

MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS

Seventy-Fifth Session
April 29, 2009

The Committee on Ways and Means was called to order by Chair Morse Arberry Jr. at 8:13 a.m. on Wednesday, April 29, 2009, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/75th2009/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman Morse Arberry Jr., Chair
Assemblywoman Sheila Leslie, Vice Chair
Assemblywoman Barbara E. Buckley
Assemblyman Marcus Conklin
Assemblyman Mo Denis
Assemblywoman Heidi S. Gansert
Assemblyman Pete Goicoechea
Assemblyman Tom Grady
Assemblyman Joseph (Joe) P. Hardy
Assemblyman Joseph M. Hogan
Assemblywoman Ellen Koivisto
Assemblywoman Kathy McClain
Assemblyman John Ocegüera
Assemblywoman Debbie Smith

GUEST LEGISLATORS PRESENT:

Assemblyman Chad Christensen, Clark County Assembly District No. 13
Assemblyman David Bobzien, Washoe County Assembly District No. 24
Assemblyman Kelvin Atkinson, Clark County Assembly District No. 17
Assemblywoman Bonnie Parnell, Assembly District No. 40
Assemblyman Paul Aizley, Clark County Assembly District No. 41

STAFF MEMBERS PRESENT:

Mark Stevens, Assembly Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Brian Burke, Principal Deputy Fiscal Analyst
Tracy Raxter, Principal Deputy Fiscal Analyst
Jeff Ferguson, Program Analyst
Connie Davis, Committee Secretary
Vickie Kieffer, Committee Assistant

Chair Arberry opened the hearing on Assembly Bill (A.B.) 82 (R1).

**Assembly Bill 82 (1st Reprint): Makes various changes relating to elections.
(BDR 24-417)**

Matthew Griffin, Deputy for Elections, Office of the Secretary of State, testified that A.B. 82 (R1) was the Secretary of State's omnibus election bill drafted in conjunction with county clerks. Mr. Griffin advised that the bill incorporated "lessons learned from the 2008 election" as well as several policy goals from the Secretary of State's Office. Additionally, the fiscal note attached to the bill provided information on the financial impact the Secretary of State's Office would incur for promulgating regulations to put the bill into effect.

Mr. Griffin explained that the majority of the regulations would result from the online registration section of the bill that would allow Clark County, Washoe County, and Carson City county clerks and the Secretary of State to determine, from an information technology perspective, how to implement online registration and promulgate regulations through the Legislative Counsel Bureau.

In response to Chair Arberry's request for additional information concerning the amendments reflected on page 3 of the bill, Mr. Griffin advised that the language on page 3 was modeled on language used in Oregon state law and in response to concerns with voter registration that arose during the previous election. Mr. Griffin advised that paragraph (b) of subsection 1 of section 1.5 required that anyone who organized a voter registration drive to "complete a training course offered by the Secretary of State and receive appropriate training." Additionally, Mr. Griffin said the training could be made available on a CD-ROM (Compact Disc Read-Only Memory) or on the Secretary of State's website followed by a signed affidavit attesting that the organizer had received the training and was qualified to register voters in a voter-registration drive.

Nicole Lamboley, Chief Deputy, Office of the Secretary of State, advised that through experience gained from the last election cycle, the need existed for greater accountability to the process. Thus, language was included in the bill that persons conducting voter registration drives had to complete a training course offered by the Secretary of State. The training would include information on the practices and policies governing state law with respect to voter registration as well as regulations that completed voter registration applications could not be destroyed and must be submitted to a county clerk for processing within the applicable period set forth in subsection 3 of the bill.

Ms. Lamboley advised that the fiscal impact to the Office was reviewed, and a determination was made that the policy changes could be absorbed without requiring additional resources.

In response to questions Chair Arberry asked concerning the fiscal note costs, Ms. Lamboley advised that the members of the Assembly Committee on Elections, Procedures, Ethics, and Constitutional Amendments indicated they wanted the agency to address the fiscal note from the standpoint of the regulation adoption process, which included a fee and an impact to the Office of the Secretary of State.

Chair Arberry asked agency representatives to discuss the information technology fiscal note.

Ms. Lamboley advised that Churchill County had submitted a fiscal note for \$15,000 in each year of the biennium but indicated that because the counties received funding through the Help America Vote Act, she was uncertain about the information technology costs in Churchill County's fiscal note. Ms. Lamboley further advised that although there would be some information technology costs, the costs could be absorbed through existing resources if additional informational technology components were not required.

Assemblywoman Gansert expressed concerns about approving online registration before having an opportunity to review how the process would work, since it was such significant change in the state's voter registration policy.

Mr. Griffin indicated communication would occur between representatives of the counties and the State of Nevada information technology divisions, as well as with representatives of the Department of Motor Vehicles. Mr. Griffin explained that the bill, in its current form, allowed the Secretary of State to register voters online, but the information technology component was not yet developed. Mr. Griffin advised, however, that states currently registering voters online had a service available only to those voters who had a Department of Motor Vehicles' driver's license or identification.

Chair Arberry expressed concern about language on page 17 of the bill that said a voter registration agency should not knowingly employ a person whose duties would include the registration of voters if the person had been convicted of a felony. Chairman Arberry asked how such a provision could be enforced.

Mr. Griffin advised of concern among county clerks that a duty might be imposed upon them to "affirmably background check" voter registrants, and thus the language was changed to require a voter registrant to file an affidavit with the county clerk's office attesting that they had not been convicted of the offenses outlined in the bill.

Ms. Lamboley addressed Assemblywoman Gansert's concern regarding the enabling legislation for online voter registration and indicated that passage of the bill would provide the ability for the Secretary of State's staff to research and design the program and to develop the regulations for adoption through a public hearing process. Additionally, Ms. Lamboley advised that the regulations would require final approval by the Legislative Commission.

In response to Assemblywoman Gansert, who indicated being uncertain that enabling legislation was necessary, Ms. Lamboley advised that it would take several months for working groups to work through the details and the costs and to develop the regulations to implement online voter registration. Ms. Lamboley said, however, that enabling legislation would be required to provide the Secretary of State the authority to go forward with online voter registration.

Assemblywoman Koivisto commented that the members of the Assembly Committee on Elections, Procedures, Ethics, and Constitutional Amendments, believed that the bill would move Nevada into the 21st Century.

Lee Rowland, Attorney, American Civil Liberties Union (ACLU), spoke in opposition to A.B. 82 (R1) for both policy and fiscal reasons.

Ms. Rowland indicated that she had constitutional concerns regarding language in the bill and referenced page 29, sections 29.3 and 29.5, which she defined

as a toxic combination to voter participation and "critical first amendment rights." Ms. Rowland pointed out that section 29.3 required that any person who intended to make a political expenditure in excess of \$100 on behalf of a candidate or group must register with the Secretary of State before making the expenditure. It was Ms. Rowland's opinion that the language was vague and that requiring registration before donating to a candidate was "a prior restraint prohibited by the Constitution." Ms. Rowland pointed out the inadequacy of the fiscal note for a bill that required a registry with the potential to include up to 800,000 names of contributors.

Ms. Rowland also pointed out section 29.5 required that anyone who submitted a declaration, as described in section 29.3, had to do so online or by filing an affidavit that they could not afford a computer. Ms. Rowland pointed out that the language in section 29.5 placed a burden on people who did not have access to the Internet. She also advised that sections 29.3 and 29.5 made it clear that the effects of such massive changes were not fully considered. Additionally, Ms. Rowland expressed concern because reprints of approximately eight versions of the bill had not been publicly available.

Ms. Rowland also expressed concerns with language in section 26 stating that any person, who, during an election, removed or destroyed supplies or equipment placed in voting booths or compartments would be guilty of a category B felony. Ms. Rowland explained that a category B felony carried a heavy prison sentence and that there was no intent requirement. Ms. Rowland said that, in theory, all a janitor had to do was move a machine to be subject to a category B felony. Additionally, Ms. Rowland said there were several other crimes that moved from a D to B category in section 27 and from an E to a C felony in section 28. Ms. Rowland indicated she was unaware that any prosecution had taken place under existing *Nevada Revised Statutes* (NRS) in recent history and asked why an approach was taken to increase penalties for crimes that were not currently being committed.

Ms. Rowland defined the bill as overall poor policy and the fiscal note as inadequate and urged the members of the Committee to vote against it.

Chair Arberry asked whether Ms. Rowland had met with representatives of the Secretary of State to discuss her concerns.

Ms. Rowland responded that she had written the Secretary of State a lengthy memo at the beginning of the 2009 Legislative Session outlining all ACLU concerns. Ms. Rowland, although always available to discuss the language, said that she doubted that the bill was "fixable." Ms. Rowland advised that the bill would repeal existing statutes that constituted a better and more workable system and made a distinction between valid access groups and campaign groups, a distinction that had been made by the court system.

Concluding her testimony, Ms. Rowland said more positive ways existed to bring voter registration into the 21st Century but that the overall effects of the bill placed obstacles to the political process by increasing requirements for participation, felonizing crimes, increasing penalties and fines, and requiring a computer.

Janine Hansen, representing the Independent American Party, spoke in opposition to the bill and expressed agreement with the concerns expressed by the ACLU representative.

Ms. Hansen advised that although she had testified repeatedly and worked on amendments to A.B. 82 (R1) during hearings in the Assembly Committee on Elections, Procedures, Ethics, and Constitutional Amendments, problems with the bill continued. Ms. Hansen began with concerns related to online filing of campaign reports and advised that many Independent American Party political candidates did not own or have access to a computer including her elderly mother who had run for office several years ago. Ms. Hansen pointed out that compliance with the requirement would place a needless burden on Independent American Party political candidates and said the bill could be defined as the "political participation suppression legislation" because of the penalties outlined for noncompliance with requirements.

Ms. Hansen drew the Committee's attention to page 68 of the bill that reflected that A.B. 82 (R1) would repeal NRS 294A.150, 294A.220, and 294A.281 through 294A.284, which she said would create serious policy changes that would add costs to public participation in the political process. Specifically, Ms. Hansen expressed concern regarding the repeal of NRS 294A.150 that related to reporting campaign contributions by a person or persons, who received or expended money in excess of \$10,000 to advocate for passage or defeat of ballot questions. Ms. Hansen pointed out that the repeal of the NRS language would change ballot committees to political action committees and would require groups who received at least \$10,000 in campaign contributions to report individual contributions in excess of \$100 rather than \$1,000.

Additionally, Ms. Hansen expressed concerns that the addresses of people who participated in such campaigns would be published on the Internet much the same as had occurred with California Proposition 8. Ms. Hansen distributed a map ([Exhibit C](#)) as an example of individual contributors in the California Proposition 8 campaign whose addresses were published on the Internet. Ms. Hansen also expressed concern that situations could occur in which information would be revealed that could be held against donors to campaigns. Ms. Hansen recalled a situation in which a businessman, who contributed money to the Independent American Party, nearly lost his business after his name appeared on forms that were submitted by the Independent American Party to the Secretary of State. Ms. Hansen advised that the Independent American Party would currently only provide information on donations received and would no longer identify donors to Independent American Party campaigns.

Concluding her testimony, Ms. Hansen asked the Committee to restore the NRS sections identified for repeal.

Chairman Arberry asked whether others wanted to speak for or in opposition to A.B. 82 (R1), and hearing no response, declared the hearing on A.B. 82 (R1) closed and opened the hearing on Assembly Bill (A.B.) 285 (R1).

Assembly Bill 285 (1st Reprint): Requires a certain amount of time each school day for physical activity in elementary schools and revises provisions governing the use of school property. (BDR 34-853)

Assemblyman Chad Christensen, Clark County Assembly District No. 13, a sponsor of A.B. 285 (R1), testified in support of the bill that required school districts to adopt a policy for elementary schools to provide at least 30 minutes of time each school day for physical activity.

Assemblyman Christensen advised that subsection 3 of section 1 of the bill outlined the recess provision that would ensure that children in school districts throughout the state received at least 30 minutes of recess time each day. Assemblyman Christensen explained that his children, for example, attended a Clark County school and were currently only provided about 20 minutes of recess time each day.

Assemblyman Christensen advised that section 2 of the bill would amend *Nevada Revised Statutes* (NRS) to provide that the board of trustees of each school district would grant the use of any athletic field to a nonprofit organization that provided programs for youth sports.

Assemblyman Christensen advised that the Assembly Committee on Education had also considered A.B. 285 (R1) and that there would be no direct fiscal impact with passage of the bill because organizations that used the school property for a sports event would pay for any direct or indirect costs required by the board of trustees of the school district.

Bart Mangino, representing the Clark County School District, spoke in favor of A.B. 285 (R1), which provided language concerning reimbursement of direct and indirect costs required by the board of trustees of the school district.

In response to Chair Arberry, who asked whether there would be any costs to the Clark County School District, Mr. Mangino reiterated that there would be no costs to the school district given the current language in the bill.

Anne Loring, representing the Washoe County School District, spoke in favor of the bill, as amended, and advised that there were no costs to the Washoe County School District.

