projected reduction in spending. However, there is an approximate \$8 million supplemental appropriation to the DSA which will be considered this Session. The supplemental appropriation is for retired employees' group insurance.

Under the Appropriations/Transfers heading on [Exhibit C](#), budget amendments received through last Friday, March 30, total \$10.2 million: \$1.7 million in FY 2006-2007, approximately \$4.8 in FY 2007-2008 and approximately \$3.6 in FY 2008-2009.

CHAIR RAGGIO:

This means, as of the end of March, an additional \$10.2 million was added to the budget as necessary expenditures according to the Governor.

MR. GHIGGERI:

The next shaded line is Increase Funding Required for DSA. This is primarily due to the reduced projection for the Local School Support Tax. The reduction is approximately \$45.6 million in FY 2007-2008 and approximately \$35.5 million in FY 2008-2009 for a total of \$81.1 million for the biennium.

CHAIR RAGGIO:

That is \$81 million which will not be received from local tax for DSA purposes and, therefore, \$81 million more than what was anticipated would be required to fund the DSA.

MR. GHIGGERI:

The last shaded line on [Exhibit C](#) is the increased funding for utility inflation. We are considering this as an appropriation to the Interim Finance Committee (IFC). The increase is based on a 5-percent increase in FY 2007-2008 for electricity, an additional 5-percent increase in FY 2008-2009 for electricity and a 2.5-percent increase each year in natural gas and other heating fuel. This would create a need of approximately \$3.7 million in FY 2007-2008 and \$7.8 million in FY 2008-2009 for a total need of \$11.6 million. This number was provided by the Budget Division. The Fiscal Analysis Division's number is within \$200,000 dollars of this number.

These adjustments result in a total need of approximately \$136.6 million over the three-year time span.

CHAIR RAGGIO:

What is the difference for FY 2006-2007?

MR. GHIGGERI:

The difference in FY 2006-2007 is approximately \$4.8 million.

CHAIR RAGGIO:

About \$131 million previously contemplated for available expenditures now needs to be cut from the *Executive Budget*. This exceeds the amount the Governor requested State agencies cut from their budgets last week. There are a number of bills in our Committee and in the Assembly Committee on Ways and Means which are not funded in the *Executive Budget*. This is a large amount which has to be considered when we deal with the revenues that are going to be available for all State purposes.

SENATOR BEERS:

My calculations show our revenue now is dropping to a 5.2-percent increase in tax revenue forecast for the first year of the biennium and a 6.8-percent increase forecast for the second year of the biennium. It sounds more like we have a spending problem than a taxation problem.

SENATOR COFFIN:

Does the budget still propose to put \$34 million in the Fund to Stabilize Operation of State Government (rainy-day fund)?

MR. GHIGGERI:

The Governor has recommended a \$36 million appropriation in FY 2008-2009 for the rainy-day fund. The only adjustments to the Governor's recommended spending plan are those notated on [Exhibit C](#).

SENATOR COFFIN:

We do not have to do that. What is the balance of the rainy-day fund?

MR. GHIGGERI:

The balance is somewhere between \$270 million and \$300 million.

SENATOR COFFIN:

Does the Governor think the downturn in revenues is going to last more than two years?

MR. GHIGGERI:

I cannot speak for the Governor.

SENATOR BEERS:

The rainy-day fund is onetime funding. We would be irresponsible if we were to take that money and put it into ongoing expenses.

SENATOR COFFIN:

The Governor's press release stated transportation construction, child welfare and K-12 education would not be impacted by the budget reductions. The more things exempted, the harder the hit is on those that are not exempt. That is why I do not think we should rule out tapping the rainy-day fund.

CHAIR RAGGIO:

These are recommendations from the Governor. The Committee needs to be aware of what the actual numbers appear to be at this time. The Governor has requested agencies other than those he exempted to look at cutting approximately two-thirds of their enhancements.

We will now go to the agenda and open the hearing on [Senate Bill \(S.B.\) 370](#).

**[SENATE BILL 370](#)**: Revises the eligibility requirements for a Governor Guinn Millennium Scholarship for students who have completed a certain number of credits. (BDR 34-301)

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

The purpose of [S.B. 370](#) is to start a discussion about the problems facing the Millennium Scholarship program. The first is the lack of funds for the program which was initiated by the Governor a number of years ago. The second issue is an attempt to meet workforce requirements.

The goal of this bill is to not just start a dialogue but to emphasize the three important components. They are predictability, sustainability and workforce development. The Committee has received copies of a memorandum dated

March 17, 2007, from Program Analyst Jeff Ferguson ([Exhibit D](#)) which lays out what will happen if the bill is implemented as presented.

Attachment A to [Exhibit D](#) discusses when the number of Millennium Scholarships, under the proposal, would start to reduce the outlay of funds which would be approximately 50 percent by 2012. Attachment B to [Exhibit D](#) compares the original trust fund projections with projections based on the provisions of S.B. 370 from 2007 through 2017. Attachment C provides details of the Treasurer's projected trust fund balance calculations based on this bill from 2007 through 2017. I will read from page 2 of Mr. Ferguson's memorandum:

Please keep in mind that these projections are based on the most recent tobacco revenue projections provided by Global Insight and assume no change in the annual transfer of \$7.6 million from the Unclaimed Property Trust Fund to the Millennium Scholarship Trust Fund. (The Governor recommends increasing the transfer by \$2.8 million annually and there is concern tobacco monies may be less than projected.)

Based on that and what you heard earlier in this meeting, this discussion is important and timely.

I worked with the Nevada System of Higher Education (NSHE) on the mechanics of allowing individuals to finish their first 30 units before choosing their major. There are a number of bills to change the requirements. The NSHE helped me put together the mechanics of how best to make this work so there is no additional cost. The NSHE will be recommending a portion of the savings be allowed for only the highest level of achievers so they can choose the course work they think is appropriate. This gives our best and brightest a chance.

