

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

Seventy-Fifth Session  
May 14, 2009

The Committee on Ways and Means was called to order by Chair Morse Arberry Jr. at 8:15 a.m. on Thursday, May 14, 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/](http://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](mailto: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:**

Senator Warren B. Hardy II, Clark County Senatorial District No. 12  
Senator John J. Lee, Clark County Senatorial District No. 1  
Senator Dean A. Rhoads, Rural Nevada Senatorial District

**STAFF MEMBERS PRESENT:**

Mark Stevens, Assembly Fiscal Analyst  
Steve Abba, Principal Deputy Fiscal Analyst  
Rick Combs, Senior Program Analyst  
Scott Edwards, Program Analyst  
Alex Haartz, Program Analyst  
Eric King, Program Analyst  
Heidi Sakelarios, Program Analyst  
Carol Thomsen, Committee Secretary  
Vickie Kieffer, Committee Assistant

Chair Arberry announced that the meeting of May 13, 2009, had been recessed and he declared that meeting adjourned.

The Chair stated that the Committee would hear testimony on bills, and he opened the hearing on Senate Bill (S.B.) 209 (R1).

**Senate Bill 209 (1st Reprint): Revises provisions governing the Governor Guinn Millennium Scholarship Program. (BDR 34-1097)**

Senator John J. Lee, Clark County Senatorial District No. 1, stated that a young high school friend of his dreamed of playing baseball and he succeeded in winning a baseball scholarship to a college in California. Senator Lee said his young friend decided not to continue to play baseball and returned to Nevada. His friend had completed one year of education in California and then returned to serve his church as a volunteer for two years. He pointed out that his children also served the church. Senator Lee indicated there was a call for students who did not have an educational agenda to be involved in community service.

Currently, said Senator Lee, a high school graduate was required to apply for a Millennium Scholarship and graduate from college within six years. He indicated that S.B. 209 (R1) would allow the Board of Regents to make an exception for a student who had served in a volunteer capacity, just as there was an exception for students who joined the Armed Forces.

Senator Lee referenced paragraph (f) of subsection 2 of section 1 of the bill, which contained similar language as that included in statute regarding students serving in the Armed Forces. The bill would allow students who graduated from high school and were unsure about an educational career to use another scholarship such as a baseball scholarship; complete a church mission; join the Peace Corps; intern in Washington, D.C.; or complete other charitable, religious, or public service assignments, and then apply for an extension of one year to complete their education.

Currently, said Senator Lee, once a student returned to Nevada, the student would have only three or four years remaining to complete school because of the six-year time limit imposed by the Millennium Scholarship program. He explained that S.B. 209 (R1) would provide high school graduates who completed charitable service with an opportunity to receive one additional year to complete their education. Senator Lee said the bill stipulated that "to the extent that money is available," students returning to Nevada could apply for a Millennium Scholarship, which would be reviewed by the Board of Regents.

Senator Lee explained that he was attempting to include an exemption in statute that established criteria for students who wanted to participate in charitable, religious, or public service assignments to apply for a Millennium Scholarship. He stated that the language would provide a student who graduated from a Nevada high school with an avenue to apply for a waiver, provide the proper documentation, and receive a scholarship, providing that money was available.

Senator Lee thanked the Committee for helping him assist a very limited group of students to complete their college dreams. The bill was moved to the Assembly Committee on Ways and Means because there could be a small financial impact, depending upon how many students used the waiver.

Senator Lee introduced Reba Coombs, Executive Director, Millennium Scholarship Program, Office of the State Treasurer, to the Committee, and stated she would discuss the financial aspects of S.B. 209 (R1). He also referenced Exhibit C, a letter of April 1, 2009, from State Treasurer Kate Marshall in support of the bill.

Ms. Coombs reported that State Treasurer Kate Marshall was very much in support of the bill and believed there would be no significant fiscal impact. Ms. Coombs explained that, because students would already be eligible for a Millennium Scholarship, allowing students an extension of time to complete their community obligations would not change the funding that was available for that student. Ms. Coombs believed that an extension might also benefit the Treasurer's Office because it would extend the amount of time that the money for such students was invested. Ms. Coombs reiterated that the Treasurer's Office did not think S.B. 209 (R1) would create a fiscal impact and also believed it would benefit students.

Chair Arberry asked whether the language of the bill would apply for students in the military. Senator Lee stated that current statute provided such an exemption for students who joined the Armed Forces.

Assemblyman Denis asked whether the provisions of the bill would apply to students who wanted to study abroad for a year before returning to Nevada to complete their education. Senator Lee stated that Ms. Abba would address that question.

Crystal Abba, Assistant Vice Chancellor for Academic and Student Affairs, Director of Public Policy, Nevada System of Higher Education (NSHE), introduced herself to the Committee. Ms. Abba stated that the way the bill was currently written, the provisions only addressed students who participated in religious or charitable assignments. For example, said Ms. Abba, the provisions would apply for a student who was on a mission for the Peace Corps; however, the provisions would not apply for a student involved in a study-abroad program.

Assemblywoman Leslie noted that the bill also addressed public service assignments, and Ms. Abba stated that was correct. Assemblywoman Leslie said the bill also indicated that the Board of Regents would establish the criteria that must be met by students to qualify for a waiver. Assemblywoman Leslie opined that was a "great idea."

Senator Lee stated that if Assemblyman Denis or the Committee believed that the language should include students who wanted to study abroad, he would have no objection to adding such language.

Assemblyman Hardy asked whether a study-abroad program offered through one of the Nevada universities would be covered by a Millennium Scholarship. Ms. Abba stated that was correct. She noted that a student studying abroad via a program offered by a Nevada university would be covered by the Millennium Scholarship.

Assemblywoman Smith commented that students were already offered the opportunity to study abroad through the NSHE and be covered by the scholarship. She believed that the Committee should not go any farther with study-abroad programs because students who wanted to attend school abroad were already allowed to use scholarship funding to do so through the NSHE.

Ms. Abba stated the key point was that the student was enrolled in a Nevada institution and participating in that institution's study-abroad program. If the student was eligible for a Millennium Scholarship, the student would remain under the program while studying abroad.

Assemblywoman Leslie said she had personal experience with the study-abroad program. She explained that her daughter was a millennium scholar and wanted to study abroad, and it was possible for her to participate in the study-abroad program through one of Nevada's universities. Assemblywoman Leslie explained that the University of Nevada, Reno offered an excellent study-abroad program.

Assemblyman Denis said he did not understand how the study-abroad programs worked, and the explanations had alleviated his concerns about student who wished to study abroad.

Chair Arberry asked whether there was further testimony to come before the Committee regarding S.B. 209 (R1), and there being none, the Chair declared the hearing closed.

Chair Arberry opened discussion on Senate Bill (S.B.) 215.

**Senate Bill 215: Extends the date for the reversion of money transferred to provide historical interpretive signs for the California Trail Wayside Sites to be located in eight northern Nevada counties of this State. (BDR S-1054)**

Senator Dean Rhoads, Rural Nevada Senatorial District, explained that S.B. 215 dealt with the California Trail center that was being built in Elko, Nevada. Senator Rhoads indicated that the center was a joint venture between the state, the city, the county, and the federal government. He advised the Committee that thanks to U.S. Senator Harry Reid, over \$14 million had been expended in construction of the museum and trail facility in Elko, which would be a significant tourist attraction for northeastern Nevada.

Senator Rhoads explained that \$300,000 was appropriated by the 2007 Legislature to provide historical interpretive signs for the California Trail Wayside Sites to be located within eight northern Nevada counties. He explained that the signs had not been completed, and the date for reversion of the funds was June 30, 2009. Senator Rhoads stated that S.B. 215 would extend the reversion date for the funding from June 30, 2009, to December 31, 2009. He advised the Committee that approximately \$150,000 of the funding remained to install the signs. Senator Rhoads stated that a representative from the Division of State Parks would provide additional detail.

Steve Weaver, Chief of Planning and Development, Division of State Parks, State Department of Conservation and Natural Resources, introduced himself to the Committee. Mr. Weaver advised that he was personally administering the contracts involved with the installation of the signs. He indicated there were two contracts, one of which was completed and the second of which was in the second phase of completion.

Mr. Weaver said he realized the reversion date was fast approaching and it would be impossible to finish the project by June 30, 2009, and that precipitated S.B. 215. He stated he was confident that the additional six months would allow the contractor who was designing and fabricating the signs sufficient time to complete the work. Mr. Weaver believed that the total

project expenditure would be approximately \$178,000 and he anticipated a reversion of approximately \$120,000.

Chair Arberry asked whether there was further testimony to come before the Committee regarding S.B. 215, and there being none, the Chair declared the hearing closed.

Chair Arberry announced that Assembly Bill (A.B.) 522 would not be heard by the Committee today, because the sponsor was unable to attend the hearing and the bill would be rescheduled.

The Chair opened discussion of Assembly Bill (A.B.) 317 (R1).

**Assembly Bill 317 (1st Reprint): Provides for the disbursement of a portion of the proceeds of the state tax imposed on certain businesses to regional organizations for economic development. (BDR 32-616)**

Assemblyman Ocegüera stated that A.B. 317 (R1) would provide for the disbursement of a portion of the proceeds of the state tax imposed on certain businesses to regional organizations for economic development.

Assemblyman Ocegüera indicated that the State of Nevada had recognized the importance of economic development for more than 30 years and had seen the need to diversify and improve businesses in Nevada. The state had developed several funding mechanisms to support regional economic development organizations. Over the years, said Assemblyman Ocegüera, the funding had fluctuated, with recent appropriations being made from the General Fund directly to the Nevada Development Authority (NDA) and the Economic Development Authority of Western Nevada (EDAWN). Assemblyman Ocegüera stated that those agencies had been awarded \$10 million in 2005 and \$5 million in 2007.

Obviously, said Assemblyman Ocegüera, because of the state's staggering budget deficits, it was clear that there was no way to continue to fund the aforementioned organizations through the use of General Funds. Assemblyman Ocegüera opined that at a time when local businesses were shutting their doors, shopping centers were going dark, and Nevada's major employers were laying off employees, the state's economic development agencies were more important than ever.

Assemblyman Ocegüera proposed that rather than funding the economic development organizations with General Funds, the state create a long-term funding mechanism that would be self-sustaining. He stated that A.B. 317 (R1) would require the Department of Taxation to disburse to a regional economic development organization 50 percent of the state modified business tax paid by businesses for ten fiscal years as a result of the location or expansion of a business in Nevada. Assemblyman Ocegüera stated that the total amount of the disbursement to each regional economic development organization would not exceed \$1 million per fiscal year.

Simply put, said Assemblyman Ocegüera, the organizations would be affected positively or negatively, based upon their own performance and ability to diversify Nevada's economy.

Assemblyman Ocegüera stated there was a proposed amendment to the bill ([Exhibit D](#)) which would provide additional oversight regarding the disbursement of the funds by the Interim Finance Committee (IFC) and add a sunset provision

so that the funding mechanism could be reviewed by the 2013 Legislature. Assemblyman Ocegüera opined that the funding mechanism would incentivize regional economic development organizations to recruit, attract, and expand businesses. He believed it also had the potential to stabilize the funding source for the regional economic development organizations, which would allow for long-term planning and marketing.

Assemblyman Ocegüera said it was his opinion that the funding mechanism was revenue-neutral on the General Fund, because the monies would be generated from businesses that did not, and would not, exist in Nevada but for the involvement of the regional organizations for economic development. Assemblyman Ocegüera stated that Nevada was facing difficult economic times, and he applauded the state's regional economic development organizations for being forward thinking and innovative in arriving at solutions to their funding shortfalls. Assemblyman Ocegüera believed that passage of the bill would allow the organizations to successfully recruit and retain new businesses that would improve the quality of life for Nevada's residents for years to come.

Russell M. Rowe, representing the Nevada Development Authority (NDA) and the Economic Development Authority of Western Nevada (EDAWN), introduced himself and A. Somer Hollingsworth, President and CEO, NDA, and Chuck Alvey of EDAWN to the Committee.