Jennifer Stoll-Hadayia, representing the Washoe County District Health Department, also spoke in support of the legislation, which she said would provide positive public health benefits to children because the children would be engaged in physical activity during recess and less likely to be overweight or obese. Ms. Stoll-Hadayia provided a copy of her testimony and a pamphlet on trends in overweight and obese children in Washoe County ([Exhibit D](#)), which she said supported the need for A.B. 285 (R1).

Chairman Arberry asked whether others wanted to speak for or in opposition to A.B. 285 (R1) and hearing no response declared the hearing on A.B. 285 (R1) closed and opened the hearing on Assembly Bill (A.B.) 395 (R1).

Assembly Bill 395 (1st Reprint): Provides for workplace relations discussions and agreements for certain state employees. (BDR 23-1020)

Assemblyman Paul Aizley, representing Clark County Assembly District No. 41, testified that A.B. 395 (R1) established procedures and processes for certain classified state employees, including classified employees within the Nevada System of Higher Education (NSHE) and the Public Employees' Retirement System (PERS), to negotiate workplace relations with the Executive Branch and to enter into enforceable written agreements.

Assemblyman Aizley explained that the bill allowed eligible state employees to form and join employee organizations, or not to join, and to select exclusive representatives to negotiate workplace agreements and to resolve disputes.

Assemblyman Aizley said, however, that it was important to note that the bill did not authorize collective bargaining for state employees to the extent currently permitted for local government employees.

Assemblyman Aizley provided the following information:

- A.B. 395 (R1) limited negotiations and agreements to hours and working conditions, grievances, and discipline and discharge.
- Negotiation of salaries was not included.
- Certain state employees were not eligible to participate including managerial and confidential employees, elected officials or judges, members of the Nevada National Guard, legislative employees, and prison inmates.
- The bill required the Personnel Commission to oversee disputes that arose under workplace relations statutes.

Assemblyman Aizley reported that although state agencies had reported a fiscal impact, true costs were difficult to project.

Assemblyman Aizley advised that section 17 of A.B. 395 (R1) stated that a "great need" existed to "promote orderly and constructive relations between the State and its employees and to increase the efficiency of state government." Additionally, he said that while state employees were being assigned additional work duties and facing reductions in salary and benefits, it was "only right" that they be allowed to participate in the decisions that affected their lives. Assemblyman Aizley said that it was time to move forward to approve the bargaining power described in A.B. 395 (R1).

Assemblyman Aizley introduced Brian Klopp, Certified Employee Benefit Specialist (CEBS), Labor Economist, American Federation of State, County and Municipal Employees (AFSCME), AFL-CIO, and Dennis Mallory, Chief of Staff, Carson City Office, American Federation of State, County and Municipal Employees, AFL-CIO, Local 4041, who he said would speak in support of the bill.

In response to a request from Chair Arberry, Assemblyman Aizley provided the following summary of the bill, which amended Chapter 23 of the *Nevada Revised Statutes* (NRS):

- Sections 1 through 14 defined words and terms including, for example, "*Commission*," which meant the Personnel Commission created by NRS 284.030.
- Section 8 defined "exclusive representative" as an employee organization that had the exclusive right to represent employees within a workplace relations unit and to negotiate with representatives of Executive Department agencies.
- Section 15 listed the "terms and conditions of employment," including hours and working conditions, grievances, discipline and discharge, and other items that required no legislative appropriation.

- Section 18 provided the rules that the Commission could adopt including proceedings and procedures, recognition of exclusive representatives, establishment of workplace relations units, and other matters necessary for the Commission to carry out the duties pursuant to NRS.
- Section 19 addressed the Commission's subpoena power and involvement of the courts.
- Sections 20 through 22 addressed hearings and appeals.
- Section 23 addressed a fair share agreement included in a workplace relations agreement.
- Sections 24 through 44.7 described the way workplace discussions and agreements would operate regarding elections, naming of the workplace relations unit, and hearing officers.
- Section 47 stated that the act would become effective on July 1, 2009.

Brian Klopp, CEBS, Labor Economist, AFSCME, spoke in support of A.B. 395 (R1), which he said would recognize the right of employees to associate and discuss workplace relations with their employer.

Mr. Klopp advised that several state agencies had projected that A.B. 395 (R1) would result in "significant" new costs related to the need for additional staff. He said, however, that A.B. 395 (R1) did not create a need for additional staff and that the fiscal notes sharply differed from New Mexico and Maryland's experience with similar legislation that did not add new labor relations staff and Colorado's experience, which required the addition of one new employee.

Mr. Klopp advised that Nevada's Department of Personnel projected increases that were three times the projection in 2005 for similar legislation. He said that Department representatives claimed the need to hire employees to staff a labor-relations unit, but current employees in the Department were already performing the type and level of work described in A.B. 395 (R1).

Mr. Klopp reported that the Department of Personnel currently employed 20 personnel analysts, who researched and developed policies and regulations; served as subject matter experts on a variety of state and federal rules, regulations, and laws; and conferred with employee association representatives on matters of mutual interest. Additionally, he said that the Department employed 7 personnel technicians charged with certifying and maintaining hiring lists, assisting management with disciplinary and grievance issues, or answering human resources and payroll related questions, all duties that were called for under the proposed legislation. Mr. Klopp reported that the Department also employed 5 supervisory personnel analysts to train, supervise, and evaluate the performance of personnel analysts and who were responsible for interpreting language in regulations and policies, which he said was similar to reviewing workplace-relations agreements.

Mr. Klopp advised that while some training would be needed, the incumbents already had a "thorough understanding" of federal and state labor employment law. He said that the work would not increase over existing levels and would not require additional personnel.

Additionally, Mr. Klopp pointed out that the fiscal note from the Office of the Attorney General also indicated a need for additional staff, and although

A.B. 395 (R1) required the parties to discuss workplace relations and commit their agreements to writing, it did not create additional costs related to litigation. Mr. Klopp said that the standards contained in A.B. 395 (R1) had proven to be a successful way for employees to share ideas about ways to improve labor management relations and to encourage the parties to address workplace issues early on, which reduced the need for litigation.

Mr. Klopp said that similarly enacted legislation in other states had proven to be an efficient way to facilitate problem solving and foster long-term workplace improvements that insulated state workers from politics, favoritism and "arbitrariness" and brought consistency to personnel matters.

Concluding his remarks, Mr. Klopp said that A.B. 395 (R1) would benefit public employers and taxpayers as well as public employees.

Dennis Mallory, Chief of Staff, Carson City Office, AFSCME, Local 4041, said that he echoed Mr. Klopp's comments and advised the members of the Committee that a lot of work had gone into the bill to eliminate a fiscal impact. Mr. Mallory advised that the bill would encourage involved parties to settle disputes at the lowest level possible and would eliminate costs for cases that currently could escalate to the Nevada Supreme Court level.

In summary, Mr. Mallory advised that the bill, first introduced in the 2005 Legislative Session, was developed by the AFSCME in conjunction with Assemblyman Hardy to eliminate a fiscal impact.

Assemblywoman Buckley acknowledged that the AFSCME had promoted collective bargaining for many years and that recognizing the current economic uncertainty had brought a bill without fiscal impact forward, which she fully supported.

Assemblywoman Buckley pointed out that with the current economic crisis, state employees were facing salary reductions while being assigned additional duties. Providing an example for the Committee, Assemblywoman Buckley said that she recently witnessed state employees volunteering their own time on a Saturday to attend an early intervention service picnic to support children with disabilities. Assemblywoman Buckley said that A.B. 395 (R1) would allow state employees to participate in workplace relations, and although management wanted additional staff, as evidenced by the fiscal notes, she said that management would have to do "more with less" in working with state employees who just wanted to be treated fairly.

Ronald P. Dreher, Government Affairs Director, Peace Officers Research Association of Nevada, representing the Washoe County Public Attorneys Association, spoke in support A.B. 395 (R1).

Mr. Dreher said that he had been negotiating collective bargaining agreements on behalf of local law enforcement agencies for the past 25 years and shared concerns that parity with local government practices needed to be addressed for state employees.

Mr. Dreher expressed agreement with previous testimony that A.B. 395 (R1) was a non-economic bill and disagreed with a fiscal note that included costs of \$1.3 million and elimination of the Employee-Management Relations Board, which he said was not stated in the bill. From his experience in negotiating collective bargaining agreements at the local level, Mr. Dreher explained that

issues and proposals discussed with Department of Human Resources' representatives and the agreements ultimately reached included no costs.

Additionally, Mr. Dreher disagreed with the mediation costs included in the fiscal notes attached to the bill and said that based on his experience, there would be no costs involved since mediation services were already available through the Employee-Management Committee, grievance committee, and hearing officer. Mr. Dreher advised that A.B. 395 (R1), which provided a quasi-collective bargaining bill with zero fiscal notes, was long overdue and asked for the Committee's favorable consideration.

In response to Assemblyman Hardy's concerns regarding the terms, "mediation and arbitration," Mr. Dreher defined settlements reached through arbitration as legally binding as opposed to mediation settlements, which were not. Mr. Dreher pointed out that one of the fiscal notes included the cost for at least 20 arbitrations a year with which he did not agree, pointing out that he had only been involved in several arbitration settlements in the past several years.

Jim Richardson, a former pilot for the Department of Transportation (NDOT), testifying in support of A.B. 395 (R1), recounted his termination from NDOT based on what he described as a disclosure of improper governmental activity and federal safety violations. Mr. Richardson indicated that after seven months, the Personnel Department hearings officer ordered his reinstatement, but NDOT refused the order, took the case to district court, and indicated that, if necessary, they would continue to appeal the case "all the way" to the Supreme Court.

Mr. Richardson testified that he had been on a ten-month paid vacation courtesy of the Nevada taxpayers at a cost of well over \$100,000 with no end in site. Additionally, he advised that the Department hired a third pilot only two weeks before his reinstatement order and currently had three pilots and only two positions approved by the Legislature and thus were planning to reinstate him at an entry-level position with an 80 percent cut in pay in violation of the hearing officer's orders.

Concluding his remarks, Mr. Richardson asked for the Committee's favorable consideration of A.B. 395 (R1) that would provide an effective collective bargaining law and protect state employees from wrongful termination practices and save taxpayer money.

In response to questions Assemblywoman Smith asked concerning legal expenses, Mr. Richardson advised that he had personally expended over \$15,000, and while NDOT had several lawyers and paralegals working on the case, he did not know what they had expended.

Kevin Ranft, Regional Vice President, Corrections North Chapter, AFSCME, Local 4041, testified in support of A.B. 395 (R1) and extended his thanks to the bill's sponsors for the time and effort they had contributed in developing the bill. Mr. Ranft expressed agreement with previous testimony that approval of the bill would not create a financial impact and said that the fiscal notes could be eliminated.

Additionally, Mr. Ranft expressed his thanks to Assemblywoman Buckley for her earlier remarks concerning state employees volunteering their time to attend the event for disabled children and advised that AFSCME had contributed funding to the early intervention picnic. Mr. Ranft asked for the Committee's favorable consideration of the bill.

Teresa Thienhaus, Director, Department of Personnel, testified in support of the Department's \$1.3 million fiscal note ([Exhibit E](#)), which included costs to establish a new division to negotiate and administer collective bargaining agreements. Ms. Thienhaus reported that the state currently employed approximately the same number of persons in the southern and northern regions of the state and anticipated a need for additional staff in both locations. A copy of the Department's current organizational chart ([Exhibit F](#)) provided the current makeup of the Department's divisions.

Ms. Thienhaus said that research revealed that collective bargaining agreements could be very complex depending on the composition of a particular bargaining unit. Providing an example, Ms. Thienhaus said that a single agreement might not cover an entire bargaining unit because employees from different agencies had different needs and could require a separate or supplemental agreement. Ms. Thienhaus said that other states' collective bargaining agreements were over 100 pages in length and comprised over 50 articles covering topics from parking to grievance procedures. Ms. Thienhaus pointed out that negotiating such agreements would be time consuming and would require additional staff.

Ms. Thienhaus advised that although the collective bargaining anticipated by passage of A.B. 395 (R1) would only include terms and conditions of employment, not compensation, Chapter 284 of the *Nevada Administrative Code* (NAC) included topics of classifications, reclassifications, attendance and leaves, performance evaluations, training and education, recruitment, disciplinary procedures, grievances, and personnel records. Additionally, she pointed out that in the category of compensation, many terms and conditions that did not directly address hourly pay would also be negotiable, such as compensatory time, and call-back and stand-by procedures.

Ms. Thienhaus indicated that during the term of a collective bargaining agreement, issues of interpretation would arise that would require the expertise of the Department's staff to ensure a swift resolution. She said that staff would require training at the outset to enhance their understanding of labor relations and ongoing training would be required to handle the challenging day-to-day issues. Ms. Thienhaus also anticipated that personnel from various state agencies would be involved in the maintenance of agency bargaining agreements but that a Personnel Department oversight role would be required to ensure consistency and fairness.

Ms. Thienhaus pointed out that the unions had a large number of staff including researchers, lawyers, drafting specialists, training specialists, and clericals to work on negotiating the agreements as well as business managers, attorneys, grievance specialists, and administrators to work on the maintenance of agreements and that the state should have the same resources.

Ms. Thienhaus advised that the Department submitted an additional fiscal note ([Exhibit G](#)) to cover expenses related to providing staff for the Personnel Commission. Given the expanded duties of the Personnel Commission outlined in the amendment, Ms. Thienhaus said the Commission, which currently had no staff would need employees who reported directly to them.