A recommendation was made in the Senate Committee on Human Resources and Education to set aside a portion of the savings for individuals who need help with books, laboratory fees and a number of other associated fees.

DANIEL J. KLAICH (Executive Vice Chancellor and Chief Operating Officer, System Administration Office, Nevada System of Higher Education):

Last week, we worked with a subcommittee of the Senate Committee on Human Resources and Education, chaired by Senator Cegavske, with respect to a number of these bills. In that meeting, we emphasized the goals were sustainability and predictability of the scholarship. We understand the workforce development on which we have worked with both Senators Cegavske and Townsend.

The only thing not in S.B. 370 which we stressed last week is reconstructing the scholarship to the desired extent. We would urge a tier be left at the top for the best and brightest students regardless of their major. We understand this will involve both policy and fiscal questions and that the scholarship needs to be ratcheted down and we support that.

SENATOR TITUS:

Page 2 of S.B. 370 lists the major fields of study a student must be enrolled in to be eligible for a Millennium Scholarship after they have completed 30 credits. I realize we are trying to aim this toward the needed workforce. You have listed

engineering, mathematics, physical science, biological and agricultural science, health science, computer science, education, business, construction science, mental health and social work. As a representative of the NSHE, do you see no merit in the liberal arts for finding a job? Why is that not on this list?

MR. KLAICH:

The sponsor of the bill might be better able to respond to your question.

SENATOR TITUS:

You are representing the NHSE and you said you supported this bill.

MR. KLAICH:

I understand. That is why I am indicating we think there should be a tier for the best and brightest students regardless of their major. We would prefer to leave the scholarship as it currently is, but we understand the funds are limited and if we do not do something, the funds will run out. As the primary goal of the NSHE, sustainability is critical. I have had conversations with a number of the Regents. They have indicated many of the best and brightest CEOs come from liberal arts and critical thinking is a process of learning. This is an issue which has come up in every Millennium Scholarship bill. We are trying to reduce the impact to the extent possible for the students who are receiving the scholarship.

SENATOR TITUS:

With bills like this, you are narrowing the Millennium Scholarship to students who will receive other scholarships. The best and the brightest will receive all the available scholarships because they will qualify for them. Soon, the best and brightest will have all the other scholarships plus the Millennium Scholarship. The young people who were intended to benefit from the scholarship when Governor Guinn put it in place will have nothing. They are the middle range of pretty-good students with a chance to make something of themselves who cannot afford to go to college.

SENATOR CEGAVSKE:

We spent quite a bit of time discussing this issue in the Subcommittee of the Senate Committee on Human Resources and Education. We combined three or four bills into one bill which will be available for everyone to consider.

The issue I have is the scholarship was supposed to be funded with the tobacco-settlement funds. That is what we promised the people and told everyone the source of funding was to be. I asked staff to run a chart for me. They showed me three scenarios. One is if the tobacco-settlement funds were reduced by 10 percent and one is if there were an 18-percent reduction. We are now using General Funds. We made a promise and a commitment the scholarship fund was to be funded with the tobacco-settlement money. We need to be mindful of the promises we made.

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

In conjunction with the Office of the State Treasurer, we created three different scenarios. The first scenario was if the tobacco revenues come in as they have been projected. The second scenario was if the tobacco revenues were reduced by 10 percent and the third scenario was if the tobacco revenues were reduced by 18 percent. There are a number of reasons we think the tobacco monies will come in a little less than their historical projections. We will know more about

that on April 15 which is the day we should receive the tobacco-settlement money. We do not know what that will be until we receive the money.

I have not provided these scenarios to everyone. If you would like copies I will provide them. Assuming the tobacco-settlement funds come in as projected, and keeping the transfers from unclaimed property at \$7.6 million, the funds in the Millennium Scholarship trust fund will last until about 2023.

CHAIR RAGGIO:

When do the tobacco-settlement funds expire? Will you provide that information when it is available?

MR. FERGUSON:

If you add the additional \$2.8 million which will be discussed in S.B. 469, it would extend the funds to about 2061. That is assuming the tobacco monies come in as projected and it is doubtful they will.

**SENATE BILL 469**: Increases the amount of the annual transfer of money from the Abandoned Property Trust Fund to the Millennium Scholarship Trust Fund. (BDR 10-1415)

The second scenario is if the tobacco money is reduced by 10 percent. If you keep the \$7.6 million transfer from unclaimed property, the Millennium Scholarship Trust Fund will last until about 2018. If you were to add \$2.8 million, as proposed by the Governor, it would take it to about 2025.

The third scenario is assuming the tobacco money is reduced by 18 percent. In that case, leaving the transfers from unclaimed property at \$7.6 million, in FY 2009-2010 the trust fund will run out of money without the \$2.8 million. If you add the \$2.8 million, it will go to about 2021.

CHAIR RAGGIO:

Would you please provide a copy of that report to the Committee members?

MR. FERGUSON:

Yes, I will.

JAMES RICHARDSON, PH.D. (NV Faculty Alliance):

The Millennium Scholarship fund was proposed initially because we were all aware of the fact Nevada is one of the states with the lowest proportion of college-educated residents. We were trying to do something about that. It has been disturbing to those of us involved in higher education to watch the proportion of students eligible for Millennium Scholarships decreasing. Part of that is confusion plus the media coverage about financial problems with the fund. Many people think the fund is not going to be there and it will be difficult to get the money for those who are eligible. I realize you have some difficult decisions to make about maintaining the fund, but even the pessimistic figures presented here suggest the Millennium Scholarship fund is not going to disappear tomorrow. I hope the population of eligible students understands that and will continue to apply for these monies.