Mr. Rowe stated that Assemblyman Ocegüera had summarized the concept of the bill quite well, and he would not go into much more detail. Mr. Rowe referenced the proposed amendment to the bill ([Exhibit D](#)) and stated that he had worked with Assemblyman Ocegüera to ensure that there were no unintended consequences because of the legislation, to provide additional oversight, and to address the cap included in the bill.

Mr. Rowe explained that the way the bill was originally drafted it addressed the two major development authorities in Las Vegas and Reno. Under the funding mechanism included in the bill, said Mr. Rowe, the NDA and EDAWN would receive revenue only if they were successful in bringing new companies into Nevada, at which time the organizations would receive a percent of the taxes paid by those companies via the modified business tax.

Currently, said Mr. Rowe, the NDA and EDAWN were funded through the General Fund, and that funding was received whether or not the organizations were successful in bringing new businesses into Nevada. Mr. Rowe explained that the bill would make the NDA and EDAWN accountable, and those organizations were willing to do that because they had been quite successful in bringing new companies into Nevada.

Mr. Rowe said to ensure that the bill would not generate revenue beyond the needs and means of the NDA or EDAWN, the bill included a funding cap of \$1 million for each of the two economic development authorities. An amendment to the bill was proposed when it was heard by the Assembly Committee on Taxation to expand the provisions to cover all economic development authorities, which would mean a cap for each economic development authority of \$1 million. Mr. Rowe stated that, quite frankly, under the funding mechanism included in the bill, the smaller economic development authorities in rural Nevada simply would not be able to bring in a sufficient number of businesses to reach the cap of \$1 million per year.



More importantly, said Mr. Rowe, the authors of the bill did not want to create an impression that rural development authorities would be able to survive under the funding model included in the bill without continuing to receive appropriations through the General Fund, as was the current practice. According to Mr. Rowe, one of the provisions included in the proposed amendment ([Exhibit D](#)) was that in addition to the \$1 million cap for the NDA and EDAWN, that a cap of \$1 million total be added for all other economic development authorities. Mr. Rowe explained that there were 13 economic development authorities in Nevada, and the remaining 11 organizations would be able to raise money under A.B. 317 (R1) up to a cap of \$1 million total.

Under the current funding model, said Mr. Rowe, NDA would receive approximately \$1 million per year, EDAWN would receive slightly less than \$1 million, and the remaining economic development authorities would receive about \$995,000 total per year. The cap as proposed in the bill would match the current funding levels for all economic development authorities. Mr. Rowe stated that another key point was that any monies received by the NDA and EDAWN from the General Fund would be included in the cap.

Mr. Rowe stated that the current budget for the Commission on Economic Development, which had been closed, included \$1.1 million for the NDA under the current General Fund model. He noted that even if the NDA brought in new companies under the funding mechanism included in the bill, the NDA would not receive disbursements because it would be at the cap. The reason behind the bill was to build a long-term funding mechanism for the economic development authorities, and the mechanism included in the bill would apply for ten years.

Mr. Rowe explained that it would take small increments that accumulated over time to provide the stability of a long-term funding mechanism for the economic development authorities. Mr. Rowe commented that the bill was revenue neutral because the taxes would not be paid except for the fact that the companies had been brought into Nevada by the economic development authorities. He also noted that the cap would match the current funding levels.

According to Mr. Rowe, the proposed amendment ([Exhibit D](#)) also contained oversight provisions. He explained that an affidavit signed by the chief executive officer of the company recruited to Nevada would be required, and would certify that the economic development authority directly assisted the company in relocating to Nevada. Mr. Rowe stated that was the document that would trigger the funding mechanism included in the bill. An officer of the economic development authority would also be required to sign the affidavit.

Mr. Rowe said the amendment also included a requirement that economic development authorities report to the Interim Finance Committee (IFC) and the Department of Taxation on a quarterly basis. The IFC would have the ability to suspend disbursements to an individual economic development authority should a problem arise, as well as suspend the entire program if significant problems developed.

Mr. Rowe stated that the amendment also contained a provision to sunset the bill in 2013 to allow the Legislature to review the funding mechanism to ensure that it was operating properly.

Assemblyman Grady asked about the situation in his rural district, which included Fernley. He explained that Fernley was serviced by the Northern Nevada Development Authority (NNDA) that was located in Carson City, but Fernley also received a great deal of help from EDAWN. Assemblyman Grady

asked how the funding split would be determined between the two economic development authorities.

Mr. Rowe explained that the authors of the bill had discussed that issue; he pointed out that economic development authorities had historically worked very well together. He noted that the authorities referred business to each other, and he believed that the organizations would work out the appropriate split. Mr. Rowe said that one economic development authority would receive the funding, unless there was a way that the Department of Taxation could split the funding. Mr. Rowe emphasized that he did not want to make the provisions of the bill too complicated, and he felt that the economic development authorities could ultimately resolve such situations.

Assemblyman Grady agreed that the process should not be complicated, but he did not want the economic development authorities to bring problems back to the Legislature next session.

Assemblyman Hogan asked for clarification regarding the criteria and decision process when a regional economic development authority claimed that it had enabled a new company to relocate to Nevada, and who would make that decision. He also asked whether there was a particular rationale for continuing the bounty for ten years. He wondered whether that time frame might be needed to entice the regional economic development authorities to bring more businesses into Nevada.

Regarding the affidavit, Mr. Rowe explained that a mechanism ultimately had to be created that would trigger the disbursement of the funds, and it appeared that the affidavit was the best mechanism. Currently, the NDA requested that companies complete a document that outlined the services provided by the NDA, in addition to the details about the company, such as the number of employees, average wage, and health benefits. Mr. Rowe said that under the provisions of the bill, that document would be turned into an affidavit signed by the chief executive officer of the company that the NDA had directly assisted in relocating to Nevada. That document would be sent to the Department of Taxation and would trigger the actual disbursement of the tax revenues.

Mr. Rowe stated that the modified business tax did not generate a significant amount of money from individual companies, and even in its most successful years, the NDA would only generate approximately \$100,000 in the first year under the model depicted by A.B. 317 (R1). The time frame of ten years would allow the funds to accumulate and build. Mr. Rowe said that based on the models, an applied analysis estimated that at about the fifth or sixth year, the NDA and EDAWN would hit the \$1 million mark. Mr. Rowe explained that the idea behind the bill was to remove the funding for regional economic development authorities from the General Fund and free-up those funds for other purposes.

Assemblyman Denis stated that the comment was made that the bill would be revenue neutral because the regional economic development authorities would be bringing new companies into Nevada. He assumed that a certain number of new businesses would relocate to Nevada without the assistance of the development authorities. Assemblyman Denis wanted to ensure that there would be no fiscal impact on the state.

Mr. Rowe replied that from a budget perspective, there were projections of future companies being brought into Nevada by the economic development authorities. However, from an actual dollar perspective, the state did not



receive that money unless the companies were brought to Nevada by the economic development authorities. Mr. Rowe said in real dollars, the bill would be revenue neutral to the General Fund. More importantly, the cap in the bill of \$1 million matched the current funding level, and the funds provided to the economic development authorities would not exceed what had already been approved in General Funds.

Assemblywoman Gansert believed the provisions of the bill would help the state measure the activities of the economic development authorities, and there would be an added incentive to bring more businesses to Nevada. She also thought the sunset provision was a good idea so that the Legislature could review the concept and determine whether changes were necessary.

Assemblyman Hardy asked what advantage a company would have by going through an economic development authority. He wondered whether there were statistics regarding how many businesses were brought into Nevada by the economic development authorities versus random businesses that relocated to Nevada.

Mr. Rowe said Mr. Hollingsworth would reply to Assemblyman Hardy's question.

A. Somer Hollingsworth, President and CEO, Nevada Development Authority (NDA), introduced himself to the Committee. He stated that when development authorities such as the NDA and EDAWN were compared to rural development authorities, it became obvious that the larger development authorities were dealing with a huge influx of companies because of the marketing conducted by the NDA and EDAWN. Mr. Hollingsworth said the rural development authorities had always wanted the opportunity to recruit companies, and if marketing dollars were not available, there would be no advantage to the rural development authorities putting out the message that Nevada was a great place to relocate.

Mr. Hollingsworth said the Las Vegas and Reno areas were not for every business. He noted that the NDA had recently created a relationship with Nye County, because that county was experiencing difficult times. He stated that the county would appropriate funds for marketing to bring businesses to Nye County. Mr. Hollingsworth believed it was important for businesses to learn about all areas of Nevada, not just Las Vegas or Reno. He noted that there were many companies that preferred to be located in rural areas, and the success of the rural areas in northern Nevada had been amazing.

According to Mr. Hollingsworth, the NDA had been successful in relocating two very nice companies to Mesquite and was currently working with companies that wanted to relocate to Laughlin. He reiterated that most of the rural counties had a difficult time with marketing dollars, and the NDA had always supported the rural counties as much as possible by moving companies to the rural areas.

Mr. Hollingsworth said when the NDA created a relationship with a company, either through the marketing program or through some other venue, the NDA "wrapped its arms" around that company from the beginning. The NDA introduced representatives from the company to the appropriate local entities so the company could determine whether or not it wanted to relocate to Nevada. Mr. Hollingsworth stated that the introductions included:

- “ The appropriate water authority.
- “ The power and natural gas companies.
- “ The appropriate staffing agencies to discuss how many persons would be available to work in the company and the qualifications of those persons.
- “ Representatives from the University of Nevada, Las Vegas and the community colleges to discuss the current trends in higher education.

In essence, said Mr. Hollingsworth, the NDA simply walked the company through the entire process of relocating to Nevada. If the company did not want a realtor involved in the process, the NDA offered site visits to representatives of the company of the available sites. Mr. Hollingsworth said when the NDA believed that the process had been completed, a roundtable discussion would be held that included the leaders of the city and county to describe what would occur when the company relocated.

According to Mr. Hollingsworth, the NDA believed it was extremely important that a company did not relocate to southern Nevada and then discover that the NDA had not been entirely truthful regarding every aspect of the move. He explained that the NDA also helped the companies qualify for incentive programs.

Assemblyman Hardy asked about statistics regarding the businesses that were brought in by the development authorities versus those companies that relocated without assistance.

Mr. Hollingsworth stated that maintaining statistics was difficult because when the NDA ran a marketing campaign in areas such as southern California, interest in relocating spiked; however, not every company who saw a marketing campaign would ultimately call the NDA. Mr. Hollingsworth said it would be difficult to maintain statistics, but he believed that approximately 25 percent to 30 percent of the NDA's business came from California after a marketing campaign.

Assemblyman Hogan asked whether the NDA anticipated any problems with the aspect of granting the same benefit for those economic development authorities that helped a company expand its business.

Mr. Rowe explained that expansions were a much smaller part of the total work done by economic development authorities, certainly in the rural areas and also in Las Vegas and Reno. When the development authorities were involved with expansions, the companies were usually seeking incentives from the Commission on Economic Development.

Dino DiCianno, Director, Department of Taxation, said the Department initially provided a fiscal note on the bill. However, it appeared that the revenue associated with collection of the modified business tax that would normally be placed in the General Fund would continue to be used to supplement the funding for the economic development authorities and, therefore, the fiscal note was no longer correct.

Mr. DiCianno wanted to inform the Committee that, based on the proposed amendment ([Exhibit D](#)), if the Department was required to quarterly disperse 50 percent of the amount of the tax paid to an eligible economic development organization, there was a possibility that the Department's tax collection system would need to be changed. Mr. DiCianno said he would verify that information and report back to the Committee.

Chair Arberry asked whether there was further testimony to come before the Committee regarding A.B. 317 (R1), and there being none, the Chair declared the hearing closed.

Chair Arberry indicated that while the Committee was waiting for the sponsor of Senate Bill (S.B.) 222, the Committee would hear closing reports from the Chairs of the Joint Subcommittees.

Assemblyman Mo Denis, Clark County Assembly District No. 28, Chair of the Joint Subcommittee on General Government and Accountability, read the following closing report for the budget accounts within the Judicial Branch into the record.

THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT AND ACCOUNTABILITY HAS COMPLETED ITS REVIEW OF THE JUDICIAL BRANCH BUDGET REQUEST FOR THE 2009-11 BIENNIUM. THE CLOSING RECOMMENDATIONS OF THE SUBCOMMITTEE RESULTED IN GENERAL FUND REDUCTIONS OF \$478,013 IN FY 2010 AND \$497,322 IN FY 2011.