In response to Assemblywoman Gansert who questioned education and training conditions of employment provided for under the provisions of the *Nevada Administrative Code*, Ms. Thienhaus confirmed that Chapter 284 of the NAC covered all of the terms and conditions of employment that A.B. 395 (R1) currently proposed to be on the bargaining table.

Chairman Arberry asked whether others wanted to speak for or in opposition to A.B. 395 (R1) and hearing no response declared the hearing on A.B. 395 (R1) closed.

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Chair Arberry opened the hearing on Assembly Bill (A.B.) 422 and called upon the bill's sponsor, Assemblywoman Smith to address the bill.

Assembly Bill 422: Makes various changes regarding the financing of local improvements with revenue pledged from sales and use taxes. (BDR 21-54)

Assemblywoman Debbie Smith, representing Washoe County Assembly District No. 30, advised that A. B. No. 422, an act that related to STAR (Sales Tax Anticipated Revenue) bonds, was previously heard in the Assembly Committee on Government Affairs.

Assemblywoman Smith advised that STAR bonds were first authorized by S.B. No. 306 of the 73rd Session (2005) and that "existing law authorized the governing body of any city or county to create a Tourism Improvement District (TID) and to pledge revenue from several sales and use taxes imposed in that district to finance certain projects." Assemblywoman Smith said that under the provisions of Chapters 271 and 271A of the Nevada Revised Statutes (NRS), a local government could create a TID if it found that a preponderance of sales tax revenue in the district would be received from out-of-state tourists. Assemblywoman Smith explained that a local government could pledge up to 75 percent of the sales tax revenue from projects in the district to repay the bonds that were sold to finance the projects and infrastructure in the district.

Assemblywoman Smith further advised that there were currently two tourism improvement districts, one in Washoe County that brought about development of Cabela's sporting goods store in Reno, and one in Sparks that brought about development of Scheels, the world's largest outdoor store, which opened at the Legends at Sparks Marina. Assemblywoman Smith provided clarification that only the reporting provisions of A.B. 422 would affect the current projects while other provisions of the bill, such as the exclusion of the LSST (Local School Support Tax) would not affect current projects because those projects were bonded based on the prior law.

Assemblywoman Smith indicated that as with any new concept, some problems were encountered with the STAR bond process, and after working for a year in conjunction with Assemblywoman Kirkpatrick, representatives of the two local governments, developers, and members of the public who had an interest in the issue, A.B. 422 was developed to address and rectify those concerns.

Assemblywoman Smith reported that taxable sales on sporting goods had increased considerably in Washoe County and Sparks, and although details on the specific reporting of those taxable sales was currently unavailable, it was assumed the sales tax increase could be attributed to the two new stores.

Assemblywoman Smith provided the following information regarding A.B. 422 as well as information related to proposed amendments:

- Section 1 excluded 2.25 percent of local school support taxes from being pledged to repay STAR bonds to restore that funding to schools. Section 1 would apply to new projects only, and at the same time, 4.25 percent of sales tax funding would be used to support new projects.
- Section 3 of the bill required an independent audit of claims submitted by developers to a local government to obtain a determination of whether claims were reasonable and appropriate.

Assemblywoman Smith proposed to amend section 3 by ending the language at the word "auditor." Assemblywoman Smith explained that after discussions with interested parties, it was determined that an inability would exist to dispute the validity of bills, but at the same time the need existed for a third-party review of the bills to ensure accuracy and transparency relative to the expenditure of bond money.

- Subsection 2 of section 3 clarified that municipalities could not use bond money to finance legal fees, accounting fees, insurance costs, fees for legal notices, or costs to amend any ordinances and that the project developer was required to pay for those costs. Subsection 2 also prevented the loss of revenue by a project relocating on or after July 1, 2009, to a district within the municipality, which was defined as the "target situation."

Assemblywoman Smith advised that after discussions with interested parties, agreement was reached that relocation of a target store could not take place within "a three-mile radius" of the TID because of a loss of revenue from the closed store and the receipt of only 25 percent of revenue when the store reopened in the new location.

- Section 4 addressed the bidding process for the construction of STAR bond projects.

Assemblywoman Smith indicated that a number of complaints were received from contractors concerning their inability to participate in the projects, and general agreement was reached among interested parties that a developer should choose the general contractor who would subsequently bid for the subcontractors. Assemblywoman Smith advised of wanting to avoid "bid shopping," the practice whereby a general contractor, after being awarded a contract, attempted to reduce his own costs by disclosing to interested subcontractors the lowest bids received for subcontracts.

- Section 5 required the governing body of a municipality that created a TID to submit an annual report to the Legislature that included information on the status of each project in a district, the tax revenue generated by each project, and the percentage of tax revenue collected from out-of-state visitors. Additionally, the report would include a projection of anticipated tax revenue, an estimate of any displacement in tax revenue, an estimate of the number of jobs created, and an assessment of the financial impact of the district on the provision of local governmental services.

Assemblywoman Smith proposed to amend the language in section 5 to report receipt of sales tax revenue from out-of-state visitors to the Department of Taxation in a confidential manner. The Department of Taxation would in turn submit the information in a confidential manner to the Legislative Counsel Bureau. Assemblywoman Smith explained that the information was considered

proprietary and was not currently available. Assemblywoman Smith expressed an understanding of the proprietary nature of the tax information and advised that based on the proposed amendment, businesses could confidentially provide the information to the Department of Taxation and to the Legislature.

Assemblywoman Smith also explained that a clawback (ability to recover prior project cash flow) provision was not included in the projects because bonds had already been sold to fund the projects. However, the information would be valuable when considering whether to authorize additional projects in the future.

Additionally, Assemblywoman Smith explained that collecting information on a preponderance of sales tax revenue in the district that was received from out-of-state tourists would be simple for a business like Cabela's that could ask customers for a zip code. However, a project like the Legends at Sparks Marina that included many businesses would make collecting the information on tax revenue much more difficult. Assemblywoman Smith advised that discussions with interested parties determined that the businesses that generated 50 percent of the revenue from out-of-state visitors would be required to collect zip code data and report the information on a confidential basis.

- o Subsection 7 of section 7 addressed the selection of an independent consultant by the Commission on Tourism to conduct a study concerning whether a preponderance of sales tax revenue in a district would be received from out-of-state tourists.

Assemblywoman Smith advised that after discussions with interested parties, it was determined that the language could be problematic because of the possibility of "dueling studies." Assemblywoman Smith proposed to substitute the language in subsection 7 of section 7, line 26 with the following language: "An independent study that was commissioned by either the private entity or the local government, and the research firm would be selected from a list developed by the Commission on Tourism." Assemblywoman Smith pointed out the necessity of an "independent study" to avoid conflict-of-interest issues.

- o Section 9 addressed prevailing wage issues (prevailing wage was the median wage paid to workers in a specified locality) for STAR-bond-funded projects.

Assemblywoman Smith advised that because STAR bond funded projects were not typical public works projects, there was no provision for enforcing the prevailing wage, and the language in A.B. 422 clarified the enforcement provision.

Concluding her remarks, Assemblywoman Smith advised that she was working with staff to develop the amendment to clarify language in the current version of the bill.

Joyce Haldeman, representing the Clark County School District, commended Assemblywoman Smith and her colleagues for developing A.B. 422 and the proposed amendments. Ms. Haldeman said that passage of the bill would restore funding to school districts and prevent future tax abatements from adversely affecting funding for K-12 education. Concluding her remarks, Ms. Haldeman asked for the Committee's favorable consideration of the bill.

Steve Woodbury, Interim Director, Commission on Tourism (NCOT) expressed, on behalf of the Commission, support for the intent of A.B. 422, which he said addressed some of the Commission's concerns about STAR bonds.

Mr. Woodbury expressed the Commission's support for the proposed research requirement for the preponderance finding and the provision allowing the agency to select the research firm that would conduct the analysis. Mr. Woodbury said the Commission did not have the expertise necessary to evaluate STAR bond projects.

Additionally, Mr. Woodbury expressed support for requiring follow-up reporting of STAR bond projects, although he noted that there were no provisions for not meeting preponderance requirements after completion of a project.

Mr. Woodbury also indicated that the NCOT believed that the intent of the original legislation was that a STAR bond project had a net positive economic impact on a municipality. Mr. Woodbury expressed concerns over whether impact was based on "net new" tourists, who were not residents, as well as the displacement issue as it related to retail sales from tourists.

Concluding his remarks, Mr. Woodbury said that NCOT believed that there could be better consistency with terminology throughout the statute and identified the following inconsistencies:

- "District and tourism improvement district (TID)" were used interchangeably.
- "Out-of-state customers" were also referred to as "tourists who were not residents."
- "75 percent" of proceeds from taxes sometimes appeared as "0.75 percent."

Jan Gilbert, representing Progressive Leadership Alliance of Nevada (PLAN), expressed support for A.B. 422, which she said encouraged businesses to come to Nevada but not at the expense of the public education system. Ms. Gilbert said that the bill would not diminish the STAR bond process but would assist education. Additionally, Ms. Gilbert expressed support for the enforcement of the prevailing wage section and commended Assemblywoman Smith for developing a bill that would assist Nevada in multiple ways.

Anne Loring, representing the Washoe County School District, advised that the Washoe School District was initially opposed to the STAR bond legislation, approved in 2005, because of the potential impact on the local school support tax. Ms. Loring advised, however, that school representatives were also aware of the value of economic development and worked with the sponsors of the bill to draft a compromise. Ms. Loring said that although no one could have foreseen the current economic crisis, the impact of STAR bonds to the local school support tax in Washoe County was estimated at approximately \$1.7 million over the last two years. Ms. Loring indicated that those familiar with the Nevada Plan understood that the Plan guaranteed financial support to public schools, and the loss of revenue had to be made up, which had presented additional challenges for the Legislature.

Megan Jackson, Government Affairs Liaison, representing Associated Builders and Contractors Inc., Sierra Nevada Chapter, testified in support of "the spirit and intent" of A.B. 422. Additionally, Ms. Jackson expressed appreciation for clarifying language in the bill that addressed the "unintended consequences" that had developed during construction of the projects financed by STAR bonds.

Ms. Jackson also expressed support for language pertaining to the open bidding process, which she said would reduce the cost impact to Nevada and for future developments. Ms. Jackson encouraged the use of the State Public Works Board bidders preference process that would allow all Nevadans to work on STAR-bond-funded projects.

Concluding her remarks, Ms. Jackson extended her appreciation to Assemblywoman Smith for her leadership and support during development of the Cabela's and Legends' projects and said that the Sierra Nevada Chapter of the Associated Builders and Contractors looked forward to assisting in the drafting of language that would be beneficial to all Nevadans.

Michael Alonso, represented Jones Vargas, and testified on behalf of Harrah's Entertainment. Mr. Alonso expressed support for the conceptual technical changes including prevailing wage, bidding, and transparency in reporting but expressed opposition to the exclusion of the LSST (Local School Support Tax).

Mr. Alonso extended his appreciation to Assemblywoman Smith and Assemblywoman Kirkpatrick for their work on the bill and indicated he looked forward to continuing to work with them, but given the financial issues and the removal of the LSST, he said Harrah's Entertainment was opposed to the bill.

Assemblywoman Buckley responded to Harrah's opposition to the bill by pointing out that Nevada had the fifth highest high school dropout rate in the nation, ranked 47th in per pupil spending for education, 46th in teacher-to-pupil ratio, 45th in fourth grade reading proficiency and 44th in mathematics. Additionally, Assemblywoman Buckley said that the Governor's budget proposed \$690 million in K-12 education budget reductions and the elimination of career and technical education expansion and empowerment school expansion that was approved during the 2007 Legislative Session.

Assemblywoman Buckley said that diverting the local school support tax at a time when schools were in crisis was not the answer to improving economic development activities. She pointed out that local governments were attracting new development with the use of revenue generated by sales tax but were doing so at the expense of schools and with the state's money because the state had to make up the loss to school districts.

Mr. Alonso responded that Harrah's Entertainment representatives supported the changes that enhanced the STAR bond process and understood the statistics. He pointed out, however, that the original intent for financing projects with STAR bonds was to generate new revenue and not to divert sales tax.

Assemblywoman Buckley said that the many types of economic development incentives served a useful purpose in creating development where none existed and that expanding the base was permissible if accomplished without taking funding earmarked for education.

Steven Polikalas, Attorney at Law, Jones Vargas, representing Northern Nevada Urban Development Company (NNUDC), discussed the Téssera Project ([Exhibit H](#)), a multi-block development venture, bounded by 5th Street, I-80, Evans Avenue, and Virginia Street, an area defined as blighted and undeveloped with no existing retail space. Representatives of the NNUDC had worked with City of Reno Redevelopment Agency staff since 2008 concerning the possibility of using STAR bonds to finance the project.

Echoing previous remarks, Mr. Polikalas extended his appreciation to the bill sponsors for the proposed solutions to the administration of STAR bonds and expressed support for the use of incentives to redevelop areas such as the one proposed for the Tésseera Project. Mr. Polikalas advised that NNUDC representatives had developed concepts to generate additional revenue for the school districts and promote development at the same time, and those concepts were being discussed with the bill sponsors.