I appreciate the effort to direct the scholarship funds toward workforce development, but you are setting up a bureaucratic nightmare to try to monitor the students' majors. It is rather glaring that liberal arts are not listed; however,



if you do list liberal arts, you are back where you started. The major focus of this session ought to be maintaining the fund and figuring out ways to do that rather than trying to accomplish workforce development at the same time. Those are counter efforts. I would strongly urge, on behalf of the members I represent, that you do not leave out the liberal arts. There is a great deal of evidence people educated in liberal arts are in high demand. If you do leave this listing in the bill, I would strongly encourage you to add liberal arts.

CHAIR RAGGIO:

Does that not then put us back to where we currently are?

DR. RICHARDSON:

The College of Liberal Arts, at the University of Nevada, Reno (UNR), is the largest college. You would be telling over half of the students at the UNR they will not be eligible for the Millennium Scholarship in the future. On behalf of the members I represent, I would go on record saying that is a bad policy decision.

SENATOR CEGAVSKE:

It was my understanding, in talking to Senator Townsend, there were two key people, one from the UNR and one from the University of Nevada, Las Vegas (UNLV), who gave him the list of preferred courses. My bill, S.B. 52, is specific to the needs of teachers. We looked at special education, science and math and combined them. Those are the three areas which would get the supplies, books and materials. If this Committee would be willing, we could bring in my bill at the appropriate time and discuss the changes. Our Committee also recommended changes to S.B. 370.

**SENATE BILL 52**: Creates the Governor Guinn Millennium Teaching Scholarship Program and amends provisions relating to the Governor Guinn Millennium Scholarship Program. (BDR 34-43)

CHAIR RAGGIO:

How does the Nevada Scholars Program being proposed by the Board of Regents fit in with the Millennium Scholarship? Please tell us about the Nevada Scholars Program.

MR. KLAICH:

The Nevada Scholars Program does not fit in with the Millennium Scholarships. The Nevada Scholars Program is a program aimed at mentoring students at the highest level to qualify for prestigious awards like the Rhodes and Fullbright Scholarships.

SENATOR COFFIN:

This exclusionary process creates more problems than it solves. The problem is money and not the majors the students are taking. Business is included but not history. History can give an indication of how well our country is doing, since it appears most business and political leaders have not studied or remembered their history.

We knew there was going to be a problem using the grade-point average (GPA) as the criteria to get into college under the Millennium Scholarship. Inflation in GPAs occurred at the high-school level as more people crowded up and over 3.0 to receive the scholarship. We moved the target to 3.25 and I am sure we will continue to see GPAs inflate to meet that target at the high-school level. This



has had a deleterious effect on how grades are given in high school. Why do we not take the amount of money available in the fund and provide the scholarship to the top percentage of students to fit the available money? This is all about money so we should focus on what it would take to keep the plan alive, including all majors.

MR. KLAICH:

I agree, this is all about money. The Millennium Scholarship has held out great promise to many young people in Nevada and has allowed them to move on to one of our institutions of higher education. Sustainability of the scholarship is the most important goal. The concept of workforce development has emerged as a theme in preparing for this Session. It was not an original aim of the Millennium Scholarship, but to the extent we are called upon as a resource to assist in making the decisions, we are going to respond to the questions asked about workforce development.

The Millennium Scholarship was not established as a need-based scholarship. I would like to leave the scholarship alone, but I understand it has to be ratcheted down.

SENATOR COFFIN:

The creeping of GPA inflation and the scrambling for grades continues even into college. It is an inducement to cheating and collusion between professors and students. It is corrupting the system. Can we try to find a way to solve this?

MR. KLAICH:

I have no problem with what Senator Coffin proposes.

SENATOR MATHEWS:

I have a liberal arts major in my family with a degree in liberal arts journalism. He would not have qualified for the Millennium Scholarship under this scenario even if he was at the top of his class. He does not use journalism in his management position, but he uses the degree. When we were setting up the Millennium Scholarship, we paraded minority students before this Committee as the people who were going to be helped. They were not told what major they had to take or that they could not get a general studies degree.

RENEE PARKER (Chief of Staff, Office of the State Treasurer):

To answer your earlier question, the tobacco-settlement monies under the Master Settlement Agreement go on in perpetuity. The issue is we have been receiving a certain percentage less each year based on some of the provisions of the Master Settlement Agreement and some of the litigation.

SENATOR BEERS:

Between the increases in tuition and the changes we made in the Millennium Scholarship last Session, the scholarship now pays only one-half to two-thirds of a student's cost at the UNLV or the UNR. It is no longer a full-ride scholarship which it was when it was started.

CHAIR RAGGIO:

There being no further comments or questions, we will close the hearing on S.B. 370.

At this time, we will open the hearing on S.B. 457.

**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)

MARVIN LEAVITT (Chairman, Committee on Local Government Finance):

As one of their projects, the Committee on Local Government Finance has prepared S.B. 457. The attempt in preparing this bill is to provide a means to implement the Governmental Accounting Standards Board (GASB) Statement 45 which relates to the long-term liabilities associated with health insurance for retirees. This bill applies to local governments. Under the provisions of GASB 45, if assets held by a government to offset the liabilities are to be recorded and offset the liabilities, they have to be placed in an irrevocable trust. We have been in communication with the staff of the Governmental Accounting Standards Board and they have indicated a bill approved by the Legislature would be sufficient to guarantee this as an irrevocable trust. The trust would be established and the money held in the trust for the benefit of the beneficiaries who would be the retirees. The local government would create a board of trustees who would act as fiduciaries of the trust. The local government could, on an annual basis, or whenever they desire, place money in the trust, but it would not be required to do so. The trust would serve as the vehicle by which they could accumulate money to offset this liability. Contributions to the trust would be irrevocable. Once money is placed in the trust, it would be held only for the benefit of the beneficiaries and could not come back to the local government.