PURSUANT TO NRS 353.246, THE JUDICIAL BRANCH BUDGETS ARE INCLUDED IN THE EXECUTIVE BUDGET, BUT ARE NOT SUBJECT TO REVIEW BY THE GOVERNOR. THEREFORE, THE BUDGETS PRESENTED IN THE EXECUTIVE BUDGET REPRESENT THE JUDICIAL BRANCH'S BUDGET REQUEST.

**ISSUES AFFECTING MULTIPLE ACCOUNTS:** THE BUDGET SUBMITTED BY THE JUDICIAL BRANCH REQUESTED FUNDING OF \$112.7 MILLION OVER THE 2009-11 BIENNIUM, WHICH IS A 17.9 PERCENT INCREASE OVER THE AMOUNT OF \$95.6 MILLION APPROVED BY THE 2007 LEGISLATURE FOR THE 2007-09 BIENNIUM. STATE GENERAL FUNDS WERE REQUESTED AT \$55.1 MILLION, WHICH IS A 12.4 PERCENT INCREASE OVER THE \$49 MILLION APPROVED BY THE 2007 LEGISLATURE FOR THE 2007-09 BIENNIUM. HOWEVER, FOR THE FIVE GENERAL FUND ACCOUNTS OVER WHICH THE JUDICIAL BRANCH HAS CONTROL OF EXPENDITURES, THE JUDICIAL BRANCH'S BUDGET REQUEST REDUCED GENERAL FUND EXPENDITURES BY 4.1 PERCENT FROM THE AMOUNT APPROVED FOR THOSE FIVE ACCOUNTS IN THE 2007-09 BIENNIUM.

THE SUBCOMMITTEE APPROVED THE JUDICIAL BRANCH'S PROJECTED GROWTH IN ADMINISTRATIVE ASSESSMENT REVENUE OF APPROXIMATELY 8.9 PERCENT IN FY 2010 AND 8.5 PERCENT IN FY 2011. TOTAL ADMINISTRATIVE ASSESSMENT REVENUE APPROVED BY THE SUBCOMMITTEE INCLUDES \$32 MILLION IN FY 2010 AND \$34.8 MILLION IN FY 2011, OF WHICH THE JUDICIAL BRANCH RECEIVES 51 PERCENT. UNLIKE PRIOR BIENNIUMS WHEN THE JUDICIAL BRANCH USED A PROJECTION METHODOLOGY BASED ON THE AVERAGE AMOUNT OF EACH ASSESSMENT AND THE NUMBER OF ASSESSMENTS, THE REVENUE PROJECTION FOR THE 2009-11 BIENNIUM IS BASED ON AN EVALUATION OF REVENUES FROM FY 2003 THROUGH FY 2008. FOR THE FISCAL YEARS THAT WERE EVALUATED, THE RATE OF GROWTH WAS NORMALIZED BY EITHER REMOVING A FISCAL YEAR THAT INCLUDED A SPIKE IN RECEIPTS OR BY REMOVING THE

ABNORMAL RECEIPTS FROM THE FISCAL YEAR'S TOTAL RECEIPTS. THIS METHOD RESULTED IN AVERAGE GROWTH OF APPROXIMATELY \$2.5 MILLION PER FISCAL YEAR, WHICH WAS THEN INFLATED BY 4 PERCENT EACH YEAR. THE SUBCOMMITTEE DETERMINED THAT THE PROJECTION OF ADMINISTRATIVE ASSESSMENT REVENUE FOR THE 2009-11 BIENNIUM WAS REASONABLE, GIVEN THE VARIATION BETWEEN ACTUAL RECEIPTS AND AUTHORIZED REVENUES IN PAST BIENNIUMS USING THE FORMER PROJECTION METHODOLOGY.

THE SUBCOMMITTEE APPROVED EMPLOYEE SALARY REDUCTIONS, FOR POSITIONS OTHER THAN DISTRICT COURT JUDGES AND SUPREME COURT JUSTICES, BASED ON THE REDUCTIONS PROPOSED FOR EXECUTIVE AND LEGISLATIVE BRANCH EMPLOYEES. THE REDUCTIONS REDUCE GENERAL FUND APPROPRIATIONS FOR THE JUDICIAL BRANCH BY \$828,760 OVER THE 2009-11 BIENNIUM. IN ADDITION, TO OFFSET GENERAL FUND NEED, THE SUBCOMMITTEE APPROVED THE ONE-TIME TRANSFER OF ADMINISTRATIVE ASSESSMENT RESERVE FUNDS TOTALING \$968,111 FROM THE JUDICIAL EDUCATION ACCOUNT. THE TRANSFERS FROM THE JUDICIAL EDUCATION ACCOUNT THAT WERE APPROVED INCLUDE: \$354,335 FOR THE JUDICIAL PROGRAMS AND SERVICES DIVISION ACCOUNT FOR PERSONNEL COSTS; \$532,500 FOR THE UNIFORM SYSTEM OF JUDICIAL RECORDS ACCOUNT FOR TECHNOLOGY ENHANCEMENTS RELATED TO COURT INTEGRATION; AND \$81,276 FOR THE SUPREME COURT ACCOUNT FOR STAFF TRAINING COSTS.

**SUPREME COURT (101-1494):** THE SUBCOMMITTEE APPROVED \$60,676 IN EACH YEAR OF THE 2009-11 BIENNIUM FOR INFORMATION TECHNOLOGY STAFF TRAINING AFTER RECEIVING INFORMATION FROM THE JUDICIAL BRANCH INDICATING THE AMOUNT OF THE ORIGINAL REQUEST COULD BE REDUCED DUE TO A REDUCTION IN THE NUMBER OF STAFF THAT WOULD RECEIVE TRAINING.

THE SUBCOMMITTEE ALSO APPROVED BUDGET AMENDMENTS SUBMITTED BY THE JUDICIAL BRANCH THAT REDUCED GENERAL FUNDS BY \$48,284 DURING THE 2009-11 BIENNIUM, INCLUDING A REDUCTION OF THE JUDICIAL RETIREMENT SYSTEM CONTRIBUTION RATE FROM 23.5 TO 23.25 PERCENT AND A REDUCTION OF THE OPERATING AND MAINTENANCE COSTS FOR THE SPACE OCCUPIED BY THE SUPREME COURT AT THE LAS VEGAS REGIONAL JUSTICE CENTER. THE SUBCOMMITTEE CLOSED THE REMAINDER OF SUPREME COURT BUDGET AS REQUESTED BY THE JUDICIAL BRANCH, WITH TECHNICAL ADJUSTMENTS RECOMMENDED BY FISCAL STAFF, INCLUDING AN ADJUSTMENT TO REDUCE GENERAL FUNDS BY \$34,241 DURING THE 2009-11 BIENNIUM FOR THE COST FOR CAPITOL POLICE SECURITY COVERAGE AT THE REGIONAL JUSTICE CENTER.

**SPECIALTY COURT (101-1495):** THE SUBCOMMITTEE APPROVED THE JUDICIAL BRANCH'S PROJECTION OF SPECIALTY COURT ADMINISTRATIVE ASSESSMENT REVENUE OF

\$4.3 MILLION IN FY 2010 AND \$4.6 MILLION IN FY 2011. THE PROJECTION OF ASSESSMENT REVENUE REPRESENTS A 7 PERCENT INCREASE IN EACH YEAR OF THE 2009-11 BIENNIUM. THE SUBCOMMITTEE ALSO APPROVED THE JUDICIAL BRANCH'S REQUEST TO INCREASE FUNDING FOR SPECIALTY COURT PROGRAMS BY \$316,584 IN EACH YEAR OF THE 2009-11 BIENNIUM, BASED UPON THE FUNDING LEVEL APPROVED BY THE SPECIALTY COURT FUNDING COMMITTEE.

**ADMINISTRATIVE OFFICE OF THE COURTS (101-1483):**

THE SUBCOMMITTEE APPROVED \$332,769 IN FY 2010 AND \$319,896 IN FY 2011 FOR THE ESTABLISHMENT OF FOUR NEW POSITIONS. THE POSITIONS APPROVED BY THE SUBCOMMITTEE INCLUDE: (1) AN INFORMATION TECHNOLOGY HELP-DESK POSITION THAT WILL ALLOW THE JUDICIAL BRANCH TO CONSOLIDATE THREE COMPUTER TECHNOLOGY HELP DESKS INTO ONE; (2) A PERSONNEL ASSISTANT POSITION THAT WILL ENSURE TIMELY PAYROLL AND PERSONNEL SERVICES ARE PROVIDED FOR THE JUDICIAL BRANCH; (3) AN AUDITOR POSITION THAT WILL ASSIST THE JUDICIAL BRANCH COLLECT OUTSTANDING ADMINISTRATIVE ASSESSMENT REVENUES AND IMPLEMENT ACCOUNTING STANDARDS; AND (4) AN AUDIO VISUAL TECHNICIAN POSITION THAT WILL OPERATE AND MAINTAIN THE SUPREME COURT AND ADMINISTRATIVE OFFICE OF THE COURT'S AUDIO AND VIDEO EQUIPMENT.

THE SUBCOMMITTEE ALSO APPROVED \$36,538 DURING THE 2009-11 BIENNIUM FOR INFORMATION TECHNOLOGY STAFF TRAINING AFTER RECEIVING INFORMATION FROM THE JUDICIAL BRANCH INDICATING THE AMOUNT OF THE ORIGINAL REQUEST COULD BE REDUCED DUE TO A REDUCTION IN THE NUMBER OF STAFF THAT WOULD RECEIVE TRAINING. THE SUBCOMMITTEE CLOSED THE REMAINDER OF THE ADMINISTRATIVE OFFICE OF THE COURTS BUDGET AS REQUESTED.

**JUDICIAL PROGRAMS AND SERVICES DIVISION (101-1484):**

THE SUBCOMMITTEE APPROVED \$93,220 DURING THE 2009-11 BIENNIUM FOR THE ADDITION OF AN ADMINISTRATIVE ASSISTANT POSITION THAT WILL PROVIDE ADMINISTRATIVE SUPPORT FOR THE FEDERALLY FUNDED COURT IMPROVEMENT PROGRAM. APPROVAL OF THE POSITION WAS BASED ON THE NEED TO PROVIDE STAFFING CONTINUITY FOR THE PROGRAM, WHICH WAS NOT BEING PROVIDED THROUGH THE USE OF TEMPORARY CONTRACT SERVICES. THE SUBCOMMITTEE CLOSED THE REMAINDER OF THE JUDICIAL PROGRAMS AND SERVICES DIVISION BUDGET AS REQUESTED.

**UNIFORM SYSTEM OF JUDICIAL RECORDS (101-1486):**

AFTER DETERMINING THAT THE HOURLY CONTRACTED RATE FOR CONFIGURATION AND INSTALLATION SUPPORT COULD BE REDUCED, THE SUBCOMMITTEE APPROVED \$375,765 DURING THE 2009-11 BIENNIUM FOR INFORMATION TECHNOLOGY SYSTEM ENHANCEMENTS. THE TECHNOLOGY IMPROVEMENTS INCLUDE ENHANCEMENTS THAT WILL ALLOW PUBLIC ACCESS TO NON-SENSITIVE CASE INFORMATION AND ELECTRONIC PAYMENT OF TRAFFIC FINES AND WILL IMPROVE DISASTER

RECOVERY AND SERVICE CONTINUITY FOR THE MULTI-COUNTY  
INTEGRATED JUSTICE INFORMATION SYSTEM.

THE SUBCOMMITTEE ALSO APPROVED \$452,100, AS REQUESTED BY THE JUDICIAL BRANCH, FOR THE MIGRATION OF 40 COURTS USING THE TRIAL COURT CASE MANAGEMENT SYSTEM FROM AN EXISTING CLIENT SERVER APPLICATION TO A WEB-BASED ENVIRONMENT. THE REQUEST INCLUDED THE ESTABLISHMENT OF TWO INFORMATION TECHNOLOGY POSITIONS IN FY 2011. THE SUBCOMMITTEE CLOSED THE REMAINDER OF THE UNIFORM SYSTEM OF JUDICIAL RECORDS BUDGET AS REQUESTED.