Mayor Bob Cashell of Reno commended Assemblywoman Smith for her work on A.B. 422 and for the proposed amendments. Mayor Cashell recalled that as Lieutenant Governor he attempted to draw businesses to Reno but, at the time, lacked the financial incentives to do so.

Mayor Cashell expressed support for the proposed amendments to the bill but indicated that he would reserve judgment until he could review a final version of the bill. Additionally, he indicated that zip code information regarding the receipt of sales tax revenue from larger businesses should be available on a confidential basis to city governments as well as to the Legislature.

Mayor Cashell expressed caution about limiting businesses from moving into a tourism improvement district after recalling that the Target retail store in Sparks would have "pulled out" of the area if they had not been able to relocate to a larger building.

Mayor Cashell expressed agreement with the bill's exclusion of local school support taxes to finance projects in tourism improvement districts recalling the difficulty, during his tenure as Lieutenant Governor, to draw businesses to the state because of the education system.

Mayor Cashell expressed support for the enforcement of prevailing wage in section 9 of the bill, which he indicated was currently too ambiguous and had created problems on the Cabela's project.

Mayor Cashell noted that subsection 4 of section 6 of the bill required a municipality not to create a tourism improvement district that included property within the boundaries of a redevelopment area after October 1, 2009, and asked the bill's sponsors to consider extending the date.

Mayor Cashell expressed support for section 4 of the bill, which addressed the bidding process for STAR bond projects that would allow a developer to choose the general contractor who would then bid for subcontractors.

Having concluded his remarks, Mayor Cashell introduced Mark Lewis, Redevelopment Agency Administrator, City of Reno.

Mark Lewis, Redevelopment Agency Administrator, City of Reno, extended his appreciation to Assemblywoman Smith for working with the City of Reno Redevelopment Agency staff and being open to discussing all issues related to A.B. 422.

Mr. Lewis advised that Redevelopment Agency staff believed that STAR bonds provided a valuable economic development tool that could be used to incentivize development in quality projects that created jobs for the community. Mr. Lewis pointed out that in addition to increasing sales tax and property tax revenue, redevelopment projects were important for the continuation of community growth. Additionally, Mr. Lewis said that redevelopment projects were of benefit to areas of blight, often found in urban cores, and he pointed out that

the Reno Aces Ballpark was an example of a project that transformed one of downtown Reno's most blighted areas. Mr. Lewis said that projects like the baseball park and transformation of blighted areas could not happen without financial incentives.

Mr. Lewis advised that Reno's experience in completing the Cabela's STAR bond project was positive, and the store had exceeded projections for tourism transactions, a key requirement of the 2005 legislation. Mr. Lewis advised that Cabela's had reported over 58 percent of its sales tax revenue was generated by out-of-state visitors.

Concluding his remarks, Mr. Lewis reiterated his appreciation for the work that had gone into the bill and for the opportunity to testify before the Committee.

Jonathan Shipman, Deputy City Attorney, City of Reno, also expressed his appreciation to Assemblywoman Smith for the work she put into developing A.B. 422. Mr. Shipman indicated the only issue of concern, from a legal perspective, was section 4, which addressed the bidding process. Mr. Shipman pointed out that currently the law did not require a bidding process, and he wanted to ensure that the language was clear enough to avoid a potential situation concerning payment of prevailing wage.

John W. Griffin, Attorney at Law, representing Cabela's, testified from a neutral position and confirmed previous comments that Cabela's was collecting over 58 percent of its sales tax revenue from out-of-state tourism, which he said exceeded projections. Mr. Griffin advised that Cabela's representatives had committed to work with the bill's sponsors and Department of Taxation staff to find a mechanism to report information on sales tax generated by out-of-state visitors. Mr. Griffin reported that Cabela's collected the sales tax data on a zip code or a phone number basis but currently did not report zip code information to the Department of Taxation because of the proprietary nature of zip codes, which he said provided notice to competitors. Mr. Griffin indicated, however, that Cabela's was pleased to report the "gross percentage numbers" to the Department of Taxation.

In response to Assemblywoman Smith's request for clarification concerning sales tax reporting requirements, Mr. Griffin confirmed that Cabela's currently collected the revenue data based on zip codes and would be willing to report it to the Department of Taxation on a confidential basis.

Ted Olivas, Director of Administrative Services, City of Las Vegas, testifying from a neutral position, extended his appreciation to Assemblywoman Smith for working with City of Las Vegas and local government representatives in connection with the bill. Mr. Olivas expressed support for enhancing transparency in the use of STAR bonds, which he said was a valuable tool to entice development in areas that would not otherwise be attractive to developers. Concluding his remarks, Mr. Olivas introduced Bill Arent, Acting Director, Office of Business Development, City of Las Vegas.

Bill Arent, Acting Director, Office of Business Development, City of Las Vegas, expressed his appreciation for both the spirit and the intent of A.B. 422 that he said would increase accountability and transparency in the use of the STAR bond incentive. Mr. Arent also commended Assemblywoman Smith for her work in developing the bill.

Mr. Arent expressed support for excluding the local school support tax from financing STAR bond projects and concurred with Assemblywoman Buckley's comments that economic development in the State of Nevada without a good K-12 education system was not good economic development.

Mr. Arent testified that the current economic climate's high level of unemployment made it critical for cities and counties to have the tools to stimulate job growth and new investments, which he said was provided through tourism improvement districts. Mr. Arent advised that redevelopment was not only synonymous with downtown areas but also with the neighborhoods that surrounded downtown areas.

Speaking specifically to section 6 of the bill, Mr. Arent advised that having different deadlines for urban and suburban neighborhoods in Las Vegas hurt the city because there would be one less tool to create jobs and that specifically affected would be the ability to create jobs for residents in Ward 3 and Ward 5. Mr. Arent said that "carving out neighborhoods" would create a negative fiscal impact to the state and to the City of Las Vegas because fewer new retail businesses would be created in those neighborhoods without providing incentives.

Assemblywoman Buckley advised that "doing more with less" was a common theme being heard throughout current budget hearings and that becoming increasingly strategic with economic development incentives was also necessary.

Assemblywoman Buckley indicated that she understood that the City of Las Vegas' representatives opposed A.B. 458, which she had sponsored, to fund an education stabilization fund. She said that although legislators believed economic development incentives were important to create jobs, local governments could no longer use state revenue earmarked for education to finance redevelopment projects. Assemblywoman Buckley expressed the need for a rational policy that would strategically encourage economic development, redevelop blighted areas, and create jobs without using education dollars.

Mr. Arent expressed his appreciation for the opportunity to testify and indicated he looked forward to working with the sponsors of the bill.

Rob Joiner, AICP, Government Affairs Manager, City of Sparks, also testifying from a neutral position, expressed his thanks to Assemblywoman Smith for her work in developing A.B. 422.

Mr. Joiner said that as previously indicated by Mayor Cashell, transparency and administrative problems in the use of STAR bonds required modification of the process. However, he said that although City of Sparks representatives would, most likely, support the bill, they first wanted to see the final version.

Chairman Arberry asked whether others wanted to speak for, in opposition to, or from a neutral position on A.B. 422 and hearing no response declared the hearing on A.B. 422 closed and opened the hearing on Assembly Bill (A.B.) 448 (R1).

[Assembly Bill 448 \(1st Reprint\)](#): Revises provisions governing incentive programs for renewable energy. (BDR 58-511)

Assemblyman David Bobzien, Washoe County Assembly District No. 24, a sponsor of A.B. 448 (R1), advised that the bill would revise provisions governing incentive programs for renewable energy. Assemblyman Bobzien provided the following summary and information on the amendment, and Crystal Jackson, Commission Secretary, Public Utilities Commission of Nevada, provided testimony on the fiscal note.

Assemblyman Bobzien testified that A.B. 448 (R1) revised provisions governing the participation in and the administration of renewable energy incentive programs including solar energy, wind, and waterpower systems. Assemblyman Bobzien advised of an accumulated history of incentive programs that were not used because of various hurdles for the applicants.

Using the solar energy program as an example, Assemblyman Bobzien advised that goals were established for incentive programs, and one of the goals called for the installation of not less than 50 megawatts of solar energy systems in Nevada by 2019. Assemblyman Bobzien explained that reaching the goal would be accomplished by granting the Public Utilities Commission (PUC) the authority to set the rulemaking incentive levels in a downward fashion that would allow early participants in the program to receive a certain level of incentives. That level would be reduced as the targeted installation of 50 megawatts of solar energy systems was being reached.

Assemblyman Bobzien addressed Amendment 4690 ([Exhibit I](#)) and advised that there had been some concern that language in the original bill was too broad in applying the public works definition to energy projects. He said that the language in subsection 3 of section 2 of the amendment defined that a "public body" meant the state or county, city, town, school district or any public agency of Nevada or its political subdivisions and that the projects did not include churches, nonprofit organizations, or federal lands.

Additionally, Assemblyman Bobzien explained that controversy existed relative to reducing the total cost of a project by applying a rebate from a system incentive to exempt a project from the \$100,000 prevailing wage threshold. Assemblyman Bobzien said the amendment made it clear that a rebate could not be applied to the cost of a project to exempt the project from the payment of prevailing wages.

Assemblywoman Gansert noted that the amendment made the change for a solar energy system on property owned or occupied by a public body, but *Nevada Revised Statutes* (NRS) 701B.010 to 701B.290 included churches and nonprofit organizations.

Assemblyman Bobzien advised that subsection 3 of section 2 was included to make it clear that a "public body" meant only the state, county, city, town, school district or any public agency of the state or its political subdivisions.

Crystal Jackson, Commission Secretary, Public Utilities Commission (PUC) of Nevada, referenced the revised fiscal note ([Exhibit J](#)) and reported that the estimated costs for the PUC to develop and adopt regulations to carry out the provisions of the act totaled \$49,760 for the biennium. Ms. Jackson advised that two rulemaking proceedings would be required.

In response to Chair Arberry who asked whether rulemaking costs would require a General Fund appropriation, Ms. Jackson said that funding from the General Fund would not be required for the rulemaking process.

Tom Clark, representing Black Rock Solar, spoke in support of A.B. 448 (R1) and advised that Black Rock Solar was a nonprofit contractor corporation that had installed hundreds of kilowatts of solar in Nevada using the program. Mr. Clark advised that the bill would help to bolster the incentive programs for renewable energy and asked for the Committee's favorable consideration.

Chair Arberry asked whether others wanted to speak for or in opposition to A.B. 448 (R1) and hearing no response closed the hearing on A.B. 448 (R1).

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Vice Chair Leslie opened the hearing on Assembly Bill (A.B.) 482 (R1) and called upon Assemblyman Kelvin Atkinson to address the bill.

Assembly Bill 482 (1st Reprint): Makes various changes relating to the repair of motor vehicles. (BDR 43-1124)

Assemblyman Kelvin Atkinson, representing Clark County Assembly District No. 17, and Chair of the Assembly Committee on Transportation, testified that A.B. 482 (R1) was "virtually identical" to A.B. No. 393 of the 74th Session (2007), a bill sponsored by Assemblywoman Buckley (both bills related to the repair of motor vehicles).

Assemblyman Atkinson advised that existing law provided for the regulation of garages, garagemen, and body shops by the Commissioner of Consumer Affairs and for their registration or licensure with the Department of Motor Vehicles (DMV). Thus, some consumer complaints were processed through the DMV and some through the Consumer Affairs Division, which Assemblyman Atkinson said created confusion for the consumer.

Assemblyman Atkinson advised that Chapter 487 of the *Nevada Revised Statutes* (NRS) required the DMV to register and regulate car dealerships, body shops, and garages, and Chapter 598 of the NRS required the Consumer Affairs Division of the Department of Business and Industry to monitor complaints and investigate deceptive trade practices. Assemblyman Atkinson explained that the idea behind Assemblywoman Buckley's original bill was that the DMV should be provided the authority for the regulation and enforcement of all consumer complaints related to car repair as well as the registration and licensing of car dealerships, body shops, and garages.

Assemblyman Atkinson advised, however, that the Executive Branch opposed removing all authority regarding car repairs from the Consumer Affairs Division, and Assemblywoman Buckley's 2007 bill was revised to streamline the process of regulation and enforcement with the DMV while allowing the Consumer Affairs Division to continue to investigate claims for deceptive trade practices by garages. Assemblyman Atkinson reported that even with the accommodation and after remaining neutral on the bill on the Assembly side, the Consumer Affairs Division opposed the bill in Senate hearings.

Assemblyman Atkinson stated that Assemblywoman Buckley was correct that the system of overlapping jurisdictions needed to be changed, and authority for regulation should be transferred to a single agency.

Assemblyman Atkinson indicated that motor vehicle deceptive trade practices were common in Nevada and recounted that in 2007 the Assembly Committee on Transportation viewed a video clip of a Channel 8 investigative report documenting a customer experience at an auto repair shop in Las Vegas.

The customer was an undercover agent, working for the Office of the Attorney General's Bureau of Consumer Protection, and the behavior of the garage employee promising to perform and charging for repairs that were never made was caught on video tape. Assemblyman Atkinson advised that the garage was sued by the Attorney General for deceptive trade practices.