CHAIR RAGGIO:

How would they determine who the board of trustees will be? Is that a requirement?

MR. LEAVITT:

It is a requirement. The governing board of the local government establishes the board of trustees. We had considered trying to establish the composition of the board based on qualifications and positions held. However, when we considered the diversity of the local governments in the State, we decided anything in this regard might have to be done by regulation. The bill provides the Committee on Local Government Finance has the ability to establish regulations for the implementation of the provisions of the bill.

CHAIR RAGGIO:

As I understand the bill, these trust funds can be set up and have a board of trustees with the requirement that they are irrevocable. The funds can be pooled to provide the most effective method of investment and the securities would have to be approved by the Committee on Local Government Finance.

MR. LEAVITT:

That is correct. One of the concerns we had is if the money is going to be invested on a long-term basis at a rate to guarantee a reasonable growth over the years, there has to be something different than what we have normally allowed investments in by a local government. Those investments are short-term investments and are in government bonds which have a low-interest rate. The accumulation of money over a long term would be less than if they could be invested under the "prudent person" rule which expands greatly the type of investments in which they can be placed as well as the estimated return on the investments.

CHAIR RAGGIO:

Page 7 of S.B. 457 provides the investments are limited to 5-percent equity in any single entity.

JOHN SHERMAN (Washoe County):

I am a member of the Committee on Local Government Finance. That provision is an attempt to constrain the concentration of stock ownership a trust may have to less than 5 percent in a particular company.

SENATOR MATHEWS:

What is the "prudent person" rule?

MR. LEAVITT:

The term relates to the type of investments a prudent person would make. They normally go to equities, fixed-income securities such as bonds and real estate. They have a higher risk than federal government bonds but have a higher return over the long term. When monies are placed in a trust like this at the beginning of someone's career, the investment would be over a long period of time.

We had a concern about allowing local governments to invest in these types of instruments considering the range of local governments in the State. There could be some imprudent investments and some local governments are not of a size where they could have sufficient diversification. If a local government wants to invest on their own account without any approvals, they can invest in the instruments currently allowed by statute which are government bonds. If they want to go beyond that, there are three things they can do under the provisions of this bill. They can invest in a procedure set up with the Public Employees' Retirement System (PERS), in a long-term investment account with the State Treasurer or under a plan approved by the Committee on Local Government Finance which would consider the investment expertise and the proposed investments of the government making the plan.

In discussions with the staff of the PERS, they have contacted their counsels relating to taxes under the Internal Revenue Code. There are some concerns the provision in this bill relating to the PERS would jeopardize their tax-exempt status. We have discussed, with the Executive Director of the system, the possibility of a meeting among ourselves, the staff of the retirement system and the Legislative Counsel Bureau to see if that could be worked out. If it cannot be worked out, we would need to remove the PERS from the bill.

MR. SHERMAN:

The purpose of the bill is to be able to put assets in a trust fund that can be counted against the liability. This is the new GASB Statement 45 accounting rule. The bill also would allow the proceeds to be invested in a broader array of investment opportunities. One of the challenges we had in crafting this bill is Article 8, section 10 of the Constitution of the State of Nevada prohibits local governments from investing in stocks. We have crafted this bill so these trust funds are separate trusts solely for the benefit of the retirees and their dependents.

CHAIR RAGGIO:

I understand this bill is designed to meet the requirements of GASB Statement 43 and GASB Statement 45.

MR. SHERMAN:

That is correct. We have also put in this bill the requirement these trusts and their trustees must follow the public records laws, the Open Meeting Law and the Nevada Ethics in Government Law. There is also a prohibition of issuing debt to finance the liability.

CHAIR RAGGIO:

Does S.B. 547, which we have not yet heard, set up a similar fund for the State?

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

MR. GHIGGERI:

That is correct.

SENATOR BEERS:

Employees of the State government started participating in Medicare in 1987. By law, is that also true for local governments?

MIKE ALASTUEY (Committee on Local Government Finance):

Those same provisions applied across the board.

SENATOR BEERS:

In another 10 or 15 years, will 100 percent of our public employees be covered by Medicare?

MR. ALASTUEY:

That may or may not be true, depending upon the age of eligibility established in the threshold set by Medicare. However, there is typically a gap between the retirement age and Medicare eligibility. We do not know the level of Medicare coverage or the level to which that coverage would have to be supplemented by other insurance or a retired employees' health plan. There would always be some factor of actuarially-determinable liability. Medicare will not eclipse the need for accounting for this liability or the provision for some form of irrevocable trust by which such liabilities could be funded.

SENATOR BEERS:

Down the road, we could make it a matter of public policy that retirement for government workers would not be supported so much earlier than the private sector.

MR. ALASTUEY:

All those assumptions would have to come into play in the required actuarial assumptions. Every day a public employee is working at his or her desk, a liability is accruing under an assumption of how many employees would retire on a percentage basis, the age at which they would retire, the benefit level at which they would retire, the shared responsibility of the employer and employee, the duration for which the benefit would have to be in place and the inclusion of Medicare somewhere in the financial mix down the road. All of these assumptions would have to be periodically evaluated by an actuary, the overall unfunded liability estimated and the required annual contribution once again calculated and provided to the trustees and local government for purposes of their decision making.

SENATOR BEERS:

When was the last time there was a comprehensive legislative or interim committee that studied public versus private retirement systems, costs and concepts?

SENATOR MATHEWS:

If the State benefit package is changed and people are on Medicare only, there may be a large group of retirees without insurance if the federal government is now also considering reducing the Medicare benefits.