**JUDICIAL EDUCATION (101-1487):** THE SUBCOMMITTEE APPROVED \$192,570 DURING THE 2009-11 BIENNIUM TO ESTABLISH A NEW POSITION THAT WILL CREATE AND UPDATE COURT-RELATED REFERENCE MATERIALS AND IMPLEMENT A DISTANCE EDUCATION PROGRAM. THE POSITION WAS APPROVED BECAUSE EXISTING STAFF ARE FULLY EMPLOYED WITH THE PLANNING AND IMPLEMENTATION OF ON-SITE TRAINING EVENTS AND DO NOT POSSESS THE SKILLS NEEDED TO UPDATE REFERENCE MATERIALS AND IMPLEMENT A DISTANCE EDUCATION PROGRAM. THE SUBCOMMITTEE CLOSED THE REMAINDER OF THE JUDICIAL EDUCATION BUDGET AS REQUESTED.

**OTHER JUDICIAL BRANCH BUDGET ACCOUNTS WITH NO MAJOR CLOSING ISSUES:** THE SUBCOMMITTEE ALSO REVIEWED THE BUDGETS FOR THE FOLLOWING ACCOUNTS: DISTRICT JUDGES' SALARY; JUDICIAL RETIREMENT SYSTEM STATE SHARE; SENIOR JUSTICE AND SENIOR JUDGE PROGRAM; LAW LIBRARY; JUDICIAL SUPPORT, GOVERNANCE AND SPECIAL EVENTS; AND JUDICIAL SELECTION. WITH THE EXCEPTION OF APPROVING AN AMENDMENT TO THE JUDICIAL RETIREMENT STATE SHARE BUDGET THAT REDUCES GENERAL FUNDS BY \$64,050 DURING THE 2009-11 BIENNIUM FOR THE REDUCTION OF THE CONTRIBUTION RATE FOR THE JUDICIAL RETIREMENT SYSTEM FROM 23.5 TO 23.25 PERCENT, THE SUBCOMMITTEE RECOMMENDED THAT THESE ACCOUNTS BE CLOSED AS REQUESTED BY THE JUDICIAL BRANCH, WITH TECHNICAL ADJUSTMENTS BY STAFF.

Assemblywoman Leslie disclosed that she would abstain from the vote on the budget account for the Specialty Court, BA 101-1495, because she worked for the Specialty Court system within the Second Judicial District. Assemblywoman Leslie stated that her salary was not paid from court assessment fees, but she managed programs that would be eligible for a portion of the increased court assessment fees. Assemblywoman Leslie would vote on the remaining budget accounts within the Judicial Branch. For the record, Assemblywoman Leslie stated that she had not discussed the budget for the Specialty Court with any member of the Joint Subcommittee on General Government and Accountability.

Chair Arberry called for a motion.



ASSEMBLYWOMAN KOIVISTO MOVED THAT THE COMMITTEE ACCEPT THE CLOSING REPORT FOR THE BUDGET ACCOUNTS WITHIN THE JUDICIAL BRANCH.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Leslie abstained from the vote regarding the Specialty Court, BA 101-1495.) (Assemblywomen Buckley and McClain, and Assemblyman Conklin were not present for the vote.)

BUDGET CLOSED.

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Chair Arberry stated that the Committee would hear testimony regarding Senate Bill (S.B.) 222.

**Senate Bill 222: Makes various changes to provisions relating to state financial administration. (BDR 31-902)**

Senator Warren B Hardy III, Clark County Senatorial District No. 12, explained that S.B. 222 was a reprint of S.B. No. 509 of the 74th Session. He further explained that during the 2005 Legislature the Nevada System of Higher Education (NSHE) approached the Legislature and indicated that it had been excluded from the authority to enter into lease-purchase contracts, and the NSHE asked to be granted that access. Senator Hardy noted that the authority to enter into lease-purchase contracts was available for local governments and state entities.

Senator Hardy stated that when researching why the NSHE had been excluded from the entities authorized to enter into lease-purchase contracts, he discovered that the reason was that a representative from the NSHE had not been present when the initial legislation had been passed.

According to Senator Hardy, there had been significant discussion during the 2005 Legislature about the lease-purchase concept, including the payment of prevailing wages and the entire bid process. After the 2005 Session, an interim study committee was created to research the aspects of the lease-purchase contract, which Senator Hardy had chaired.

The result of that interim study, said Senator Hardy, was four separate pieces of legislation, submitted as a package, to the 2007 Legislature. Senator Hardy stated that at the end of the 2007 Legislature, amendments were added to S.B. No. 509 of the 74th Session with which the Senate did not concur, and the bill failed to pass. As a result, said Senator Hardy, an important piece of the package pertaining to lease-purchase contracts was missing.

Senator Hardy recalled the confusion that occurred with the construction of the substation for the Las Vegas Metropolitan Police Department (LVMPD) in Las Vegas over the past year. The confusion was about whether or not the prevailing wage should be paid and how the procurement process would occur. Senator Hardy said that most of the confusion surrounding that project was the result of the failure of S.B. No. 509 of the 74th Session to pass.

Senator Hardy stated that he committed to the members of the original interim study committee and to various labor entities that he would bring the bill back to the 2009 Legislature exactly as it had been presented to the Legislature in 2007 as part of the package of bills from the interim study. Senator Hardy indicated that those persons committed to him that they would submit no amendments, and the package would finally be complete.

Senator Hardy said that the current bill, S.B. 222, was an exact reprint of S.B. No. 509 of the 74th Session. The bill attempted to provide minimum requirements for state agencies to advertise for proposals before entering into lease-purchase agreements. Senator Hardy stated that there were only a few areas where lease-purchase contracts were used. One was when a state entity wanted to use an existing building that was not located on state-owned property, and the entity could enter into a lease-purchase contract. Senator Hardy stated that the interim study committee believed that there should be some advertising associated with such lease-purchase contracts to allow other persons who might have a similar facility available to approach the state entity.

According to Senator Hardy, the second use of lease-purchase contracts occurred when the state owned a piece of property and a state entity wanted to enter into a lease-purchase contract for the construction of a building. In those cases, the interim study committee decided to prescribe the requirement of contracting with a design-build team for the design and construction of the building.

The final use, said Senator Hardy, was when the state did not own the land but wanted to enter into a lease-purchase agreement that included construction of a facility by the land owner. One example of that use was the Casa Grande project that had been constructed under a lease-purchase contract by the land owner for the Department of Corrections. Senator Hardy stated that S.B. 222 also depicted the requirements for advertising in those instances. Senator Hardy explained that the bill presented an opportunity for persons who owned a similar facility or who owned land to come forward and present a proposal.

Also, said Senator Hardy, it had come to his attention through the Legal Division of the Legislative Counsel Bureau (LCB), that S.B. 222 would conflict with the stipulations of A.B. No. 312 of the 73rd Session regarding the requirement to seek appraisals. He indicated that when the state owned the property on which a building would be constructed, it did not make sense to require three appraisals of that property, and the bill addressed that issue.

According to Senator Hardy, legal counsel for the Legislative Counsel Bureau (LCB) said one difficulty with the language of the lease-purchase statute was that the governing body must meet on the day it determined the interest rate. Because governing bodies did not always meet on the exact day, the bill provided authorization for the State Treasurer on behalf of a state entity and the chief financial officer of a local governmental entity to approve certain financial transactions.

Assemblywoman Smith thanked Senator Hardy for bringing the bill back to the 2009 Legislature. She stated that she had served as a member of the interim study committee that was chaired by Senator Hardy, and she believed the bill was important and needed to be passed in order to complete the total package.

Assemblywoman Leslie asked who would give authority to state agencies to enter into a lease-purchase contract. Senator Hardy replied that the authority would be given by the governing body. Assemblywoman Leslie asked whether the bill contained the appropriate language. Senator Hardy stated that the authority was outlined in the lease-purchase statute rather than the bill. He stated that the bill was a portion of a package of legislation. Senator Hardy noted that in the case of the NSHE, the Board of Regents would grant authority, and in the case of a state entity, he believed the Board of Examiners would be the governing body.

Chair Arberry asked whether there was further testimony to come before the Committee regarding S.B. 222, and there being none, the Chair closed the hearing.

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Chair Arberry indicated that the Committee would continue hearing budget closing reports from the Chairs of the Joint Subcommittees.

Assemblywoman Debbie Smith, Washoe County Assembly District No. 30, Chairwoman of the Joint Subcommittee on Human Services and Capital Improvements (CIPS), read the following closing report for budget accounts within the Public Works Board into the record.

THE JOINT SUBCOMMITTEE ON HUMAN SERVICES AND CIPS HAS COMPLETED ITS REVIEW OF THE BUDGETS FOR THE STATE PUBLIC WORKS BOARD AND HAS MADE THE FOLLOWING RECOMMENDATIONS FOR THE AGENCY'S 2009-11 BIENNIUM BUDGET. THE SUBCOMMITTEE'S RECOMMENDATIONS FOR THE STATE PUBLIC WORKS BOARD RESULT IN A GENERAL FUND SAVINGS OF \$95,303 IN FY 2010 AND \$95,525 IN FY 2011.

**PUBLIC WORKS ADMINISTRATION (BA 101-1560) PWB-1:** THE SUBCOMMITTEE APPROVED THE TRANSFER OF SIX SENIOR MANAGEMENT POSITIONS FROM THIS ACCOUNT TO THE PUBLIC WORKS BOARD INSPECTION ACCOUNT AS RECOMMENDED BY THE GOVERNOR TO BE FUNDED FROM PROJECT MANAGEMENT AND INSPECTION FEES. HOWEVER, BECAUSE THE RECOMMENDED TRANSFER WOULD NOT HAVE BEEN CONSIDERED UNDER ORDINARY ECONOMIC CIRCUMSTANCES, THE SUBCOMMITTEE ALSO APPROVED THE ISSUANCE OF A LETTER OF INTENT INSTRUCTING THE AGENCY TO INCLUDE THE TRANSFERRED POSITIONS IN THE PUBLIC WORKS ADMINISTRATION ACCOUNT IN THE BASE BUDGET OF THE AGENCY'S 2011-13 BIENNIUM BUDGET REQUEST FUNDED WITH GENERAL FUNDS.

**PUBLIC WORKS INSPECTION (BA 401-1562) PWB-8:** THE SUBCOMMITTEE APPROVED THE ELIMINATION OF 11 VACANT POSITIONS BASED ON THE AMOUNT OF WORK ESTIMATED TO BE INCLUDED IN THE GOVERNOR'S RECOMMENDED 2009 CIP. THE ELIMINATED POSITIONS INCLUDE 6 PROJECT MANAGER AND 5 BUILDING CONSTRUCTION INSPECTOR POSITIONS. THE GOVERNOR ORIGINALLY RECOMMENDED THE ELIMINATION OF 7 PROJECT MANAGER AND 5 BUILDING CONSTRUCTION INSPECTOR POSITIONS, BUT IN ORDER TO IMPROVE THE STATE PUBLIC WORKS BOARD'S MANAGEMENT REPORTING STRUCTURE, THE SUBCOMMITTEE RECOMMENDS APPROVAL

OF A BUDGET AMENDMENT TO REINSTATE ONE PROJECT MANAGER POSITION.

THE SUBCOMMITTEE ALSO APPROVED A BUDGET AMENDMENT THAT REDUCES THE NEED FOR GENERAL FUNDS BY \$190,828. THE GENERAL FUNDS HAD INADVERTENTLY BEEN INCLUDED IN THE REQUEST TO TRANSFER THE SIX SENIOR MANAGEMENT POSITIONS FROM THE PUBLIC WORKS BOARD ADMINISTRATION ACCOUNT TO THIS ACCOUNT.

THE SUBCOMMITTEE APPROVED THE REMAINDER OF THE PUBLIC WORKS BOARD INSPECTION ACCOUNT AS RECOMMEND BY THE GOVERNOR WITH ADJUSTMENTS THAT REDUCED BUILDING CODE PUBLICATION PURCHASES AND ELIMINATED FUNDING RECOMMENDED TO REPLACE COMPUTERS ON LESS THAN A 5-YEAR CYCLE.