Assemblyman Atkinson pointed out that auto repair garages fell into the three categories: garages that provided consistently good work, garages that made occasional mistakes, and garages that were less than honest. He said that A.B. 482 (R1) would allow the DMV to register a complaint and determine the required action based on whether the complaint related to regulatory disclosures or a pattern of deceptive trade practices. Disciplinary actions could include imposition of a fine that would be enforced through the DMV's garage registration authority. Additionally, A.B. 482 (R1) provided the DMV the authority to impose a fine up to \$10,000 for each violation of the law or to issue a cease and desist notice without financial penalty. Suspension and revocation of the garage registration could also be applied if a business did not perform to a level that provided consumer protection.

Assemblyman Atkinson pointed out that the bond requirement for garages remained unchanged by the bill and required the filing of a \$5,000 bond in cash or certified certificate of deposit with the DMV. Assemblyman Atkinson advised that a "due process clause" existed under the provisions of Chapter 233B of the NRS concerning bonds and claims made against the bond, and injured customers would be instructed on how to recover a loss by proceeding against a garage bond. Additionally, Assemblyman Atkinson advised that other motor vehicle laws related to repair quotes would remain unchanged by the bill.

Troy Dillard, Administrator, Division of Compliance Enforcement, Department of Motor Vehicles, reported that the fiscal note appeared to be similar to the fiscal note submitted for A.B. No. 393 of the 74th Session (2007). Mr. Dillard advised that the fiscal note provided for the addition of one investigator position that would allow the DMV to absorb the responsibilities currently handled by the Department of Business and Industry's Consumer Affairs Division. Mr. Dillard advised, however, that an amendment to the fiscal note reduced the costs in fiscal year 2010 by \$11,201 for a revised total of \$90,249. Additionally, the costs in fiscal year 2011 were reduced by \$14,934 for a revised total of \$75,631.

Mr. Dillard also noted that a budget amendment had been submitted that had a direct relationship to A.B. 482 (R1). Mr. Dillard advised that The Executive Budget proposed the elimination of the Consumer Affairs Division and the reassignment of duties to the Department of Motor Vehicles, while the bill placed the responsibility with the Department and did not address the Consumer Affairs abolishment issue. Mr. Dillard advised that the budget amendment transferred a position currently employed at the Consumer Affairs Division to the Department effective July 1, 2009, but the fiscal note did not include an implementation date. Mr. Dillard explained that since there was no implementation date on the fiscal note, the standard October 1, 2009, date would apply, and the salary range for the fiscal note included costs only from October 1, 2009.

Vice Chair Leslie asked whether there were others who wanted to speak for or in opposition to A.B. 482 (R1) and hearing no response closed the hearing on A.B. 482 (R1).

Assembly Bill 488: Revises provisions governing educational personnel.
(BDR 34-782)

Assemblyman Denis assumed the duties of the Chair in the absence of Chair Arberry and Vice Chair Leslie and called upon Assemblywoman Parnell to address Assembly Bill (A.B.) 488.

Assemblywoman Bonnie Parnell, representing Assembly District No. 40, and Chair of the Assembly Committee on Education, testified in support of A.B. 488, which revised provisions governing educational personnel.

Assemblywoman Parnell advised that under existing law, a retired public employee who accepted employment with a public employer would be disqualified from receiving retirement allowances for the duration of that employment. Assemblywoman Parnell further advised that A.B. No. 555 of the 71st Session (2001) provided an exception for retired public employees whose level of knowledge and expertise could be used in a position with a public employer for which a critical labor shortage was declared. Under the provisions of A.B. No. 555, various public employers, including the State Board of Examiners, the Nevada System of Higher Education, and the Supreme Court made the determination of whether a critical labor shortage existed, and the Department of Education made the determination for the county school districts. That exception had been scheduled to expire on June 30, 2005, but during the 2005 Legislative Session, the sunset provision was extended to June 30, 2009.

Assemblywoman Parnell advised that A.B. No. 555 had proven to be "critically important" legislation concerning critical labor shortages in many fields including the lack of qualified special-education teachers. Assemblywoman Parnell discussed the problems associated with, for example, hiring a long-term substitute teacher without the knowledge or expertise needed to work in a special education, severe-needs classroom rather than hiring a teacher with the content knowledge and the experience necessary for a special-needs environment.

Assemblywoman Parnell advised that A.B. 488 was an extension of the previous critical labor shortage legislation but with needed adjustments that would be provided through proposed Amendment 4676 (Exhibit K). Assemblywoman Parnell provided the following information regarding the amendment:

- Section 4 amended *Nevada Revised Statutes* (NRS) to require the designating employer to make the determination of a critical labor shortage in an open public meeting.
- Section 4 removed the Department of Education as the entity responsible for declaring critical labor shortage positions for school districts and required the board of trustees of each school district to designate positions within the school district for which there were critical labor shortages.

Assemblywoman Parnell pointed out that not all schools or school districts had the same critical labor shortages, and the amendment would allow each school district to look at their critical shortage areas and to respond appropriately.

- Subsection 5 of section 4 required the designating authority, in determining whether a position was a position for which there was a critical labor shortage, to make findings based upon established criteria

that supported the critical labor shortage designation. Additionally, a designating authority that established a critical needs position had to submit to the Public Employees' Retirement System its written findings that supported that designation on a form prescribed by the System. Lastly, the System was required to provide a biennial report to the Interim Retirement and Benefits Committee that included a compilation of the forms from each designating authority.

- Section 5 required the Public Employees' Retirement Board to conduct an experience study on the Public Employees' Retirement System of the employment of retired public employees by public employers similar to the study it was required to conduct between 2005 and 2009.
- Section 6 repealed the exemption contained in NRS 286.523 on June 30, 2015, for reemployment of certain retired employees to fill positions for which critical labor shortages existed.

Assemblywoman Gansert expressed appreciation for the transparency brought forth by the bill but asked whether contracts for reemploying retired individuals by a designating authority could be publicly accessed.

Assemblywoman Parnell indicated she wanted to be certain that public access to contracts was clearly stated in the legislation and indicated that subsequent to the hearing, she would discuss the requirement with the Executive Officer for the Public Employees' Retirement System to determine whether additional information was required.

Dana Bilyeu, Executive Officer, Public Employees' Retirement System (PERS), advised that she had reviewed the proposed amendment to A.B. 488 with the System's independent actuary. Ms. Bilyeu advised that the actuary had indicated that because of the "extremely limiting nature of the new language," a new experience review period would be necessary to evaluate the cost to the System. Ms. Bilyeu said that with the new experience review period and a new sunset date, staff would recommend that the Retirement Board adopt a neutral position on the amendment and remove the fiscal note on the bill.

Additionally, Ms. Bilyeu said that by requiring the biennial report to the Legislature's Interim Retirement and Benefits Committee, the Legislature would be kept apprised of the use of the exemption and action could be taken before the sunset date if costs were not sufficiently contained by the restrictive language. She also said that because of the openness of the process, it was hoped that a much smaller usage of the benefit would be seen over time.

Keith Rheault, Ph.D., Superintendent of Public Instruction, Department of Education, spoke in support of the bill and advised that although he had not seen the amendment he could support the amended language from what he had heard. Dr. Rheault indicated he had compiled the list of critical labor shortage positions in the past but believed that it was a good idea to have the board of trustees, within each school district, designate positions for which there were critical labor shortages. Dr. Rheault provided a list of approved critical labor shortage positions for K-12 education for the 2008-09 school year ([Exhibit L](#)) and said that he expected to see a downturn in the number of requests for positions because of the reduced number of students coming to the state.

Dr. Rheault referenced the list of positions ([Exhibit L](#)) and pointed out that in addition to special education teachers, a number of other positions including speech pathologists and school psychologists needed to be filled and advised

the Committee that some positions were difficult to fill, especially in the rural counties.

Assemblyman Hardy asked if reemployed retirees received a PERS augmentation.

Dr. Rheault advised that an augmentation was usually negotiated at the local school district level.

Anne Loring, representing the Washoe County School District, spoke in support of A.B. 488 and the amendment. Ms. Loring discussed how "critically important" the bill was to the District and pointed out that in the current school year 29 employees were employed under the approved critical labor shortage provision mainly in special education, mathematics, and biology. Ms. Loring defined the approved critical labor shortage positions as an important resource for the Washoe County School District since it had been difficult to hire the most effective teachers for some positions and asked for the Committee's favorable consideration of the bill.

Joyce Haldeman, representing the Clark County School District, spoke in support of the bill. Ms. Haldeman advised that even with the provision in place and after hiring 268 teachers, the Clark County School District currently had 65 secondary mathematic teacher vacancies, 78 secondary science teacher vacancies, 196 K-12 special education vacancies and 104 other vacant positions.

Ms. Haldeman advised that 48 math teachers, 73 special education teachers, 18 speech and language pathologists, 23 school psychologists, and 16 science teachers had been hired through the approved critical labor shortage list and encouraged the Committee's favorable consideration of the bill.

Additionally, Ms. Haldeman advised that after checking with her resident school principal, reemployed retired teachers were eligible for up to five additional years in the PERS.

Assemblyman Hardy asked whether the board of trustees within each school district would designate the positions in accordance with the provisions of the open-meeting law.

Ms. Haldeman advised that although she had not seen the proposed amendment, the Clark County School District and the board of trustees within each school district were currently very transparent, and hiring retired teachers was accomplished in a notified open board meeting that was a part of the board agenda record.

Dotty Merrill, representing the Nevada Association of School Boards (NASB), testified that although she had not yet seen the proposed amendment, the NASB was supportive of the continuation of the critical-shortage program. Additionally, Ms. Merrill indicated that in response to Assemblyman Hardy's questions, she believed school board representatives would welcome the opportunity to make decisions about critical labor shortages in public and to provide any requested information about contracts for those individuals.

Additionally, Ms. Merrill advised that the ability for rural school districts to hire retired teachers in positions that otherwise could not be filled was important because there were no available substitutes in some areas. Ms. Haldeman strongly encouraged the Committee's favorable support of the bill.

Assemblywoman Smith pointed out another positive aspect of the legislation was that it removed the incentive to use consultants.

Julie Whitacre, Director of Government Relations, Nevada State Education Association (NSEA), spoke in support of A.B. 488 and although she had not seen the proposed amendment indicated that, given the description, NSEA representatives did not have a problem with the language.

Francisco Aguilar, representing the Andre Agassi Foundation, spoke in support of A.B. 488 and advised that the Foundation had 600 students compared with over 600,000 students in the Clark County School District and although not as large in comparison, the Foundation had a need for individuals under the critical labor shortage classification. Mr. Aguilar asked for the Committee's favorable consideration of A.B. 488.

Lonnie Shields, representing the Nevada Association of School Administrators, also spoke in support of A.B. 488, which he said assisted the schools in filling their critical needs shortage and put competent teachers back in the schoolroom.

Assemblyman Denis asked whether others wanted to speak for or in opposition to A.B. 488 and hearing no response closed the hearing on A.B. 488 and opened the hearing on Assembly Bill (A.B.) 505 (R1).

* * * * *

Assembly Bill 505 (1st Reprint): Revises provisions governing pupils enrolled in high school. (BDR 34-784)

Assemblywoman Bonnie Parnell, representing Assembly District No. 40, and Chair of the Assembly Committee on Education, testified that A.B. 505 (R1), an Assembly Committee on Education bill, was a continuation of an idea that occurred during the 2007 Legislative Session to develop a plan to increase the graduation rate for high school students.

Assemblywoman Parnell advised that during two recent hearings held by the Committee on Education, high school teachers, middle school teachers, counselors, parents, high school students, community representatives, and students that had dropped out of school provided testimony on increasing the graduation rate. Testimony revealed that students needed "meaningful relationships" at school, rigorous course work, and a curriculum relevant to life after high school.

Assemblywoman Parnell advised that A.B. 505 (R1) included a provision that the Department of Education and the Nevada System of Higher Education work together to establish "clearly defined goals and benchmarks for pupils enrolled in high schools to be adequately prepared for the educational requirements of postsecondary education and for success in the workplace."

Assemblywoman Parnell advised that Assembly Bill No. 212 of the 74th Session (2007) required every high school to develop an academic plan for incoming 9th grade students, and A.B. 505 (R1) included a provision that information about all educational programs be provided to incoming students to help them determine career choices.

Additionally, section 9 of the bill required the board of trustees of each school district to adopt a policy for a program of peer mentoring, which might also

include a component of adult mentoring. Assemblywoman Parnell advised that most high schools, across the state, had a form of peer mentoring, but a program was needed for 8th grade students. Assemblywoman Parnell reported that some Nevada high schools used a program called the Link Through for students in grades 9 through 12 to introduce themselves to 8th grade students and help them with the transition from middle school to high school, and the bill would ensure that all high schools incorporated the use of peer mentoring.

Assemblywoman Parnell pointed out that most students, who did not graduate from high school were credit deficient by the end of the 9th grade. Section 10 of the bill "required the board of trustees of each school district to adopt a policy that ensured that pupils deficient in the number of credits required for promotion to the next grade or graduation from high school had sufficient opportunities to remediate their deficient credits." Assemblywoman Parnell advised that because section 10 of the bill had created some fiscal concern, she had agreed that the remediation policy could be delayed until 2011 or upon availability of sufficient funding.