MR. LEAVITT:

This bill does not deal with the liability. It deals with the creation of a trust in which monies can be accumulated to offset the liability. A number of employees who retire from the State and local governments, under the provisions of the Public Employees' Retirement Act, are not eligible for Medicare for a number of years. This is particularly true in the public safety area where there is sometimes a 15-year gap or more when they are not eligible for Medicare. We do not know the total liability of all the local governments, but from some of the preliminary numbers we have seen, we would estimate that liability is in the billions of dollars.

CHAIR RAGGIO:

I understand this bill is to meet the GASB requirements to create the trust fund to provide the funding necessary to pay off these liabilities to the extent the funding is available for these liabilities. I do not see these collateral effects of the bill.

SENATOR COFFIN:

I served for four years on the Legislative Commission's Committee to Study the Public Employees' Benefits Program (A.C.R No. 10 of the 72nd Session). At the last meeting, I included a recommendation calling on the U.S. Congress to reduce the Medicare eligibility age to 62. That is the only program in this country which covers people for the remainder of their lives. That is needed for security. There still has to be a contribution from somewhere to pay for it. The cost is not eliminated. The PERS has provided me with information about previous court decisions regarding pensions. Once an employee is in the plan, they are in the plan forever. Would that not be true with all new employees?

MR. LEAVITT:

Regardless of what is done in the future, the liability is huge and it is not going to diminish. If we were to change the system now, we would have that liability for 50 or 60 years. We need a method to accumulate funds to offset the liability or when investors look at our bonds and financial statements and see this huge liability with no assets to offset it, they will be concerned. The rating on our bonds will change and we will have to pay higher interest costs.

SENATOR COFFIN:

We could continue to study this, but maybe we need to take some action. I am not sure this is the bill or the right way. On the other hand, it has been brought to us by experienced, knowledgeable people.

MR. SHERMAN:

This bill does not address how the liability is funded. It just requires we calculate the total liability and what the amount would be on an annual basis to

fund the liability. The accounting rule does not require the local government to make the annual payment. This bill mirrors GASB Statement 45.

MR. ALASTUEY:

This bill does not add, reduce or increase benefits. It does not affect the individual's ability to enroll or disenroll in any plan and does not require an appropriation. It simply sets a structure.

CHAIR RAGGIO:

The Committee has received a letter from Ms. Bilyeu dated April 2, 2007 ([Exhibit E](#)).

DANA BILYEU (Executive Officer, Public Employees' Retirement System):

Section 1 of S.B. 457 allows the retirement system to be one of the vehicles for purposes of investing the assets of the local governments. I think it is designed to attempt to use the power of pooling to assist in the compounding of interest over time. We sent the bill immediately to our tax counsel in Washington, D.C., as well as to our benefits consulting firm. Their response is summarized in [Exhibit E](#). Because the bill provides that the pool be a subaccount within the Public Employees' Retirement Fund, there is the potential to violate the Internal Revenue Code's exclusive benefit rule which requires the pension fund to be used for only one purpose.

CHAIR RAGGIO:

You have a tax-qualified plan and this pooling would potentially divert benefits to pay beneficiaries under other plans, and that is not allowed.

MS. BILYEU:

That is correct.

For tax qualification, the language has to be specific and reviewed by the Internal Revenue Service (IRS) as we have done with the pension fund. The pension fund has a tax-qualification letter. We achieved that in 2003 by submitting information to the IRS. This is the type of change in structure of the retirement act which would probably require us to have a new opinion related to our tax-qualification status because it is a change in the overall governing statute of the pension fund. Disqualification under the IRS carries dire consequences for the members and employers of the fund. We would be happy to talk to and work with everyone concerning this. However, if we cannot resolve those issues to the point where we are comfortable there will be no impact to the tax qualification of the overall pension fund, we would ask to be removed from the changes in statute proposed by S.B. 457.

CHAIR RAGGIO:

Is it your suggestion the PERS be excluded from participation in this fund?

MS. BILYEU:

That is correct.

CHAIR RAGGIO:

Will the sponsors of this bill consider this request and return to the Committee with any necessary amendments to the bill?

SENATOR BEERS:

Is S.B. 547 also plagued with this issue?

MS. BILYEU:

I have not reviewed S.B. 547. It is my understanding it does not concern the PERS at this point.

CHAIR RAGGIO:

There being no further testimony, we will close the hearing on S.B. 457 with a request you return promptly with the proposed changes.

At this time, we will open the hearing on S.B. 458.

**SENATE BILL 458**: Makes appropriations to the Department of Health and Human Services for computer replacement. (BDR S-1216)

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

Senate Bill 458 provides for the Health Division's replacement equipment in this one-shot bill. The equipment is for Budget Account (B/A) 3223, Health Division Administration, as well as B/A 3208, the Early Intervention Services program.

HHS - Office of Health Administration – Budget Page HEALTH-1 (Volume II)  
Budget Account 101-3223

HHS - Early Intervention Services – Budget Page HEALTH-93 (Volume II)  
Budget Account 101-3208

CHAIR RAGGIO:

The total amount of the requested appropriation is \$530,000. Funding in the amount of \$107,000 is recommended for the Office of Health Administration and \$422,000 is recommended for Early Intervention Services. Is it correct that a portion of the funding recommended for Early Intervention Services is related to new staff?

MS. ROUKIE:

The equipment is to replace equipment scheduled for replacement that was purchased as early as 2004.

CHAIR RAGGIO:

The Joint Subcommittees are looking at some of this. What were the concerns with this?

MR. GHIGGERI:

The supporting information we received from the Budget Division indicated the firewalls, servers and switches were related to decision units M-200 and E-251.

M-200 Demographics/Caseload Changes – Page HEALTH-95

E-251 Working Environment and Wage – Page HEALTH-96

CHAIR RAGGIO:

Is this equipment requested because new staff has been requested?