Assemblywoman Smith thanked Eric King, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), for his hard work and the assistance he provided to the Joint Subcommittee.

Chair Arberry called for a motion.

ASSEMBLYWOMAN LESLIE MOVED THAT THE COMMITTEE ACCEPT THE CLOSING REPORT FOR THE PUBLIC WORKS BOARD.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Buckley and Assemblymen Conklin and Hogan were not present for the vote.

BUDGET CLOSED.

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Assemblywoman Kathy McClain, Clark County Assembly District No. 15, Chair of the Joint Subcommittee on Public Safety, Natural Resources and Transportation, read the following closing report for budget accounts within the Department of Motor Vehicles into the record.

THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION COMPLETED ITS REVIEW OF THE BUDGETS FOR THE DEPARTMENT OF MOTOR VEHICLES AND DEVELOPED THE FOLLOWING CLOSING RECOMMENDATIONS.

**22 PERCENT CAP:** UNDER NRS 408.235, THE DEPARTMENT OF MOTOR VEHICLES MAY NOT EXPEND MORE THAN 22 PERCENT OF THE FEES COLLECTED (EXCLUDING GASOLINE TAX) FROM THE HIGHWAY FUND ON ADMINISTRATION.

DUE TO DECLINING HIGHWAY FUNDS AND AUTHORIZED REVENUES CAUSED BY THE ECONOMIC DOWNTURN, THE AGENCY'S FUNDING AVAILABLE UNDER THE EXISTING 22 PERCENT CAP ON ADMINISTRATION EXPENSES IS ALSO DECLINING. THE GOVERNOR RECOMMENDED A REVISION IN FUNDING SOURCES FOR THE AGENCY, WHEREBY CERTAIN AUTHORIZED REVENUES WILL BE REPLACED WITH DIRECT

HIGHWAY FUND APPROPRIATIONS. IN ADDITION, THE GOVERNOR RECOMMENDED STATUTORY AMENDMENTS TO LOWER THE AGENCY'S CAP ON HIGHWAY FUNDS AVAILABLE FOR ADMINISTRATION FROM 22 PERCENT TO 20 PERCENT, WHILE INCLUDING MOTOR VEHICLE GASOLINE TAX REVENUE IN THE CALCULATION OF THE CAP. THE SUBCOMMITTEE DID NOT APPROVE THE GOVERNOR'S RECOMMENDATIONS TO AMEND STATUTE OR REVISE FUNDING SOURCES FOR THE AGENCY, AS DESCRIBED. THE SUBCOMMITTEE APPROVED HIGHWAY FUND REDUCTIONS WITHIN THE DEPARTMENT'S BUDGETS, AS WELL AS THE USE OF 22 PERCENT OF THE SPECIAL PLATES TRUST ACCOUNT FUNDS ANNUALLY AND REDIRECTION OF INSURANCE VERIFICATION PROGRAM FUNDS TO OFFSET HIGHWAY FUND REQUIREMENTS IN THE AMOUNT OF \$5.75 MILLION IN FY 2010 AND \$6.75 MILLION IN FY 2011, WHICH MAINTAINS THE DEPARTMENT'S BUDGETS WITHIN THE 22 PERCENT CAP IN EACH YEAR OF THE 2009-11 BIENNIUM. THE SUBCOMMITTEE'S ACTION LEAVES FUNDING AUTHORITY OF APPROXIMATELY \$775,000 IN FY 2010 AND \$740,000 IN FY 2011 UNDER THE CAP, RESPECTIVELY. ASSEMBLY BILL 547 HAS BEEN INTRODUCED TO PROVIDE FOR THE USE OF INSURANCE VERIFICATION PROCEEDS TO PAY FOR THE EXPENSES RELATED TO THE OPERATIONS OF THE DEPARTMENT.

**22 PERCENT CAP – BUDGET REDUCTIONS:** IN ADDITION TO THE BUDGET REDUCTIONS RECOMMENDED BY THE GOVERNOR, THE SUBCOMMITTEE APPROVED THE ELIMINATION OF 106 VACANT POSITIONS, RELATED WORKER-DRIVEN COSTS, AND OTHER NON-PERSONNEL EXPENSES IDENTIFIED IN ORDER TO ACHIEVE APPROXIMATELY \$8.1 MILLION IN HIGHWAY FUND REDUCTIONS IN FY 2010 AND \$8.2 MILLION IN FY 2011. BEYOND THE INITIAL 106 POSITIONS IDENTIFIED FOR ELIMINATION, THE AGENCY PROPOSED THE ELIMINATION OF AN ADDITIONAL 18 VACANT POSITIONS THROUGHOUT THE DEPARTMENT, WHICH IT IDENTIFIED AS MORE CRITICAL TO OPERATIONS. THESE 18 POSITIONS WERE PRIORITIZED, WITH THE SUBCOMMITTEE APPROVING THE ELIMINATION OF 11 OF THE LOWEST PRIORITY POSITIONS, GENERATING ADDITIONAL HIGHWAY FUND REDUCTIONS OF APPROXIMATELY \$590,000 IN FY 2010 AND \$596,000 IN FY 2011.

OF THE 117 TOTAL POSITIONS APPROVED FOR ELIMINATION, 86 POSITIONS ARE BUDGETED IN THE FIELD SERVICES ACCOUNT, WITH 83 DMV TECHNICIANS AND 3 DMV SUPERVISORS. OF THE TECHNICIANS TO BE ELIMINATED, THE AGENCY HAS REPORTED THAT 61 ARE ASSIGNED TO THE FOUR METROPOLITAN FIELD OFFICES IN LAS VEGAS. BASED UPON DATA RECEIVED FROM THE AGENCY, THE WAIT TIMES FOR FY 2009 IN THE SOUTHERN METROPOLITAN OFFICES HAVE REMAINED UNDER ONE HOUR, AND THE MONTHLY AVERAGE FOR THE GALLETTI OFFICE IN RENO HAS BEEN 22.1 MINUTES. IN CONSIDERATION OF THE POSITIONS TO BE ELIMINATED IN FIELD OFFICES, AS WELL AS THE CLOSURE OF SELECT FIELD OFFICES IN THE NORTHERN REGION, THE SUBCOMMITTEE HAS BEEN ADVISED THAT TRANSACTION VOLUMES IN FIELD OFFICES HAVE DECLINED, WHICH IS PRIMARILY DUE TO THE ECONOMIC DOWNTURN. FURTHERMORE, THE SUBCOMMITTEE DID NOTE THE INCREASE IN ALTERNATIVE SERVICES

AVAILABLE FOR CITIZENS TO COMPLETE TRANSACTIONS VIA THE INTERNET AND KIOSKS.

HIGHWAY FUND REDUCTIONS APPROVED BY THE SUBCOMMITTEE ALSO INCLUDE REDUCTIONS IN OVERTIME, TRAVEL, AND TRAINING EXPENSES, AS WELL AS EQUIPMENT. AGENCY SPECIFIC REDUCTIONS WERE ALSO APPROVED IN EXPENSES ASSOCIATED WITH THE KIOSK PROGRAM, TAG PLANT MATERIALS, DRIVER'S LICENSE PHOTO AND ELECTRONIC PAYMENT FEES, REAL ID IMPLEMENTATION COSTS, AND THE ELIMINATION OF TWO NEW POSITIONS RECOMMENDED FOR THE HEARINGS ACCOUNT. THE SUBCOMMITTEE ALSO APPROVED AN AGENCY PROPOSAL TO BEGIN MAILING RENEWAL NOTIFICATIONS VIA POSTCARDS RATHER THAN ENVELOPES, IN ORDER TO REDUCE ANNUAL PRINTING AND POSTAGE EXPENSES. THIS ACTION REQUIRES A STATUTORY AMENDMENT TO NRS 482.280, WHICH SHOULD BE REQUESTED IN A BDR OR AMENDED INTO AN EXISTING BILL.

THE SUBCOMMITTEE APPROVED THE CLOSURE OF THE RENO EXPRESS, SPARKS EXPRESS, AND GARDNERVILLE FIELD OFFICES, INCLUDING HIGHWAY FUND REDUCTIONS OF APPROXIMATELY \$550,000 IN FY 2010 AND \$575,000 IN FY 2011. THE AGENCY REPORTED THAT EXISTING STAFF ASSOCIATED WITH THE RENO AND SPARKS EXPRESS OFFICES WILL BE PERMANENTLY ASSIGNED TO THE GALLETTI FIELD OFFICE IN RENO, AND THE GARDNERVILLE FIELD OFFICE STAFF WILL BE REASSIGNED TO CARSON CITY, RENO, OR OTHER OFFICES AS NEEDED BY THE AGENCY. THE SUBCOMMITTEE DIRECTED THE AGENCY TO RETAIN A KIOSK WITHIN DOUGLAS COUNTY (GARDNERVILLE) FOR ACCESS TO ROUTINE SERVICES.

**DIRECTOR'S OFFICE – (BA 201-4744) DMV-1:** THE SUBCOMMITTEE APPROVED THE REDUCTION OF STAFFING AND REPLACEMENT EQUIPMENT TO ADDRESS THE 22 PERCENT CAP.

**REAL ID – (BA 201-4746) DMV-6:** THE REAL ID ACT WAS SIGNED INTO LAW BY PRESIDENT BUSH ON MAY 11, 2005, CREATING NATIONAL STANDARDS FOR ISSUING STATE DRIVER'S LICENSES AND IDENTIFICATION CARDS, AND ORIGINALLY REQUIRING EACH STATE TO ISSUE REAL ID-COMPLIANT DRIVER'S LICENSE AND IDENTIFICATION CARDS BY MAY 11, 2008. THE DEPARTMENT OF HOMELAND SECURITY (DHS) RELEASED THE FINAL RULE FOR THE REAL ID ACT ON JANUARY 11, 2008, WHICH ALLOWS FOR A PHASED APPROACH TO IMPLEMENTATION, EXTENDING DEADLINES, AND RISK-BASED (AGE-BASED) ENROLLMENT, INCREASING FLEXIBILITY FOR STATES, AND THE AVAILABILITY OF FEDERAL GRANTS.

IN FY 2008, THE STATE APPLIED FOR, AND THE DHS GRANTED, AN EXTENSION TO ACHIEVE MATERIAL COMPLIANCE BY DECEMBER 31, 2009. IN FY 2009, THE DHS AWARDED AN APPROXIMATE \$1.7 MILLION REAL ID DEMONSTRATION GRANT TO THE STATE, WITH AN ADDITIONAL \$1.2 MILLION AWARDED FOR NEVADA TO COLLABORATE WITH THE LEAD STATE (MISSISSIPPI) AND OTHER LEAD PILOT PROJECT STATES (INDIANA AND FLORIDA) IN THE DEVELOPMENT OF A REAL ID VERIFICATION HUB. THE FEDERAL GRANTS WILL ALLOW THE



DEPARTMENT TO ACCOMPLISH TASKS IN ORDER TO ACHIEVE MATERIAL COMPLIANCE BY DECEMBER 31, 2009, AND FULL COMPLIANCE BY MAY 11, 2011.

THE GOVERNOR RECOMMENDED APPROXIMATELY \$1.5 MILLION IN HIGHWAY FUNDS OVER THE 2009-11 BIENNIUM FOR COMPLETING THE IMPLEMENTATION OF REAL ID, INCLUDING A PUBLIC INFORMATION CAMPAIGN, REGULATION WORKSHOPS AND HEARINGS, FIELD OFFICE MODIFICATIONS, A CENTRALIZED REAL ID CALL CENTER WITH TEMPORARY STAFF, AND IDENTITY VERIFICATION EXPENSES. THE AGENCY HAS BEEN AWARDED ADDITIONAL FEDERAL ASSISTANCE UNDER THE DRIVER'S LICENSE SECURITY GRANT PROGRAM, WHICH INCLUDES FUNDING OF \$833,717 OVER THE BIENNIUM, WITH CORRESPONDING REDUCTIONS TO HIGHWAY FUNDS RECOMMENDED BY THE SUBCOMMITTEE. IN ADDITION, THE AGENCY HAS IDENTIFIED ADDITIONAL EXISTING FEDERAL FUNDS TO OFFSET \$342,240 IN PROGRAM MANAGER CONTRACT FEES OVER THE BIENNIUM, WHICH THE SUBCOMMITTEE CONSIDERED TO FURTHER REDUCE HIGHWAY FUND REQUIREMENTS.