Assemblywoman Parnell discussed the Columbine Anniversary and section 11 of the bill that "required the board of trustees of each school district to adopt a policy that allowed pupils, enrolled in a school, to anonymously report unlawful activities that were being conducted on school property" that was commonly referred to as a "secret witness program." As a member of the Attorney General's Safe Schools Task Force, Assemblywoman Parnell advised that she had met with an individual who had interviewed every living school shooter and friends of school shooters. The interviewer had discovered a common thread that there were students at those schools who knew that a rampage would occur but had no idea what to do or who to inform. Assemblywoman Parnell indicated that students had to feel safe in school and empowering them with a way to communicate their fears would help to diffuse such explosive situations in the future.

Assemblywoman Parnell advised that section 6 of the bill "required the board of trustees of each school district and the governing body of each charter school that operated as a high school to ensure that instruction on financial responsibility" was provided to pupils. Assemblywoman Parnell pointed out that high school students needed to be financially literate, and students learning calculus and trigonometry also needed to learn about balancing a checkbook, debit card balances, and credit card debt.

Additionally, Assemblywoman Parnell advised that annual high school graduation completion and dropout rate statistics would be reported based on the recommendations of the National Governors Association (NGA) Task Force on State High School Graduation Data. However, Assemblywoman Parnell indicated that compilation of the data appeared to be limited. Assemblywoman Parnell explained that the data did not include students, who technically had completed high school through, for example, a GED (General Educational Development) program, which she found unacceptable. Assemblywoman Parnell indicated that students that had to leave school and return for a GED certificate were sometimes presented a greater challenge than the students, who remained in high school for the traditional four years. Assemblywoman Parnell asked for statistics to be made available on the Department of Education website that would provide a more inclusive count of students who had completed high school with perhaps an adjusted diploma or a certificate of attendance or through a GED program.

Assemblywoman Parnell also advised that under Dr. Rheault's guidance, section 16 of A.B. 505 (R1) repealed archaic language in *Nevada Revised Statutes* (NRS) 392.090, 392.100 and 392.110 that exempted children from compulsory school attendance to work on the farm.

Assemblywoman Parnell defined A.B. 505 (R1) as an "incredibly important policy bill" and advised that school districts' concerns had been resolved. Concluding her remarks, Assemblywoman Parnell reiterated that she was open to delaying the effective date of the bill to 2011.

Assemblyman Conklin lauded the National Governor's Association's Interstate Compact requirements for reporting statistical standards and indicated that accurate statistics on graduation rates for traditional four-year students determined the effectiveness of secondary schools. Assemblyman Conklin agreed, however, that a need existed to understand the education system beyond high school especially with the complexities involved because of Nevada's transient population. Additionally, Assemblyman Conklin expressed concern about collecting graduation rate data including how much subjectivity there was regarding the students who had or had not graduated, how long they had been at the school, and why they had dropped out.

Assemblywoman Parnell advised that Dr. Rheault had provided a presentation on the National Governors Association (NGA) formula for data collection but indicated that she thought it important for Nevada to have the secondary information. Assemblywoman Parnell advised that information had been received from the Washoe County School District concerning its graduation rates. Assemblywoman Parnell agreed that Nevada was unique because of the transient population and advised that there were schools, which had an entire new student body the last day of school than they did on the first day, making it nearly impossible to identify which students dropped out.

Assemblyman Conklin indicated that the NGA Task Force final report indicated a need for reliable data access and data housing at the school, state, and national level for the data to become useful. Assemblyman Conklin pointed out that a large enough statistical sample might not be available at one school to determine a "churn rate." Assemblyman Conklin asked whether individual schools had the necessary technology to adequately gather and house the data.

Assemblywoman Parnell advised that the Department of Education in conjunction with the school districts finally had the technology to track students and that graduation counts prior to the implementation of the tracking system were unreliable.

Keith Rheault, Ph.D., Superintendent of Public Instruction, Department of Education, advised that the Department of Education had for the past four years used a system of "unique student identification numbers" to track dropouts and graduates, which he defined as one hundred percent accurate. Dr. Rheault advised that in one of its last acts, the Bush Administration passed a regulation under the No Child Left Behind Act that required all states to follow the requirements of the NGA Compact on State High School Graduation Rates. Dr. Rheault said he supported following the requirements of the Compact because he believed Nevada was reporting graduation and dropout rates more accurately than other states, and the Compact would require all 50 states to use the same formula. Dr. Rheault said, however, that the Compact was limiting because the "adjusted" diploma for special education students was a valid diploma in Nevada and between two and three thousand adjusted diplomas were issued each year and not counted in the NGA rate. Dr. Rheault advised

that additional regulations were presented to the state board at its last meeting, and the dropout rate was revised to include specific reporting codes, which made the graduation rate report one hundred percent accurate.

In response to questions Assemblyman Conklin asked about using the NGA Compact, Dr. Rheault advised that the No Child Left Behind Act requirement provided states one additional year to track students, and the first reporting of the graduation rate would occur in the 2010-11 school year.

Dr. Rheault expressed his support of the bill and advised that the Department of Education could carry out all requirements without fiscal costs. Additionally, Dr. Rheault said that he looked forward to working with the Nevada System of Higher Education to develop a school readiness and workforce readiness definition to move the state forward.

Jane Nichols, Ph.D., Vice Chancellor, Nevada System of Higher Education (NSHE), testified in support of the bill and advised that the NSHE would redirect the activities of its staff and faculty to work on the college readiness standards with the Department of Education, which she said did not require a fiscal note. Dr. Nichols also expressed support for subsection 2 of section 5, which provided the authority to ensure that every 9th grade student in the state was aware of the requirements that they needed to be prepared for either work or college.

Assemblyman Denis also expressed support for subsection 2 of section 5, which he indicated would assist students in a smooth transition to work or college.

Dr. Nichols advised that Nevada was one of the few states that did not have college readiness standards that were clearly defined and implemented in a way that shaped the high school experience for both students and families. Dr. Nichols also indicated that she looked forward to developing standards for students.

Cheryl Blomstrom, representing the Nevada Consumer Finance Association and Bill Uffelman, President and CEO of the Nevada Bankers Association, testified in support of the bill. Ms. Blomstrom expressed her appreciation for the inclusion of section 6 in the bill to amend Chapter 389 of NRS that would ensure that instruction on financial responsibility was provided to pupils in each public high school or charter school in the state. Ms. Blomstrom advised that financial literacy was already included in both mathematics and social studies standards and free online personal finance courses were also available. Ms. Blomstrom also advised that the Bankers Association had a financial literacy program available online and in printed form that would be made available to any school in the state.

Bryn Lapenta, representing the Washoe County School District, testified in support of A.B. 505 (R1). Ms. Lapenta indicated there was some initial concern with section 10 of the bill regarding the remediation of deficient credits but said that concern was alleviated by Assemblywoman Parnell's suggestion to delay the effective date to 2011 or upon the availability of funding.

Ben Sayeski, Chief Education Officer, the Andre Agassi Charitable Foundation, testified in support of A.B. 505 (R1) and specifically section 6 regarding financial literacy. Mr. Sayeski indicated that schools were engaged in a number of activities to safeguard children but that financial literacy had been absent

from those safeguards, and students needed to be armed with the information to guide and control their own economic future.

Bart Mangino, representing the Clark County School District, spoke in support of A.B. 505 (R1), which he said underlined a number of initiatives that would benefit high school students. Mr. Mangino indicated, however, that there were some initial concerns regarding the provision in section 10 for students to remediate deficient credits and the intent of section 6 concerning skills necessary to develop financial responsibility. Mr. Mangino advised that Assemblywoman Parnell had clarified, however, that implementation of section 10 could be delayed until 2011 or upon availability of funding, and the inclusion of financial literacy skills in section 6 was not a separate course study but already imbedded within the current course of study. Mr. Mangino indicated that the only remaining concern was regarding peer mentoring, which he said was not consistent in all high schools. Mr. Mangino indicated that implementation of peer mentoring in all high schools in Clark County would cost approximately \$309,000.

Dotty Merrill, representing the Nevada Association of School Boards, testified in support of the bill. Ms. Merrill advised that it was important for school board members and legislators to have access to the information about other ways students completed high school. Ms. Merrill said that the inclusion of the adjusted diploma and certificate of educational equivalence for passing the GED provided a more "complete picture" of almost all of Nevada's high school students.

Additionally, Ms. Merrill expressed her appreciation to Assemblywoman Parnell for agreeing to delay implementation of section 10 and for working on the repeal of NRS 392.090, 392.100, and 392.110 that related to the exemption of certain children from compulsory school attendance.

Assemblyman Denis asked whether others wanted to speak for or in opposition to A.B. 505 (R1) and hearing no response closed the hearing on A.B. 505 (R1).

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**ELECTED OFFICIALS - OFFICE OF THE STATE CONTROLLER –
(BUDGET ACCOUNT 101-1130) – BUDGET PAGE ELECTED-120**

Jeff Ferguson, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), reported that the Committee had previously taken action on all items included in the Office of the State Controller's budget with the exception of the XBRL (eXtensible Business Reporting Language) system. Mr. Ferguson explained that the XBRL system was a technology solution to manage the information collection, collation, and workflow process related to the state's debt collection efforts for which the State Controller had requested legislative consideration. Mr. Ferguson informed the Committee that the XBRL system would require a General Fund appropriation of \$293,105 in fiscal year 2009-10 and \$24,278 in fiscal year 2010-11 that was not included in The Executive Budget.

Mr. Ferguson advised that questions were asked during previous budget hearings concerning whether an assessment to debtors could offset the cost of the system. Mr. Ferguson referenced an April 24, 2009, memorandum ([Exhibit M](#)) from the State Controller that reflected the revenue that would be generated over the biennium from the following fee assessment levels:

- 2 percent would generate \$116,000
- 3 percent would generate \$174,000
- 4 percent would generate \$232,000

Additionally, the April 24, 2009, memo provided information concerning the number of years it would take to recover the costs of the XBRL system, as well as the costs outlined in A.B. 87 (R1), legislation that related to turning over to the State Controller the collection of debt owed to state agencies.

Mr. Ferguson provided the following information concerning assessing a fee on debt collections:

- An assessment fee of 2 percent would take 7.31 years to recover costs.
- An assessment fee of 3 percent would take 4.88 years to recover costs.
- An assessment fee of 4 percent would take 3.66 years to recover costs.

Mr. Ferguson said that the State Controller had indicated that if the Committee wished to approve the XBRL system, A.B. 87 (R1) could be amended to include the fee assessment, and the funding generated by the assessment could be added to the budget. Mr. Ferguson explained that passage of A.B. 87 (R1) would authorize the Controller to collect the revenue and to reimburse the General Fund through a transfer category. Additionally, Mr. Ferguson advised that the Controller had indicated that a 2 percent assessment fee to generate revenue over 7.3 years to recover costs would be the least burdensome to debtors.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised the Committee to determine whether it wanted to approve the XBRL system and whether to include an assessment fee on debt collection to generate revenue that would pay for the system.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE CONTROLLER'S REQUEST TO PURCHASE, IMPLEMENT, AND MAINTAIN AN XBRL TECHNOLOGY SOLUTION AT A GENERAL FUND COST OF \$317,838 OVER THE 2009-11 BIENNIUM.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

Assemblywoman Buckley advised of "strong bipartisan support" for A.B. 87 (R1) and indicated that she believed the bill would be approved. Assemblywoman Buckley expressed concern, however, that enough revenue could be generated to pay for the technology solution.

Mr. Stevens referenced the Controller's April 24, 2009, memorandum ([Exhibit M](#)) and reiterated previous testimony that a 2 percent fee assessment would generate \$116,000 over the biennium. Mr. Stevens pointed out that a net-negative position would be created by the \$116,000 and the \$317,000 expenditure for the XBRL system.

Assemblywoman Buckley indicated that approving the technology solution system "made sense" but expressed concern about adding expenses to the budget that would require a reduction in another area. Assemblywoman Buckley asked whether additional adjustments could be made to the Controller's budget to finance the XBRL system.

Mr. Stevens indicated that staff had not explored the possibility of other adjustments and suggested asking the Controller to discuss funding priorities.

Kim Wallin, State Controller, Office of the State Controller, advised that the interest generated by A.B. 87 (R1) had doubled the number of debt collection requests turned over to the Controller's Office, and the number of requests was expected to increase with passage of A.B. 87 (R1). Ms. Wallin expected that without the XBRL system, she would require three additional full-time employees to handle the volume of work.

In response to Assemblywoman Buckley's funding concerns, Ms. Wallin advised that \$1.12 million of the projected additional \$4.54 million in debt collections would be reverted to the General Fund during the 2009-11 biennium producing a net gain of \$699,000 after subtracting the \$317,000 cost of the XBRL system and postage costs.

In response to questions Assemblywoman Gansert asked concerning A.B. 87 (R1), Ms. Wallin recalled testifying that with the XBRL system, the collection rate would increase from 11 percent to 45 percent for debt under \$25,000 and from 4 percent to 15 percent for debt over \$25,000 if state agencies, as required under A.B. 87 (R1), turned their bad debt requests over to the office within 60 days.