MS. ROUKIE:

That is not my understanding. Over time, our Division requires several of our budget accounts to provide equipment to maintain our network system, including servers, switches and firewalls. In the Office of Health Administration's budget, we have requested two servers, two switches and seven firewalls. This is for the Division's Internet and networking system for e-mail and interoperability within the system.

CHAIR RAGGIO:

Staff will work with you to confirm whether this is replacement equipment or if it is for positions which have not yet been authorized.

There being no further testimony or questions from the Committee, we will close the hearing on S.B. 458.

At this time, we will open the hearing on S.B. 462.

**SENATE BILL 462**: Makes an appropriation to the Office of Veterans' Services for the Veterans' Home Account. (BDR S-1227)

TIM TETZ (Executive Director, Office of Veterans' Services):

Senate Bill 462 is a onetime appropriation of a little over \$650,000 for repair of showers, replacement of carpeting, computers, a washer and dryer and some resident tubs. With the exception of the showers, these are all items we have on an annual rotation system.

CHAIR RAGGIO:

Why was the replacement of the showers not recommended as a capital improvement project?

MR. TETZ:

The need to replace the 21 showers was discovered after the Capital Improvement Program was initiated this Session.

CHAIR RAGGIO:

You are proposing to replace 18 of the small showers and 3 of the large showers. So much has gone on with the Veterans' Home, it gets to the point you wonder if anything is right.

MR. TETZ:

The people taking care of the place and the people we take care of are right. The building has plagued us. When originally built four years ago, the showers were built to code. At that time, there was no need for a shower pan within the showers. The current code includes a pan. We have to rip out all the tile and replace it with a pan to make them functional so they do not leak into the surrounding areas.

CHAIR RAGGIO:

Staff has noted the calculations for the shower replacement do not equate to the recommended funding. Please work with staff to correct that. Staff also indicates some ongoing maintenance costs are being recommended for funding with onetime funding.

MR. TETZ:

That has been the most confusing part of the State budget process. The washer and dryer, resident tubs and computers are all part of the rotation system and ongoing maintenance and replacement which has been approved in the past. In this Session, they are included as one-shots and enhancements, depending upon the budget account.

CHAIR RAGGIO:

Would you please make arrangements to get together with staff to clarify these items? There being no further testimony on S.B. 462, we will close the hearing.

At this time, we will open the hearing on S.B. 468.

**SENATE BILL 468**: Makes a supplemental appropriation to the Office of Veterans' Services for unanticipated shortfalls in Fiscal Year 2006-2007 for personnel services and utility costs. (BDR S-1422)

MR. TETZ:

Senate Bill 468 is a \$224,000 appropriation to allow the Veterans' Home to meet the needs of shortfalls in the utility and personnel costs for this year.

CHAIR RAGGIO:

Is that for this current year?

MR. TETZ:

Yes, it is.

CHAIR RAGGIO:

What is personnel and what is utility?

MR. TETZ:

I do not have that broken down in front of me.

CHAIR RAGGIO:

It appears this is a budget amendment that was not included in the *Executive Budget*. Would staff please clarify how this was computed?

MR. GHIGGERI:

The \$83,707 need for personnel services will be reduced to \$72,382 once the Veterans' Home receives their tort claim refund of approximately \$11,000. The utility cost is \$151,814.

CHAIR RAGGIO:

Is that for FY 2006-2007?

MR. GHIGGERI:

That is correct.

CHAIR RAGGIO:

Has staff had a chance to verify these numbers?

MR. GHIGGERI:

Staff is still reviewing the numbers.

MR. TETZ:

Despite this, we will be returning a substantial amount of our General Fund appropriation for this coming year. Last year, we returned almost \$2 million.

SENATOR MATHEWS:

Why are you returning money to the government?

MR. TETZ:

The Veterans' Home is funded through General Fund appropriations and private and federal collections. When the budget was put together for this current biennium, we did not anticipate such a high collection rate. We have a staff member on the finance side who is collecting nearly everything owed to us, including what was owed in the past. Because of that and because of other income on the federal side, a large part of our General Fund appropriation will be returned.

SENATOR MATHEWS:

I have an aversion to returning money to Washington. We may never see it again.

MR. TETZ:

We are sending the money back to Carson City, not to Washington, D.C. We keep all the federal money we receive.

SENATOR BEERS:

I received an e-mail this week from someone who was concerned because apparently there is something on your Website about the budget which looks like it was put together last year. He saw the reduction in General Funds for the Veterans' Home and believed that was a significant reduction in funding. I replied to him and explained the federal funding and other sources of funding are increasing significantly. That is why the General Fund is going down and it is part of the plan. You might need to look at that document for clarity. I will e-mail you the link so you can review it.

CHAIR RAGGIO:

There being no further testimony, we will close the hearing on S.B. 468.

We will open the hearing at this time on S.B. 463.

**SENATE BILL 463**: Makes an appropriation to the Department of Taxation for continued development and implementation of the Unified Tax System. (BDR S-1238)

DINO DICIANNO (Executive Director, Department of Taxation):

I am here today in support of S.B. 463 which is a one-shot appropriation for the continued development and implementation of the Unified Tax System and for costs related to replacement servers, computer hardware, software and office equipment. We have provided your staff with a revised budget for this appropriation. The original amount for this one-shot appropriation was \$4,184,557. We are asking that it be reduced to \$3,136,428, for a reduction of \$1,048,129.

The Department of Taxation is currently contractually obligated to Accenture to pay \$2,326,063 for the cost of the remaining deliverables and holdbacks. We

have tried to extend the server life by getting a fifth-year warranty to be able to meet these reductions.

CHAIR RAGGIO:  
Is the project on time and on budget?

MR. DICIANNO:  
The project is on time and under budget.