IN TOTAL, THE SUBCOMMITTEE APPROVED STAFF RECOMMENDATIONS TO USE HIGHWAY FUNDS IN THE AMOUNT OF \$325,639 AND FEDERAL FUND AUTHORIZATIONS OF APPROXIMATELY \$1.2 MILLION OVER THE BIENNIUM TO COMPLETE REAL ID IMPLEMENTATION. SENATE BILL 52 HAS BEEN INTRODUCED TO ACHIEVE STATUTORY AMENDMENTS NECESSARY TO IMPLEMENT THE REQUIREMENTS OF THE REAL ID ACT IN NEVADA. PASSAGE OF SENATE BILL 52 IS REQUIRED TO IMPLEMENT THE REAL ID BUDGET.

**HEARINGS (BA 201-4732) DMV-10:** THE GOVERNOR RECOMMENDED ONE NEW DUI ADJUDICATOR AND ONE LEGAL SECRETARY, AS WELL AS RELATED FURNITURE, EQUIPMENT AND OPERATING EXPENSES, IN ORDER TO CONDUCT DUI HEARINGS ON A TIMELY BASIS. PURSUANT TO NRS 484.387.1, HEARINGS CONCERNING THE REVOCATION OF A PERSON'S DRIVER'S LICENSE MUST BE CONDUCTED WITHIN 15 DAYS OF RECEIPT OF THE REQUEST, OR AS SOON AS IS PRACTICABLE. THE SUBCOMMITTEE DID NOT APPROVE THE GOVERNOR'S RECOMMENDATION FOR THE NEW POSITIONS, IN ORDER TO GENERATE SAVINGS FOR THE DEPARTMENT TO REMAIN WITHIN THE EXISTING 22 PERCENT CAP AND BASED UPON THE FACT THAT THIS RECOMMENDATION WOULD REDUCE, BUT NOT ELIMINATE, THE AVERAGE DELAY IN HEARINGS.

**AUTOMATION – (BA 201-4715) DMV-17:** THE SUBCOMMITTEE DID NOT APPROVE THE GOVERNOR'S RECOMMENDATION TO REPLACE AUTHORIZED REVENUES WITH HIGHWAY FUND APPROPRIATIONS, AS PREVIOUSLY NOTED. THE SUBCOMMITTEE APPROVED REDUCTIONS IN REPLACEMENT EQUIPMENT TO ADDRESS THE 22 PERCENT CAP, AS WELL AS TECHNICAL ADJUSTMENTS FOR REVENUES AND BUDGETARY AMENDMENTS.

**ADMINISTRATIVE SERVICES – (BA 201-4745) DMV-23:** THE SUBCOMMITTEE APPROVED THE GOVERNOR'S

RECOMMENDATION TO ELIMINATE ONE SUPPLY TECHNICIAN FOR THIS ACCOUNT, WHICH HAS BEEN VACANT SINCE NOVEMBER 2007. THE SUBCOMMITTEE DID NOT APPROVE THE GOVERNOR'S RECOMMENDATION TO REPLACE AUTHORIZED REVENUES WITH HIGHWAY FUND APPROPRIATIONS, AS PREVIOUSLY NOTED, AND APPROVED REDUCTIONS IN STAFFING AND REPLACEMENT EQUIPMENT TO ADDRESS THE 22 PERCENT CAP, AS WELL AS TECHNICAL ADJUSTMENTS.

**COMPLIANCE ENFORCEMENT – (BA 201-4740) DMV-30:** THE GOVERNOR RECOMMENDED A TRANSFER OF ONE VACANT DMV TECHNICIAN FROM CENTRAL SERVICES (BA 4741) TO COMPLIANCE ENFORCEMENT IN ORDER TO PERFORM DUTIES ATTRIBUTED TO UNDERCOVER LAW ENFORCEMENT ACTIVITIES. THE AGENCY REPORTED THAT ITS CURRENT PRACTICE OF USING OTHER EXISTING STAFF TO PERFORM THESE FUNCTIONS COULD CONTINUE, AND THE TRANSFER RECOMMENDATION MAY BE ELIMINATED. AS A RESULT, THE SUBCOMMITTEE DID NOT CONCUR WITH THE GOVERNOR'S RECOMMENDATION AND ELIMINATED THE VACANT DMV TECHNICIAN POSITION, IN ORDER TO MAINTAIN THE EXISTING 22 PERCENT CAP. THE SUBCOMMITTEE APPROVED OTHER STAFF RECOMMENDATIONS, INCLUDING HIGHWAY FUND REDUCTIONS IN STAFFING AND REPLACEMENT EQUIPMENT, AS WELL AS TECHNICAL ADJUSTMENTS. THE SUBCOMMITTEE ALSO APPROVED A BUDGET AMENDMENT THAT TRANSFERRED ONE COMPLIANCE/AUDIT INVESTIGATOR POSITION FROM THE CONSUMER AFFAIRS DIVISION, RECOMMENDED BY THE GOVERNOR FOR ELIMINATION, TO THE COMPLIANCE ENFORCEMENT DIVISION, IN ORDER TO CONTINUE TO PERFORM FUNCTIONS ASSOCIATED WITH CONSUMER RECOVERY INVOLVING VEHICLE SALES, GARAGES AND REPAIR SHOPS. BDR 1201 HAS BEEN ESTABLISHED TO ELIMINATE THE CONSUMER AFFAIRS DIVISION AND TRANSFER THE APPROPRIATE RESPONSIBILITIES TO THE DEPARTMENT OF MOTOR VEHICLES RELATED TO THE TRANSFERRED POSITION.

**MOTOR VEHICLE POLLUTION CONTROL – (BA 201-4722) DMV-37:** THE SUBCOMMITTEE CONCURRED WITH THE GOVERNOR'S RECOMMENDATIONS FOR THIS ACCOUNT, INCLUDING THE ADDITION OF ONE NEW SUPERVISORY COMPLIANCE ENFORCEMENT INVESTIGATOR POSITION TO REDUCE THE EMPLOYEE-TO-SUPERVISOR RATIO FOR THE SOUTHERN REGION, AND FUNDING FOR A SMOKING VEHICLE HOTLINE IN BOTH CLARK AND WASHOE COUNTIES. THE SUBCOMMITTEE ALSO APPROVED A BUDGET AMENDMENT FOR THIS ACCOUNT, WHICH RESTORED TRANSFERS FROM THE POLLUTION CONTROL ACCOUNT TO THE DEPARTMENT OF AGRICULTURE AND THE STATE ENVIRONMENTAL COMMISSION AND TAHOE REGIONAL PLANNING AUTHORITY (TRPA), AS WELL AS TECHNICAL ADJUSTMENTS.

**CENTRAL SERVICES – (BA 201-4741) DMV-45:** THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATIONS FOR THIS ACCOUNT TO ELIMINATE A TOTAL OF SIX VACANT DMV TECHNICIANS ASSOCIATED WITH FUNCTIONS INCLUDING REGISTRATION RENEWAL BY MAIL,

CENTRALIZED CALL CENTER, AND THE TITLE SECTION'S NIGHT SHIFT, BASED UPON THE IMPLEMENTATION OF ALTERNATIVE TECHNOLOGIES SUCH AS THE INTERNET, KIOSKS, AND EMISSION STATIONS, AND OPERATIONAL EFFICIENCIES. THE SUBCOMMITTEE DID NOT CONCUR WITH THE GOVERNOR'S RECOMMENDED REVISION IN FUNDING SOURCES FOR THIS ACCOUNT AND APPROVED REDUCTIONS IN STAFFING, REPLACEMENT EQUIPMENT AND TAG PLANT MATERIALS TO ADDRESS THE 22 PERCENT CAP, AS WELL AS TECHNICAL ADJUSTMENTS.

**VERIFICATION OF INSURANCE – (BA 201-4731) DMV-53:** THE SUBCOMMITTEE APPROVED REDUCTIONS IN STAFFING AND REPLACEMENT EQUIPMENT TO ADDRESS THE 22 PERCENT CAP, AS WELL AS TECHNICAL ADJUSTMENTS. IN ADDITION, THE SUBCOMMITTEE APPROVED THE REDUCTION IN HIGHWAY FUND REVERSIONS TOTALING \$5.75 MILLION IN FY 2010 AND \$6.75 MILLION IN FY 2011, WITH CORRESPONDING TRANSFERS TO THE FIELD SERVICES ACCOUNT AND CENTRAL SERVICES ACCOUNT, IN ORDER TO REDUCE HIGHWAY FUND REQUIREMENTS AND ADDRESS THE 22 PERCENT CAP.

**RECORDS SEARCH – (BA 201-4711) DMV-58:** THE SUBCOMMITTEE DID NOT CONCUR WITH THE GOVERNOR'S RECOMMENDED REVISION IN FUNDING SOURCES FOR THIS ACCOUNT AND APPROVED REDUCTIONS IN STAFFING, NEW EQUIPMENT, AND REPLACEMENT EQUIPMENT TO ADDRESS THE 22 PERCENT CAP, AS WELL AS TECHNICAL ADJUSTMENTS.

**FIELD SERVICES – (BA 201-4735) DMV-64:** THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATIONS FOR THIS ACCOUNT TO ELIMINATE A TOTAL OF SEVEN VACANT DMV TECHNICIANS ASSOCIATED WITH THE FERNLEY AND NORTH LAS VEGAS FIELD OFFICES, WHICH WERE APPROVED BY THE 2007 LEGISLATURE, BUT NEVER ESTABLISHED DUE TO BUDGETARY REDUCTIONS IN RESPONSE TO A DECLINE IN REVENUES. ALTHOUGH THE CIRCUMSTANCES SURROUNDING THE NEED FOR THESE OFFICES DO NOT APPEAR TO HAVE CHANGED SINCE THEY WERE ORIGINALLY APPROVED, THE AGENCY REPORTED THAT IT IS EXPLORING PARTNERSHIPS WITH LOCAL GOVERNMENTS IN ORDER TO ESTABLISH KIOSKS IN THESE AREAS AND PROVIDE SERVICES. THE SUBCOMMITTEE DID NOT CONCUR WITH THE GOVERNOR'S RECOMMENDED REVISION IN FUNDING SOURCES FOR THIS ACCOUNT AND APPROVED REDUCTIONS IN STAFFING, TRANSFERS, AND REPLACEMENT EQUIPMENT TO ADDRESS THE 22 PERCENT CAP, AS WELL AS TECHNICAL ADJUSTMENTS.

**MOTOR CARRIER – (BA 201-4717) DMV-72:** THE SUBCOMMITTEE DID NOT CONCUR WITH THE GOVERNOR'S RECOMMENDED REVISION IN FUNDING SOURCES FOR THIS ACCOUNT, BUT APPROVED THE GOVERNOR'S RECOMMENDATION TO ELIMINATE ONE VACANT ADMINISTRATIVE ASSISTANT POSITION, WHICH HAS BEEN VACANT SINCE JUNE 2008. THE SUBCOMMITTEE ALSO APPROVED REDUCTIONS IN STAFFING AND REPLACEMENT

EQUIPMENT TO ADDRESS THE 22 PERCENT CAP, AS WELL AS  
TECHNICAL ADJUSTMENTS.

RESEARCH AND DEVELOPMENT – (BA 201-4742) DMV-79:  
THE SUBCOMMITTEE APPROVED REDUCTIONS IN STAFFING  
AND REPLACEMENT EQUIPMENT TO ADDRESS THE 22 PERCENT  
CAP, AS WELL AS TECHNICAL ADJUSTMENTS.