Assemblywoman Gansert expressed support for A.B. 87 (R1) and the XBRL system because of the projected increases in the debt collection.

In response to questions Assemblyman Hardy asked concerning the amount of debt collected that would be returned to originating state agencies and whether collections could offset the cost of the XBRL system over the next biennium, Ms. Wallin said estimated percentage increases indicated there would be sufficient funding to pay for the system.

In response to questions Assemblyman Hardy asked concerning the amount of collected debt that would be returned to the originating agencies, Mr. Stevens advised that all debt collected by the Controller's Office was returned to the originating agencies. If an agency's budget contained General Fund appropriations, the agency would revert the appropriate amount of debt collected to the General Fund.

In response to Assemblywoman Buckley, who discussed amending A.B. 87 (R1) to include an assessment fee or to include funding in the Appropriations Act, Mr. Stevens reiterated that an assessment of 2 percent was estimated to generate \$116,000 over the biennium and 4 percent was estimated to generate \$232,000.

Assemblywoman Buckley proposed assessing the larger 4 percent fee for the first two years of the biennium to pay for the technology system and to go forward with the program because of the generation of additional revenue. Assemblywoman Buckley asked the Controller to work with the Committee's staff on an amendment to A.B. 87 (R1).

Assemblyman Hardy had previously moved for approval and Assemblyman Denis had seconded the motion.

There was no further discussion on the motion. Chair Arberry called for the vote.

THE MOTION CARRIED UNANIMOUSLY.

ELECTED OFFICIALS - OFFICE OF THE GOVERNOR – HIGH LEVEL NUCLEAR WASTE – (BUDGET ACCOUNT 101-1005) – BUDGET PAGE ELECTED-13

Steve Abba, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, discussed the work session the Committee held on April 1 2009, to consider the High Level Nuclear Waste budget. At that work session, information was provided concerning submittal of a budget amendment to reestablish the technical division administrator and planner/researcher positions eliminated from a core group of five positions in The Executive Budget. The budget amendment also proposed funding \$50,000 in each fiscal year of the biennium to contract, on a part-time basis, for services currently performed by the planning division administrator, who was soon to retire. Mr. Abba explained that the current planning division administrator, because of his experience, would contract to continue work with the Director to overturn the federal Department of Energy's efforts to license the Yucca Mountain facility. A document entitled, *Scope of Work* ([Exhibit N](#)) outlined the duties and responsibilities that the contractor would perform.

Mr. Abba expressed agreement with eliminating an accountant position and a management analyst position, as the Governor originally recommended, since the agency currently paid a cost allocation to the Division of Administrative Services for accounting work. Additionally, Mr. Abba advised that the management analyst position had been vacant since July 2007, and other members of the staff had assumed duties performed by that position.

Mr. Abba discussed the following three options staff provided for the Committee's consideration:

- Option 1 would approve the Governor's original budget recommendations, which included the elimination of five positions with a savings of \$632,003 in General Fund appropriations in fiscal year 2010 and \$636,426 in fiscal year 2011.
- Option 2 would approve the budget amendment to restore two of the five eliminated positions and provide \$50,000 in each fiscal year of the 2009-11 biennium for contract services.
- Staff recommended Option 3 to restore the technical division administrator position, the planner/researcher position, and to fund the \$50,000 in each year of the biennium for contract services with existing revenue sources and expenditure authority within the agency's budget. Approval of the third option would reduce the costs in the budget amendment from \$340,514 to \$290,514 in fiscal year 2010 and from \$342,885 to \$292,885 in fiscal year 2011 and would provide a General Fund reduction of \$100,000 over the biennium.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF OPTION 3.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

Assemblywoman Smith expressed support of the motion but asked for information related to the length of the contract.

Mr. Abba advised that the contract covered a two-year period for a total of \$100,000, \$50,000 in each year of the biennium, which he pointed out provided the Executive Director some flexibility since the contract was based on a half-time situation.

Assemblywoman Smith expressed agreement with the need for a two-year contract and asked that the record make it clear that the funding for the contract was \$50,000 in each year of the biennium for a total of \$100,000.

Bruce Breslow, Executive Director, Agency for Nuclear Projects, advised that the agency would reduce the space they occupied by 1,500 square feet to cover a portion of the cost of the contract. Mr. Breslow further advised that plans were to conclude the Yucca Mountain Project prior to the second year of the contract thereby eliminating the need for the contractor and the Director's position as well.

In response to Assemblyman Goicoechea, who questioned the use of \$20,000 from the Highway Funded Contracts category as a portion of the funds needed for contract services, Mr. Breslow advised that it would be necessary to eliminate one additional position to divert the \$20,000 from Highway Funded Contracts.

Assemblywoman Buckley had previously moved approval of the third option recommended by staff, and Assemblywoman Leslie had seconded the motion. Chair Arberry called for the vote.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Abba addressed other closing items and advised that the Executive Director of the Agency on Nuclear Projects had requested that the planning division administrator position be placed in the unclassified service but not funded. Mr. Abba explained that if the agency determined a need existed to restore the planning division administrator position during the interim, the agency could approach the Interim Finance Committee to request consideration and approval since the salary level would be included in the unclassified pay bill.

Additionally, Mr. Abba advised that Department of Energy federal funding for litigation activities related to the Yucca Mountain facility historically had been directed to the agency's budget. Mr. Abba said, however, recent federal legislation provided that \$4,954,500 in each year of the biennium would be allocated directly to the Office of the Attorney General Special Fund.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF THE
TECHNICAL ADJUSTMENTS PROVIDED BY STAFF.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**ELECTED OFFICIALS - NEVADA STATE OFFICE OF ENERGY -
(BUDGET ACCOUNT 101-4868) – BUDGET PAGE ELECTED-34**

Steve Abba, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that at the Committee's direction, staff worked with the Office of Energy (NSOE) on how best to use available petroleum overcharge rebate funds for the upcoming biennium. Mr. Abba advised that staff recommended using \$180,000 in available petroleum rebate funds over the 2009-11 biennium to:

- Continue an annual transfer of \$20,000 to the Aging Services Division as a match to federal transportation funds to support a rural transportation program for seniors and disabled persons.
- Support salaries and operational costs in the NSOE budget.

Mr. Abba advised that the use of the petroleum overcharge rebate revenue was not included in The Executive Budget, and although the suggested use of the rebate funds would significantly deplete the revenue in the reserve account after the 2009-11 biennium, the use of the funds would reduce the need for General Fund support by \$140,000 over the biennium.

Mr. Abba advised that staff recommended that the Committee approve a Letter of Intent that would require the NSOE to work with the Budget Division and the Fiscal Analysis Division to identify possible General Fund savings:

- If the State Energy Program (SEP) grant for the 2009-11 biennium was larger than currently estimated.
- If American Recovery and Reinvestment Act (ARRA) funds allowed opportunities to support the NSOE.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE SUGGESTED USE OF COST ALLOCATIONS FOR PETROLEUM OVERCHARGE REBATE FUNDS AND A LETTER OF INTENT AS RECOMMENDED BY STAFF.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Abba referenced other closing items and advised that staff concurred with the Governor's recommendation to eliminate an accountant position, which would save the NSOE approximately \$84,000 in SEP grant funding that could be used instead for work on energy issues. Mr. Abba advised that the accounting responsibilities would be transferred to the Administrative Services Division within the Department of Administration, and NSOE would reimburse the Division for those services through a cost-allocation formula.

Additionally, Mr. Abba advised that at the NSOE's initial hearing, staff expressed concern that the agency had not filled the renewable energy analyst position approved by the 2007 Legislature. Mr. Abba defined the position as vital and said that although there appeared to be extenuating circumstances that made the position difficult to fill, there also appeared to be a lack of planning as a reason the position remained vacant. Mr. Abba said staff recommended that the position be continued, and the NSOE be encouraged to fill it as quickly as possible.

Mr. Abba also advised that at the previous budget hearing for the agency, the Committee learned that the NSOE was planning to relocate from its current location in Carson City to Reno. Mr. Abba reported that the current office space the NSOE occupied was too large and the landlord would not renegotiate the amount of space or the monthly lease cost, which was significant. Mr. Abba recommended approval of the move since a smaller, less costly space was required.

Mr. Abba reported that the NSOE Executive Director had asked to move the office to Reno and staff agreed. Mr. Abba indicated that the NSOE Executive Director had a small office in the Capitol Building, in which she would spend two to three days a week in addition to two to three days a week in the Reno office. Mr. Abba recommended, however, that if the Committee approved the relocation of the NSOE to Reno, that the Director not be entitled to travel per-diem reimbursement because her time would be divided between two official duty stations in Reno and Carson City.

Assemblyman Conklin expressed concern in regard to closing the budget since legislation contemplating reorganization changes and policy considerations associated with renewable energy was pending. Assemblyman Conklin indicated some uncertainty concerning whether the NSOE position would even be necessary.

Chair Arberry indicated that the Committee could close the budget and reopen it if changes became necessary.

Assemblywoman Buckley agreed with the need to close the budget and reopen it if changes were required. Additionally, Assemblywoman Buckley agreed with the staff recommendation to retain the renewable energy analyst position but did not agree with the recommendation to move the office from Carson City to Reno.

Mr. Abba recommended that the NSOE have the flexibility to relocate from its current office space to other space within Carson City because the office could not remain in their current location.

Assemblywoman Buckley agreed that the NSOE could relocate within Carson City and within the amounts recommended by staff.

ASSEMBLYMAN CONKLIN MOVED APPROVAL OF THE ELIMINATION OF THE ACCOUNTANT POSITION, THE RECOMMENDED ALLOCATION OF SEP GRANT FUNDS, THE RETENTION OF THE RENEWABLE ENERGY ANALYST POSITION, AND ALLOWING THE NSOE TO MOVE TO A DIFFERENT LOCATION IN CARSON CITY WITHIN THE FUNDING RECOMMENDED BY STAFF.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Abba provided the Committee with information not previously available on stimulus funding that the agency was to receive and advised that the American Recovery and Reinvestment Act (ARRA) provided \$3.1 billion in funding to the federal Department of Energy for State Energy Program, and Nevada would receive \$37,714,000.

Mr. Abba advised that the NSOE submitted, but subsequently withdrew from consideration, a work program for the April 20, 2009, Interim Finance Committee meeting to accept \$1.2 million of the ARRA funds because the initial grant award had not been received. Mr. Abba advised that in testimony before the Senate Committee on Finance, earlier in the day, the agency representative indicated that they would submit a revised work program to the Interim Finance Committee (IFC) with a list of "preliminary" project activities developed by the NSOE. Mr. Abba advised that he had provided a list of questions to the

Committee members that they could ask the agency representatives either now or at the IFC meeting.

Assemblywoman Buckley indicated that she had many questions concerning the list of project activities including a question on establishing a \$1 million rebate program for hybrid new car purchases. However, in the interest of time, Assemblywoman Buckley suggested that the agency provide detailed information to Committee members in preparation for the hearing.

COMMERCE AND INDUSTRY - STATE GAMING CONTROL BOARD -
(BUDGET ACCOUNT 101-4061) – BUDGET PAGE GCB-1

Brian Burke, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began his presentation on the State Gaming Control Board budget by addressing the major closing issues discussed by the Committee during previous hearing and work sessions.

The first issue was the Governor's recommendation to eliminate 32 positions in the Board's Information Technology (IT) section and the Audit, Enforcement, and Tax and License Divisions. Mr. Burke advised that during an April 1, 2009, joint hearing of the Assembly Committee on Ways and Means and the Senate Committee on Finance, Committee members expressed concern about the magnitude of the position reductions and the potential effect of the reductions on gaming revenue collections and State Gaming Control Board operations. At the April 1, 2009, hearing, Committee members expressed support for the Board's first priority to restore 14 of the 32 positions proposed for elimination.

Mr. Burke advised that at the direction of Committee members, staff met with representatives of the State Gaming Control Board and the Budget Division to "firm-up" cost estimates associated with restoring the positions. Mr. Burke reported that restoration of the 14 positions would require additional General Fund appropriations of \$1.14 million in fiscal year 2010 and \$1.07 million in fiscal year 2011.

Mr. Burke asked whether the Committee wished to confirm the support expressed during the work session to restore 14 of the 32 positions. Mr. Burke reported that the Senate Committee on Finance closed the Gaming Control Board budget, earlier in the day, with restoration of the 14 positions.

Assemblyman Hardy advised that he had information that 43 members of the Gaming Control Board staff were eligible to retire on July 1, 2009, and 11 members of the staff were eligible to purchase enough credits to retire. Assemblyman Hardy asked whether there was any overlap between the members of the staff eligible to retire and the positions proposed for elimination.

Dennis Neilander, Chairman, State Gaming Control Board, advised that there was no overlap between employees eligible to retire and the positions proposed for elimination.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL TO RESTORE 14
OF THE 32 POSITIONS PROPOSED FOR ELIMINATION.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

Assemblyman Goicoechea asked whether the Senate Committee on Finance also approved the provision to authorize annual payments of up to \$5,000 (credential pay) for unclassified Gaming Control Board employees who possessed a Nevada Certified Public Accountant certificate, a license to practice law, or a Bachelor of Science or higher degree in engineering or computer science.