CHAIR RAGGIO:  
We appreciate the fact the Department of Taxation seems to be running well, your staff is doing a good job, collections are coming in and the Unified Tax System is on target.

Hearing no further questions or testimony on S.B. 463, we will close the hearing.

At this time, we will open the hearing on S.B. 464.

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

ANDREW CLINGER (Director, Department of Administration):  
Senate Bill 464 recommends an appropriation of \$7,427,042 from the General Fund to the Disaster Relief Account. The purpose is to replenish the Disaster Relief Account for allocations related to fire-suppression costs.

CHAIR RAGGIO:  
Staff has been furnished the information on this request.

LARRY L. PERI (Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):  
Some of our concerns were that we need to review the calculations. We are not certain how the amount recommended was determined.

MR. CLINGER:  
I will provide the information to your staff.

CHAIR RAGGIO:  
A total of \$7,814,936 was provided to the Division of Forestry for fire suppression activities during this biennium. An additional \$1 million plus additional-interest income will be transferred to this account in this fiscal year. Additionally, \$4 million plus interest income will be transferred over the next biennium. Based on this information, a cumulative total of \$5,750,000 will be transferred. Staff indicated two requests for funding from this account were pending and withdrawn at the Interim Finance Committee meeting in January.

MR. CLINGER:  
That is correct.

CHAIR RAGGIO:  
One request was for the city of Caliente, and the other was for Lincoln County.

MR. CLINGER:

Those requests are currently under review by the Department of Taxation. The procedures require the Department of Taxation look at the financial statements of the local entities before a recommendation can be made.

CHAIR RAGGIO:

Is it correct some adjustments to this appropriation may be necessary?

MR. CLINGER:

That is correct. The number was proposed based on the allocations made out of this account for fire suppression less the reversions given back to the account. We can work with staff if they believe we need to recommend a different number.

CHAIR RAGGIO:

Is there any other testimony on S.B. 464?

SENATOR TITUS:

As I recall, some of the money used for fighting fires was taken from an account created with funds not distributed when the rebate was given. The account was set up at the end of the last Session to provide direct assistance to people who were hit by a disaster. Was the money all returned to that fund?

MR. CLINGER:

I am not sure, but I can find out for you. That program is run through the Division of Emergency Management.

SENATOR TITUS:

I would appreciate that. I want to make sure the money that was borrowed was returned to that account.

CHAIR RAGGIO:

There being no further testimony, we will close the hearing on S.B. 464.

At this time we will open the hearing on S.B. 466.

**SENATE BILL 466**: Makes appropriations to restore the balance in the Contingency Fund. (BDR S-1268)

MR. CLINGER:

Senate Bill 466 recommends an appropriation of \$14 million from the General Fund to the IFC Contingency Fund. In the last biennium, we recommended an appropriation of approximately \$12 million. We have recommended an increase of \$2 million to the IFC Contingency Fund. In addition, subsection 2 of S.B. 466 recommends the sum of \$698,496 be appropriated from the Highway Fund. This would bring the Highway Fund balance in the contingency fund up to \$2 million.

CHAIR RAGGIO:

Last Session, we appropriated \$12 million and ran out so we had to borrow from agencies to settle other matters. Do you think \$14 million is prudent?

MR. CLINGER:

Yes, I do. Part of the way we were able to deal with the shortfall in the Contingency Fund last Session was by utilizing the Disaster Relief Account for those fire-suppression activities. That is the reason we are recommending replenishing that account as well.

CHAIR RAGGIO:

Does this take care of potential utility issues?

MR. CLINGER:

We will be recommending a separate appropriation of approximately \$11.6 million to the IFC Contingency Fund to deal with potential utility issues.

SENATOR COFFIN:

I would like to have a short discussion with Mr. Clinger at the end of this meeting regarding the revenue projections presented at the beginning of the meeting.

CHAIR RAGGIO:

There being no further testimony on S.B. 466, we will close the hearing on that bill and open the hearing on S.B. 467.

**SENATE BILL 467**: Makes an appropriation to the Office of the Attorney General for data storage equipment. (BDR S-1428)

RANDAL MUNN (First Assistant Attorney General and Legislative Liaison, Office of the Attorney General):

Senate Bill 467 is a one-shot appropriation for \$202,602 for a storage area network system. The purpose is to create redundancy in our system, as well as provide the ability to recover from a disaster by centralizing more of our data storage both in Las Vegas and Carson City, so they can be copied back and forth.

CHAIR RAGGIO:

Staff has just received the information on this request and will take the time necessary to review it.

There being no further comments, we will close the hearing on S.B. 467.

At this time, we will open the hearing on S.B. 469.

**SENATE BILL 469**: Increases the amount of the annual transfer of money from the Abandoned Property Trust Fund to the Millennium Scholarship Trust Fund. (BDR 10-1415)

MR. CLINGER:

Senate Bill 469 is the Governor's bill to increase the transfer from the Abandoned Property Trust Fund to the Millennium Scholarship Trust Fund by \$2.8 million each year. The current amount of the transfer is \$7.6 million. This bill would increase the transfer to \$10.4 million. Based on the information heard earlier in this meeting, this will add between 7 and 38 years to the program, depending upon the projections for the Master Service Agreement income to the State.

DR. RICHARDSON:

We support this bill. If a way could be found to increase the amount of money, we would encourage that.

MR. KLAICH:

Our primary goal for the Millennium Scholarship is sustainability. This would enhance that goal and we support this bill.

SENATOR BEERS:

Where would this funding go if we did not process this bill?

MR. CLINGER:

If this bill were not approved, the \$2.8 million is revenue to the General Fund.

CHAIR RAGGIO:

There being no further questions, we will close the hearing on S.B. 469.