SUBCOMMITTEE APPROVED HIGHWAY FUND REDUCTIONS/ADJUSTMENTS

**MAY 1 Closing - DMV Highway Fund Reductions/Adjustments**  
**RETAIN 7 FTE, Close Reno/Sparks Express and Gardnerville Offices**

		FY 2009-10	FY 2010-11	2009-11
Description	FTE	Reduction	Reduction	TOTAL
Vacant Positions <sup>1</sup>	106.00	\$ 5,045,373	\$ 5,100,214	\$ 10,145,587
<b>Vacant Positions<sup>1</sup> - Positions 1 through 7 retained (not eliminated)</b>	<b>11.00</b>	<b>\$ 590,417</b>	<b>\$ 596,147</b>	<b>\$ 1,186,564</b>
Base Personnel (Overtime) and Non-Personnel Reductions (Travel, Training)		\$ 447,509	\$ 428,723	\$ 876,232
E-710 Reductions in Replacement Equipment		\$ 25,581	\$ 1,512	\$ 27,093
E-715 Reductions in Replacement Equipment (Computer/Printers)		\$ 605,068	\$ 543,853	\$ 1,148,921
E-720 Reductions in New Equipment (Cordless Headsets for Records Search)		\$ 1,272	\$ 763	\$ 2,035
Postcard renewals in lieu of Envelope renewals (reduced printing/postage)		\$ 355,183	\$ 355,183	\$ 710,366
BA 4732 Eliminate E-250 - 2 FTE (DUI Adjudicator and Legal Secretary)		\$ 95,313	\$ 106,531	\$ 201,844
BA 4744 Reduction in projected Kiosk expenses		\$ 248,719	\$ 419,149	\$ 667,869
BA 4741 Reduction in inflationary costs associated with Tag Plant Materials		\$ 419,660	\$ 455,207	\$ 874,867
BA 4745 Reduce Driver License Photo costs historically less than revenues		\$ 125,000	\$ 125,000	\$ 250,000
BA 4745 Reduction in projected Electronic Payment expenses		\$ 81,424	\$ 172,618	\$ 254,042
BA 4746 REAL ID Grant Award (Includes additional \$171,120 each year)		\$ 690,939	\$ 485,018	\$ 1,175,957
BA 4743 Special Plates Trust Account - Recognizing annual HF reversion		\$ 132,238	\$ 129,858	\$ 262,096
Close Reno/Sparks Express Offices (Incl addit'l \$9599 for BA 4745 E-710)		\$ 321,022	\$ 330,027	\$ 651,049
Close Gardnerville Office		\$ 228,584	\$ 245,454	\$ 474,038
<b>Proposed Reductions/Adjustments</b>	<b>117.00</b>	<b>\$ 9,413,302</b>	<b>\$ 9,495,258</b>	<b>\$ 17,783,473</b>
Deficit (Amount over the 22 percent cap) with Budget Amendments		\$ (10,286,199)	\$ (11,054,085)	
<b>Net Deficit (Amount over the cap)</b>		<b>\$ (872,897)</b>	<b>\$ (1,558,827)</b>	

<sup>1</sup>Includes Worker Driven Costs and 'per FTE' Operating Expenses

Assemblywoman Gansert asked how many total positions were cut from the budget for the DMV. Assemblywoman McClain stated that a total of 117 positions had been cut.

Assemblyman Hardy asked how many people would be eligible to retire from the DMV. Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), said that information was not readily available, but perhaps the agency could speak to the number. Mr. Edwards said he had been advised that there were a number of staff who had represented that they would retire near the end of the current biennium.

Assemblywoman McClain further noted that the positions cut from the budget for the DMV were vacant positions.

Assemblywoman Leslie thanked Mr. Edwards for his hard work on the issue of the cap. She appreciated the extra work done by Mr. Edwards, which saved the state a great deal of money and preserved the cap.

Assemblywoman McClain concurred and also commended the DMV for its work with the Subcommittee.

Chair Arberry called for a motion.

ASSEMBLYMAN DENIS MOVED THAT THE COMMITTEE ACCEPT  
THE CLOSING REPORT REGARDING THE BUDGET ACCOUNTS  
WITHIN THE DEPARTMENT OF MOTOR VEHICLES.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Buckley and Assemblyman Conklin were not present for the vote.)  
BUDGET CLOSED.

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Assemblywoman Sheila Leslie, Washoe County Assembly District No. 27, Chair of the Joint Subcommittee on Human Services and Capital Improvement Projects (CIPS) read the following closing report for the budget accounts within the Department of Health and Human Services into the record.

THE JOINT SUBCOMMITTEE ON HUMAN SERVICES AND CIPS HAS DEVELOPED THE FOLLOWING RECOMMENDATIONS FOR THE DIRECTOR'S OFFICE OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES. THE RECOMMENDATIONS INCREASED GENERAL FUND APPROPRIATIONS FOR THE DEPARTMENT BY \$1,262,463 IN FY 2010 AND \$1,589,769 IN FY 2011.

**ADMINISTRATION (101-3150) DHHS DIRECTOR'S OFC-1:** THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO TRANSFER THE OFFICE OF DISABILITY SERVICES AND THE SENIOR RX AND DISABILITY RX PROGRAMS FROM THE DIRECTOR'S OFFICE TO THE DIVISION FOR AGING SERVICES TO CREATE A NEW DIVISION FOR AGING AND DISABILITY SERVICES. THE SUBCOMMITTEE DETERMINED THAT THE TRANSFER OF THE PROGRAMS WOULD CREATE EFFICIENCIES AND BRING TOGETHER COMMON SERVICES THAT SENIORS AND DISABLED PERSONS MOST OFTEN NEED, WHICH WILL RESULT IN BETTER COORDINATION OF SERVICES PROVIDED BY THE TWO AGENCIES.

THE SUBCOMMITTEE VOTED TO RESTORE GENERAL FUND APPROPRIATIONS TOTALING \$26,129 IN FY 2010 AND \$130,834 IN FY 2011 FOR THE NEVADA 211 SYSTEM. THE GOVERNOR RECOMMENDED ELIMINATING GENERAL FUNDS FOR THE PROGRAM ENTIRELY DURING THE 2009-11 BIENNIUM. THE SUBCOMMITTEE VOTED TO USE UNITEDHEALTH SETTLEMENT FUNDS TO OFFSET THE AMOUNT OF THE GENERAL FUND RESTORATION IN FY 2010. THE SUBCOMMITTEE ALSO VOTED TO APPROVE AUTHORITY TO RECEIVE A NEW SUICIDE PREVENTION GRANT FROM THE INTER-TRIBAL COUNCIL TOTALING \$150,000 IN EACH YEAR OF THE 2009-11 BIENNIUM. THE GRANT WILL BE USED TO ESTABLISH A PROGRAM TO INCREASE AWARENESS AND EDUCATION REGARDING YOUTH SUICIDE AND TO PROVIDE TRAINING TO IMPROVE THE IDENTIFICATION OF SUICIDE RISKS AND THE APPROPRIATE RESPONSE TO THOSE RISKS.

**GRANTS MANAGEMENT UNIT (101-3195) DHHS DIRECTOR'S OFC-14:** THE SUBCOMMITTEE DID NOT APPROVE THE GOVERNOR'S RECOMMENDATION TO INCREASE FEDERAL TITLE XX FUNDING FOR NON-STATE AGENCIES BY \$198,791 IN EACH YEAR OF THE BIENNIUM, WHICH WOULD HAVE INCREASED THE TITLE XX FUNDING FOR NON-STATE AGENCIES TO \$1.4 MILLION IN EACH YEAR OF THE BIENNIUM. THE SUBCOMMITTEE VOTED TO UTILIZE THESE FUNDS INSTEAD TO

OFFSET GENERAL FUND EXPENDITURES FOR OTHER DEPARTMENT OF HEALTH AND HUMAN SERVICES BUDGETS THAT CURRENTLY RECEIVE TITLE XX GRANT FUNDS. THE SUBCOMMITTEE APPROVED THE ALLOCATION OF \$600,321 OF TITLE XX FUNDS REMAINING FROM PREVIOUS FISCAL YEARS AND NOT ACCOUNTED FOR IN THE GOVERNOR'S RECOMMENDED BUDGET TO OTHER DEPARTMENT BUDGETS, WHICH REDUCES THE NEED FOR GENERAL FUNDS IN THOSE BUDGETS BY A LIKE AMOUNT. ADDITIONALLY, THE SUBCOMMITTEE DID NOT APPROVE THE GOVERNOR'S RECOMMENDATION TO TRANSFER TITLE XX FUNDS TOTALING \$20,000 IN EACH YEAR OF THE BIENNIUM TO THE DIVISION FOR AGING SERVICES' FEDERAL PROGRAMS AND ADMINISTRATION ACCOUNT (BA 3151). THE TRANSFER IS NO LONGER NEEDED, BECAUSE THE NEVADA STATE ENERGY OFFICE HAS INDICATED THAT PETROLEUM OVERCHARGE REBATE FUNDS ARE AVAILABLE TO CONTINUE FUNDING TRANSPORTATION SERVICES FOR SENIORS. THE AVAILABLE TITLE XX FUNDS IDENTIFIED BY THE SUBCOMMITTEE WILL REDUCE GENERAL FUND NEED BY \$819,112 IN FY 2010 AND \$218,791 IN FY 2011 IN THE DIVISION OF CHILD AND FAMILY SERVICES ADMINISTRATION ACCOUNT (BA 3145). THE FUNDS WILL BE USED FOR CHILDREN'S MENTAL HEALTH ROOM-AND-BOARD EXPENDITURES IN THAT ACCOUNT.

THE SUBCOMMITTEE APPROVED THE USE OF \$200,000 IN TANF FUNDING TO SUPPORT THE DIVISION OF CHILD AND FAMILY SERVICES' DOMESTIC VIOLENCE PROGRAM. THE TRANSFER OF FUNDING TO THAT PROGRAM WAS INADVERTENTLY LEFT OUT OF THE GOVERNOR'S RECOMMENDED BUDGET.

THE SUBCOMMITTEE VOTED TO APPROVE THE RECEIPT OF \$170,000 IN EACH YEAR OF THE 2009-11 BIENNIUM FROM THE CASEY FAMILY PROGRAM TO SUPPORT THE DIFFERENTIAL RESPONSE PROGRAM. THE FUNDING WILL SUPPORT THE EXPANSION OF THE DIFFERENTIAL RESPONSE PROGRAM IN FIVE COUNTIES AND EXPAND THE EVALUATION COMPONENT, TO INCLUDE THE NEW SITES. ADDITIONALLY, THE SUBCOMMITTEE VOTED TO USE UNITEDHEALTH SETTLEMENT FUNDS OF \$170,988 IN FY 2010 TO OFFSET THE AMOUNT OF THE GENERAL FUND EXPENDITURES FOR THE DIFFERENTIAL RESPONSE PROGRAM.

**HEALTHY NEVADA FUND (101-3261) DHHS DIRECTOR'S OFC-31:** THE SUBCOMMITTEE APPROVED CASELOAD AND INFLATIONARY INCREASES FOR THE SENIOR RX AND DISABILITY RX PROGRAMS BASED ON REVISED PROJECTIONS FROM THE DEPARTMENT. THIS WILL ALLOW THE SENIOR RX PROGRAM TO SERVE UP TO 4,922 CLIENTS IN FY 2010 AND 5,031 CLIENTS IN FY 2011, AND IT WILL ALLOW THE DISABILITY RX PROGRAM TO SERVE UP TO 518 CLIENTS IN FY 2010 AND 523 CLIENTS IN FY 2011.

**PUBLIC DEFENDER (101-1499) DHHS DIRECTOR'S OFC-43:** THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION FOR THREE NEW POSITIONS FOR THE OFFICE OF THE PUBLIC DEFENDER. THE POSITIONS INCLUDE A



DEPUTY PUBLIC DEFENDER AND AN ADMINISTRATIVE ASSISTANT FOR THE CARSON CITY OFFICE AND AN INVESTIGATOR FOR THE ELY OFFICE. THE POSITIONS WERE RECOMMENDED TO ADDRESS THE PERFORMANCE STANDARDS ADOPTED BY THE SUPREME COURT REGARDING THE REPRESENTATION OF INDIGENT DEFENDANTS IN CRIMINAL AND JUVENILE DELINQUENCY CASES. THE SUBCOMMITTEE ALSO APPROVED THE GOVERNOR'S RECOMMENDATION FOR INCREASED TRAINING FUNDS THAT WERE ALSO REQUESTED TO ADDRESS THE COURT ORDER.