Mr. Burke advised that the credential pay issue was the next item on the list of issues for the Committee to address. Mr. Burke said, however, that the Senate Committee on Finance restored the provision for credential pay.

There were no requests for additional discussion, and Chair Arberry called for the vote.

THE MOTION CARRIED UNANIMOUSLY.

The second item on the list of issues to address was restoration of credential pay, as previously indicated. Mr. Burke advised that the Governor recommended the elimination of credential pay, which would save General Fund appropriations of \$349,650 in fiscal year 2010 and \$360,750 in fiscal year 2011.

Mr. Burke reported that the Gaming Control Board representatives identified the restoration of credential pay as a second priority for restoration if additional funding became available. Mr. Burke recalled that when the money committees met jointly on April 1, 2009, there was no consensus to restore the funding for credential pay during the 2009-11 biennium. He said, however, that the committee members wished to keep credential pay on the "maybe list" should additional funding become available and, as previously indicated, the Senate Committee on Finance voted to restore General Fund support for credential pay for \$349,650 in fiscal year 2010 and \$360,750 in fiscal year 2011.

Assemblywoman Buckley expressed concern about adding revenue to the budget even though she agreed that credential pay should be paid. Assemblywoman Buckley commended the Gaming Control Board staff for their excellent work performance and indicated that perhaps credential pay funding could be placed on a "trigger list" after the first of the year if revenue collections improved.

Assemblyman Goicoechea asked whether the issue could be renegotiated since it appeared that the Senate and the Assembly members of the joint committee would need to meet again.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, agreed that if the Senate and Assembly closed the budget differently, unresolved differences would require reconciliation before the Appropriations Act was written.

ASSEMBLYWOMAN BUCKLEY MOVED TO ELIMINATE RESTORATION OF CREDENTIAL PAY FOR UNCLASSIFIED GAMING CONTROL BOARD EMPLOYEES BUT TO CONTINUE TO WORK TOWARD APPROVAL AND TO MAKE A DETERMINATION WHEN THE MONEY COMMITTEES MET TO RECONCILE DIFFERENCES.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

Assemblywoman Gansert said that it was critical to compensate highly qualified key personnel for the excellent job they were doing in regulating the state's most significant industry.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Burke advised that the third major issue was the unfunded system migration project previously discussed at the April 1, 2009, joint hearing and work session. Mr. Burke explained that the gaming applications and systems supporting the Gaming Control Board's day-to-day operations were aging, software applications that were over 25 years old and written in COBOL (COmmon Business-Oriented Language), and existing hardware was over 11 years old. Mr. Burke advised that the Gaming Control Board's current maintenance agreement was scheduled to expire on December 31, 2010.

Additionally, Mr. Burke advised that at the request of the money committees, the Gaming Control Board provided the following plans for consideration:

- o Plan A – Full Migration
- o Plan B – New Hardware Only – Consultant Assisted Transfer
- o Plan C – New Hardware Only – In-House Transfer
- o Plan D – Reduced Instruction Set Computing (RISC)

Mr. Burke explained that if the Committee chose to approve any of the proposed options, additional General Fund appropriations would be required.

Mr. Burke advised that although he provided Plans A through D as requested by the Gaming Control Board, after conferring with Gaming Control Board Information Technology staff, Plans B and C were no longer considered workable. Mr. Burke reported that Plan A, a full migration, would be a permanent solution at a cost estimated at \$4.36 million during the current biennium with an undetermined amount of additional funding required in the 2011-13 biennium.

Mr. Burke provided information on Plan D - Reduced Instruction Set Computing (RISC) and explained that the Gaming Control Board had discovered an option whereby it could create an "emulated Alpha RISC environment on a standard server." He said that Gaming Control Board representatives explained that once the simulated environment was installed on modern hardware, the existing operating system, applications, and licenses from the real Alpha environment could be transferred over and would execute without any new coding or recompilation. Mr. Burke advised that Plan D, which was considered only a temporary solution, would require an additional General Fund appropriation of \$165,000 and that Gaming Control Board IT staff anticipated that the project could be completed in months.

Mr. Burke asked whether the Committee wished to consider funding Plan A, a full migration to address the Gaming Control Board's aging computer systems at a cost of \$4.36 million during the 2009-11 biennium, or Plan D, a temporary solution at \$165,000. Mr. Burke reminded the members of the Committee that funding was not included in the Governor's budget for gaming applications and systems to support the Board's day-to-day operations.

Assemblywoman Leslie asked why the request was not included in The Executive Budget.

Mr. Neilander responded that although he had discussed the issue with the current Governor as well as prior governors, the request had only surfaced during the current session because the issue was mentioned in a hearing before the Committee earlier in the session.

ASSEMBLYWOMAN LESLIE MOVED TO APPROVE PLAN D FOR A REDUCED INSTRUCTION SET COMPUTING (RISC), A TEMPORARY SOLUTION AT A COST OF \$165,000.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

Assemblywoman Buckley expressed dismay that the Gaming Control Board, which she described as doing one of the best jobs in state government and a gaming enforcement model for other states, had to examine complex gaming issues using aging hardware and software applications written in COBOL. Assemblywoman Buckley expressed her support for the minimal restorations the Committee had discussed.

Assemblyman Denis asked why the Gaming Control Board representatives would consider a temporary emulated system that would continue to use software applications written in COBOL rather than staying with the current applications and systems.

Mr. Neilander reiterated earlier testimony that the system was failing and advised that several weeks ago, the system was inoperable for two successive days.

Assemblywoman Gansert once again expressed concern regarding budget reductions for a Board that regulated the gaming industry.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Burke provided the following information regarding Other Closing Items:

- The recommendation for training gaming laboratory staff, including outside training costs, technical manuals, and online training courses, appeared reasonable to staff.
- The recommendation for relocation of the Reno facility appeared reasonable to staff. Mr. Burke advised that the Governor recommended a General Fund appropriation of \$25,000 in fiscal year 2011 to fund costs associated with relocating its Reno staff to a new facility.
- The Governor recommended \$17,547 in fiscal year 2010 (\$15,649 General Fund) and \$17,173 in fiscal year 2011 (\$15,275 General Fund) to fund travel for two additional trips associated with the annual gaming regulators' conference, additional investigative travel, and inflationary increases in travel costs.
- The recommendation to convert the funding source for one senior network specialist and one senior program analyst from General Fund to Investigative Fees appeared reasonable to staff.
- The recommendation to purchase replacement equipment (furniture, laboratory testing and monitoring devices), primarily funded from Investigative Fee transfers, appeared reasonable to staff.

- The recommendation to purchase new laboratory equipment (security and air conditioning enhancements at the gaming laboratory, remote access equipment, test tool quality control equipment, and gaming laboratory computer equipment), primarily funded from Investigative Fee transfers, appeared reasonable to staff.
- The recommendation for reclassification of unclassified staff would be considered during the unclassified pay review process.
- At the Committee's request, the Gaming Control Board agreed to return two vehicles to the State Motor Pool based on reduced staffing levels, and staff recommended that motor vehicle lease charges be reduced by \$11,401 in each year of the biennium to reflect the relinquishment of two vehicles.

Mr. Burke asked whether the Committee wished to approve Other Closing Items as recommended by the Governor with the suggested Motor Pool vehicle reduction noted by staff. Additionally, Mr. Burke asked whether the Committee would authorize staff to make any necessary technical adjustments to the budget.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE OTHER CLOSING ITEMS AS RECOMMENDED BY STAFF AND TO AUTHORIZE STAFF TO MAKE NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

COMMERCE AND INDUSTRY - STATE GAMING CONTROL BOARD – GAMING COMMISSION (BUDGET ACCOUNT 101-4067) – BUDGET PAGE GCB-12

Brian Burke, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that there were no major closing issues in the Nevada Gaming Commission budget.

Mr. Burke reported, however, that the Governor recommended significant travel increases, and the Committee, at a previous hearing, asked whether the Gaming Commission could reduce travel to mitigate the need for budget reductions in other areas. Mr. Burke advised that the Gaming Control Board representative, after conferring with the Commission Chairman, said that in-state travel could be reduced by \$2,760 in each year of the biennium. Additionally, Mr. Burke advised that savings would be achieved in out-of-state travel expenses because a conference that was assumed would be held in Europe would be held in Washington, D.C., and only four commissioners would attend rather than five.

Mr. Burke advised that the recommendation to replace computer and software equipment appeared reasonable to staff.

Mr. Burke noted that the inclusion of credential pay for one member of the Gaming Commission staff was an oversight in The Executive Budget. Mr. Burke asked whether the Committee members wanted to make credential pay adjustments consistent with the action the Committee took in the Gaming Control Board budget.

Chair Arberry asked Mr. Neilander whether the Gaming Control Board monitored gaming in Macao and whether the reduction in out-of-state travel would affect the monitoring of foreign gaming activities.

Mr. Neilander advised that under the Nevada Foreign Gaming Act, the Gaming Control Board was required to monitor gaming activities of all Nevada licensees anywhere in the world, and three Nevada licensees were engaged in gaming operations in Macao. Mr. Neilander advised that when the Gaming Control Board registered publicly traded companies, those companies were required to establish a revolving fund, and the costs involved for investigative hours including travel were charged against that fund.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF THE RECOMMENDATIONS OUTLINED BY STAFF, INCLUDING THE ELIMINATION OF CREDENTIAL PAY FOR UNCLASSIFIED GAMING COMMISSION STAFF, AND AUTHORIZATION FOR STAFF TO MAKE NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

COMMERCE AND INDUSTRY - GAMING CONTROL BOARD INVESTIGATION FUND – (BUDGET ACCOUNT 244-4063) – BUDGET PAGE GCB-16

Brian Burke, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that there were no major closing issues in the Gaming Control Board Investigation Fund account.

Mr. Burke advised that each of the enhancement units in the Investigation Fund account were consistent with the previous actions of the Committee on the Gaming Control Board account and recommended that the Investigation Fund budget be approved with the same actions.

Additionally, Mr. Burke advised that the Committee members discussed the Gaming Control Board's fee policies during previous hearings and asked whether the Board had considered increasing existing fee rates for new licensees or expanding the fee structure to encompass activities currently funded with General Fund appropriations. Mr. Burke reported that Gaming Control Board representatives indicated that they would examine broadening the fee base during the interim. Mr. Burke recommended that the Committee might wish to consider directing the Gaming Control Board, through a Letter of Intent, to report semiannually to the Interim Finance Committee on the status of its examination of broadening the fee base during the interim.

ASSEMBLYWOMAN GANSERT MOVED APPROVAL OF THE RECOMMENDATIONS OUTLINED BY STAFF INCLUDING A LETTER OF INTENT TO REPORT TO THE INTERIM FINANCE COMMITTEE ON BROADENING THE FEE BASE AND TO PROVIDE STAFF THE AUTHORITY TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

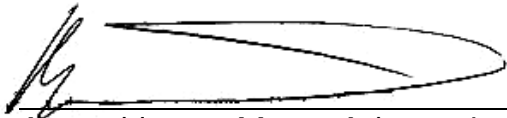
THE MOTION CARRIED UNANIMOUSLY.

Chair Arberry adjourned the hearing at 12:09 p.m.

RESPECTFULLY SUBMITTED:

Connie Davis
Committee Secretary

APPROVED BY:

A handwritten signature in black ink, appearing to be 'Morse Arberry Jr.', written over a horizontal line.

Assemblyman Morse Arberry Jr., Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Ways and Means

Date: April 29, 2009

Time of Meeting: 8:13 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Guest List
<u>A.B. 82 (R1)</u>	C	Janine Hansen, American Independent Party	Prop 8 Maps
<u>A.B. 285 (R1)</u>	D	Jennifer Stoll-Hadayia	Testimony and Washoe County Health Department flyer on Childhood Overweight and Obesity in Washoe County
<u>A.B. 395 (R1)</u>	E	Teresa Thienhaus, Director, Department of Personnel	Executive Fiscal Note
<u>A.B. 395 (R1)</u>	F	Teresa Thienhaus, Director, Department of Personnel	Department of Personnel Organizational Chart
<u>A.B. 395 (R1)</u>	G	Teresa Thienhaus, Director, Department of Personnel	Department of Personnel Fiscal Note Regarding: Amendment #518 to <u>A.B. 395 (R1)</u> .
<u>A.B.422</u>	H	Steven T. Polikalas, Attorney at Law, Jones Vargas	Aerial Map of the Téssera project area
<u>A.B. 488 (R1)</u>	I	Assemblyman David Bobzien	Amendment 4690 to <u>A.B. 448 (R1)</u> .
<u>A.B. 488 (R1)</u>	J	Crystal Jackson, Commission Secretary, Public Utilities Commission	Revised Fiscal Note to <u>A.B. 448 (R1)</u> .
<u>A.B. 488</u>	K	Assemblywoman Bonnie Parnell	Proposed Amendment 4676 to <u>A.B. 488</u>
<u>A.B. 488</u>	L	Keith Rheault, Ph.D., Superintendent of Public Instruction	List of Approved Critical Labor Shortage Positions
	M	Kim Wallin, State Controller	April 24, 2009 Memorandum
	N	Agency on Nuclear Waste	Scope of Work