Is there any further public comment on any of the measures we have heard this morning? If not, Senator Coffin, you had some questions on the revenue projections.

SENATOR COFFIN:

My questions relate to the press release, dated March 28, about the desire to cut spending by \$111 million. There was also an exclusionary list which mentioned child welfare, transportation construction and K-12 education. I had heard a rumor mental health might be added to that list. You are persisting in putting more money into the rainy-day fund. Given the fact there is no rain on the horizon, would it not be prudent to consider leveling this off by using the rainy-day fund? The concept of putting more money into it at the same time we are seeing a downturn might be a mistake. First, tell me if you have expanded the list of exclusions, and then anything else you want to add.

MR. CLINGER:

One of the items included on the list is A.B. No. 175 from the 73rd Session which relates to mental health issues. There were several initiatives funded through this bill. The indication was those items were not to be included in the agency's Base Budget and were to be requested as enhancements this biennium. We have excluded those items from the list because they are essentially ongoing programs, even though they are represented in the budget as enhancements. They total about \$17.8 million.

SENATOR COFFIN:

You have asked for a reduction in the budgets of all agencies except for the three you mentioned. I am not sure what you meant by transportation and child welfare.

MR. CLINGER:

As you know, there are major problems with child welfare, particularly in Las Vegas. This is an area that is important to the Governor and to the Legislature and we wanted to protect that area of funding.

SENATOR COFFIN:

Child welfare is also a general term. Welfare of children is covered in many more budgets than the child welfare budget.



MR. CLINGER:  
That is correct.

SENATOR COFFIN:  
I am not quite sure what you mean by transportation, since most transportation money is in the Highway Fund, not the General Fund.

MR. CLINGER:  
The *Executive Budget* recommends \$170 million in General Fund appropriations for Highway Fund projects. The intent was to protect that \$170 million.

CHAIR RAGGIO:  
Was that for the Highway 15 project?

SENATOR COFFIN:  
That would be setting a precedent in some ways, except for the money we have sent out of state to build highways, would it not?

MR. CLINGER:  
I am not aware of a time in the past when we have used General Fund money to support Highway Fund projects. We are facing a potential \$3.8 billion shortfall over the next seven years and this is one way to begin to address that issue.

SENATOR COFFIN:  
Why would you want to put more money into the rainy-day fund, because we have almost \$300 million in it now?

MR. CLINGER:  
The amount is around \$300 million.

SENATOR COFFIN:  
Why would we want to starve some of those other programs? Mental health may not have recovered after the cuts made in 1991.

MR. CLINGER:  
One of the reasons for recommending the \$36 million appropriation to the rainy-day fund is the litigation still pending with Southern California Edison. We may be faced with a large tax refund if we do not prevail in that case. The \$36 million rainy-day fund appropriation would be contingent upon those tax revenues coming in. If we are forced to make a tax refund in the middle of the biennium, the net rainy-day fund would not trigger and that would help cover us for any potential refunds we had to make.

SENATOR COFFIN:  
We know that is about \$40 million. The issue is we need to have more specifics from you about how much you have asked each agency to reduce its budget so we can get a feel for more than the generalized idea of the press release.

MR. CLINGER:  
What we have asked of the agencies, excluding those items we have talked about, is to reduce their request for new enhancements. That equates to a little over 63 percent of their enhancements. We have done that proportionately over all State accounts with the exceptions we have talked about.

SENATOR COFFIN:

How long will it take to generate a list? We can think about that in abstract but I would like to see it in writing.

MR. CLINGER:

We have asked the agencies to submit that information to us by the close of business tomorrow. We will spend the rest of the week putting together the Governor's recommended list based on what we receive from the agencies.

CHAIR RAGGIO:

It is my understanding similar requests have been made to the Judicial Branch, the Legislative Branch, Constitutional Officers and the NSHE.

MR. CLINGER:

That is correct. We have asked all of those branches of government or State agencies to make cuts proportionately based on the new requests for funding they have in the *Executive Budget*.

CHAIR RAGGIO:

In 1991, before we had an Economic Forum to project the revenues and any shortfalls, the Governor had to ask for cuts after the budget was finalized. It is never easy, but it is a lot easier to do this before the budget is approved.

SENATOR TITUS:

Are you planning to make some cuts in the one-shot appropriations such as the boot camp with the ChalleNGe program, the Opportunity Village appropriation and the Ely Courthouse?

MR. CLINGER:

We are looking at cutting some of those one-shot items as well. We are also looking at some of the initiatives put forth by the Governor in the *Executive Budget*. Nothing is exempt from this process.

CHAIR RAGGIO:

Many of the one-shot items in the proposed budget were furnished to us by Governor Guinn. Also, in the drawer of the Senate Finance Chair, as well as the drawer of the Assembly Ways and Means Chair, are almost \$700 million worth of requests for appropriations in the one-shot category. There will be a lot of agony and a lot of expectations that are not going to be met.

SENATOR BEERS:

After the adjustment for the expected Economic Forum results, there is an increase in revenue of 5.2 percent in the first year of the biennium and 6.8 percent in the second year of the biennium, leading me to contend we do not have a revenue problem, we have a spending problem.

CHAIR RAGGIO:

I would not necessarily agree because the budget is primarily Base Budget plus maintenance. When you start cutting out two-thirds of what is proposed for enhancements, that would presuppose we are doing everything we absolutely should be doing in every area of the budget. I do not think we are doing that. I respectfully might disagree with you but agree in part.

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There being nothing further to come before the Committee at this time, the meeting is adjourned at 10:02 a.m.

RESPECTFULLY SUBMITTED:

\_\_\_\_\_  
Anne Vorderbruggen,  
Committee Secretary

APPROVED BY:

\_\_\_\_\_  
Senator William J. Raggio, Chair

DATE: \_\_\_\_\_