THE SUBCOMMITTEE VOTED NOT TO APPROVE THE \$20,000 IN GENERAL FUNDS RECOMMENDED BY THE GOVERNOR IN EACH YEAR OF THE 2009-11 BIENNIUM FOR THE OFFICE OF THE PUBLIC DEFENDER TO ADMINISTER A PERMANENT STATEWIDE COMMISSION FOR THE OVERSIGHT OF INDIGENT DEFENSE. THE SUBCOMMITTEE EXPRESSED CONCERNS THAT THE OFFICE WOULD BE RESPONSIBLE FOR ADMINISTERING A COMMISSION THAT WOULD HAVE OVERSIGHT FOR THE SERVICES PROVIDED BY THE OFFICE. THE SUBCOMMITTEE WAS ALSO INFORMED THAT THE JUDICIAL BRANCH WAS REQUESTING THAT THE BDR TO ESTABLISH THE COMMISSION NOT BE INTRODUCED.

**INDIAN AFFAIRS COMMISSION (101-2600) DHHS DIRECTOR'S OFC-50:** THE SUBCOMMITTEE VOTED TO APPROVE THE USE OF CASEY FAMILY PROGRAM AND INTER-TRIBAL SUICIDE PREVENTION GRANT FUNDS TO RESTORE THE EXECUTIVE DIRECTOR POSITION TO FULL-TIME AND TO RESTORE OTHER EXPENDITURE REDUCTIONS RECOMMENDED BY THE GOVERNOR, INCLUDING INDIAN COMMISSION PAY AND IN-STATE AND OUT-OF-STATE TRAVEL EXPENDITURES.

**COMMUNITY BASED SERVICES (101-3266) AGING-49:** THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO PROVIDE PERSONAL ASSISTANCE SERVICES (PAS) TO 17 ADDITIONAL PEOPLE IN EACH YEAR OF THE 2009-11 BIENNIUM, AT A COST OF \$368,097 IN EACH YEAR OF THE 2009-11 BIENNIUM.

THE SUBCOMMITTEE DID NOT APPROVE THE GOVERNOR'S RECOMMENDATION TO REDUCE THE REIMBURSEMENT RATE FOR PAS FROM APPROXIMATELY \$18.50 PER HOUR TO APPROXIMATELY \$15.50 PER HOUR FOR ALL DEPARTMENT PROGRAMS THAT USE THESE SERVICES. IT WAS NOTED DURING THE BUDGET HEARINGS THAT THE PROVIDER OF SERVICES FOR THE PAS PROGRAM FOR THE OFFICE OF DISABILITY SERVICES ALSO PERFORMS CASE MANAGEMENT SERVICES FOR THE CLIENTS OF THE PROGRAM. IN THE MEDICAID AND DIVISION FOR AGING SERVICES PROGRAMS, CASE MANAGEMENT SERVICES ARE PROVIDED BY STATE EMPLOYEES. BASED ON THIS INFORMATION, THE SUBCOMMITTEE VOTED TO APPROVE A PROPOSAL SUBMITTED BY THE DEPARTMENT TO RETAIN THE \$18.50 REIMBURSEMENT RATE FOR THE OFFICE OF DISABILITY SERVICES PROGRAM AND TO REDUCE THE RATE FOR THE MEDICAID AND DIVISION FOR AGING SERVICES PROGRAMS TO \$17.00 PER HOUR, WHICH IS ONE-HALF OF THE REDUCTION RECOMMENDED BY THE

GOVERNOR. THE SUBCOMMITTEE'S DECISION RESULTED IN THE NEED FOR ADDITIONAL GENERAL FUNDS TOTALING \$593,462 IN EACH YEAR OF THE BIENNIUM FOR THE OFFICE OF DISABILITY SERVICES' PAS PROGRAM.

THE SUBCOMMITTEE VOTED TO PROVIDE TRAUMATIC BRAIN INJURY (TBI) SERVICES FOR 93 PEOPLE DURING THE 2009-11 BIENNIUM IN AN EFFORT TO REDUCE THE WAITING LIST FOR THE PROGRAM TO 11 PEOPLE AND TO DECREASE THE AVERAGE WAIT TIME TO 90 DAYS. THE GOVERNOR HAD RECOMMENDED ADDITIONAL GENERAL FUNDS TOTALING \$616,067 IN EACH YEAR OF THE BIENNIUM TO PROVIDE TBI SERVICES TO 122 PEOPLE OVER THE BIENNIUM. THE OFFICE OF DISABILITY SERVICES INDICATED THAT AN ERROR HAD OCCURRED IN CALCULATING THE ADDITIONAL FUNDING NECESSARY TO PROVIDE SERVICES, AND THE FUNDING INCLUDED IN THE GOVERNOR'S BUDGET WAS MORE THAN WAS NEEDED TO ELIMINATE THE WAITING LIST FOR THE PROGRAM COMPLETELY. THE SUBCOMMITTEE'S ACTIONS PRODUCED GENERAL FUND SAVINGS TOTALING \$197,247 OVER THE BIENNIUM.

THE SUBCOMMITTEE ALSO VOTED TO REDUCE THE ADDITIONAL FUNDING RECOMMENDED BY THE GOVERNOR FOR THE INDEPENDENT LIVING PROGRAM BY \$605,284 IN EACH YEAR OF THE 2009-11 BIENNIUM. THE GOVERNOR HAD RECOMMENDED GENERAL FUNDS TOTALING \$1,184,424 IN EACH YEAR OF THE BIENNIUM TO PROVIDE SERVICES FOR 712 PEOPLE. THE 2007 LEGISLATURE HAD APPROVED FUNDING FOR 374 PEOPLE. BASED ON REVISED COST-PER-CASE INFORMATION AND REVISED PROJECTIONS OF CASELOAD PROVIDED BY THE AGENCY, THE SUBCOMMITTEE DETERMINED THAT THE WAIT TIME FOR THE PROGRAM COULD BE REDUCED SIGNIFICANTLY BELOW THE SIX-MONTH LEVEL PROJECTED BY THE AGENCY AT ITS BUDGET HEARING, WHILE SERVING FEWER PEOPLE THAN THE 712 PEOPLE FOR WHICH FUNDING WAS PROVIDED IN THE GOVERNOR'S BUDGET. THE FUNDING APPROVED BY THE SUBCOMMITTEE WILL ENABLE THE AGENCY TO PROVIDE SERVICES FOR 559 PEOPLE OVER THE BIENNIUM.

THROUGH THE ENACTMENT OF A.B. 629, THE 2007 LEGISLATURE APPROPRIATED \$2 MILLION IN GENERAL FUNDS TO THE DEPARTMENT TO PROVIDE FOR EXPENSES OF THE NEVADA AUTISM TASK FORCE CREATED BY THE LEGISLATION AND TO ASSIST PARENTS IN PAYING THE COSTS FOR THE TREATMENT OF CHILDREN WITH AUTISM. THE GOVERNOR DID NOT RECOMMEND ADDITIONAL FUNDS FOR AUTISM SERVICES IN THE EXECUTIVE BUDGET FOR THE 2009-11 BIENNIUM. THE SUBCOMMITTEE VOTED TO APPROVE ADDITIONAL GENERAL FUNDS TOTALING \$3.2 MILLION OVER THE 2009-11 BIENNIUM TO CONTINUE SERVICES FOR THE 109 CHILDREN CURRENTLY BEING SERVED BY THE PROGRAM. THE SUBCOMMITTEE INDICATED THAT THE FUNDS SHOULD NOT BE INCLUDED IN THE BASE BUDGET FOR THE 2011-13 BIENNIUM.

THE FOLLOWING BUDGETS WERE CLOSED BY THE SUBCOMMITTEE AS RECOMMENDED BY THE GOVERNOR OR AS

RECOMMENDED BY THE FISCAL ANALYSIS DIVISION, WITH ONLY TECHNICAL ADJUSTMENTS:

PROBLEM GAMBLING (101-3200) DHHS DIRECTOR'S OFC-24  
CHILDREN'S TRUST ACCOUNT (101-3201) DHHS DIRECTOR'S OFC-26

DEVELOPMENTAL DISABILITIES (101-3154) AGING-37

IDEA PART C COMPLIANCE (101-3276) AGING-59

Assemblywoman Leslie thanked Rick Combs, Senior Program Analyst, and Heidi Sakelarios, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), for their hard work on the budget accounts within the Department of Health and Human Services (DHHS).

Chair Arberry called for a motion.

ASSEMBLYWOMAN SMITH MOVED THAT THE COMMITTEE ACCEPT THE CLOSING REPORT REGARDING THE BUDGET ACCOUNTS WITHIN THE DHHS.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Buckley and Assemblyman Conklin were not present for the vote.)

BUDGET CLOSED.

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Assemblyman Morse Arberry Jr., Clark County Assembly District No. 7, Chair of the Joint Subcommittee on K-12 and Higher Education, read the following closing report for the budget accounts within the Western Interstate Commission for Higher Education into the record.

THE JOINT SUBCOMMITTEE ON K-12/HIGHER EDUCATION COMPLETED ITS REVIEW OF THE WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION (WICHE) LOAN AND STIPEND BUDGET FOR THE 2009-11 BIENNIUM. THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION THAT THE WICHE PROGRAM BE ADMINISTRATIVELY TRANSFERRED TO THE NEVADA SYSTEM OF HIGHER EDUCATION (NSHE).

WICHE – (101-2681) WICHE-1: THE SUBCOMMITTEE DID NOT AGREE WITH THE GOVERNOR'S RECOMMENDATION THAT THE REVENUES AND EXPENDITURES IN THIS ACCOUNT BE MERGED INTO THE NSHE SYSTEM ADMINISTRATION BUDGET 2986 AND THAT THIS ACCOUNT BE ELIMINATED FROM THE EXECUTIVE BUDGET. INSTEAD, THE SUBCOMMITTEE RECOMMENDS THAT ALL LOAN AND STIPEND PROGRAM REVENUES AND EXPENDITURES BE RESTORED TO THIS BUDGET ACCOUNT AND THAT THIS BUDGET BE CONTINUED AS PART OF THE EXECUTIVE BUDGET.

THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO REDUCE STATE GENERAL FUND SUPPORT BY A COMBINED AMOUNT OF \$168,581 IN FY 2010 AND \$201,615 IN FY 2011. IN DOING SO, THE SUBCOMMITTEE

RECOMMENDS THAT 115 SLOTS IN THE FIELDS OF DENTISTRY, OPTOMETRY, PHARMACY, PHYSICAL THERAPY, NURSING, MENTAL HEALTH, PHYSICIAN ASSISTANT, VETERINARY MEDICINE AND TEACHING HEARING-IMPAIRED STUDENTS BE FUNDED IN FY 2010 AND 114 SLOTS FUNDED IN FY 2011. THE SUBCOMMITTEE'S RECOMMENDATION DOES NOT RESULT IN SLOT REDUCTIONS COMPARED TO THE CURRENT FISCAL YEAR, AS THE WICHE PROGRAM REDUCED SLOTS TO A MAXIMUM OF 115 IN FY 2009 TO MEET MANDATED BUDGET REDUCTIONS.

THE SUBCOMMITTEE CONCURRED WITH THE EXECUTIVE BUDGET THAT STATE GENERAL FUNDS FOR SUPPORT FEES PAID TO SCHOOLS ON BEHALF OF WICHE STUDENTS BE REDUCED BY \$24,600 IN EACH YEAR OF THE 2009-11 BIENNIUM. WHILE MOST SUPPORT PAYMENTS DECREASE BY \$500 A YEAR, OTHER SUPPORT PAYMENTS INCREASE BY BETWEEN \$200 AND \$1,000 PER YEAR. SPREADING THE GENERAL FUND REDUCTION ACROSS THE APPROVED PROFESSIONS APPEARS TO BE A REASONABLE APPROACH, RATHER THAN ELIMINATING PAYMENTS FOR A PARTICULAR PROFESSION OR REDUCING SLOTS.

THE SUBCOMMITTEE HEARD THE ISSUE OF WHETHER INTEREST INCOME, LOAN REPAYMENT AND STIPEND REPAYMENT REVENUES BUILT INTO THE EXECUTIVE BUDGET ARE OVERSTATED. BASED UPON A REVIEW BY FISCAL ANALYSIS DIVISION STAFF, NSHE STAFF, WICHE AND THE BUDGET OFFICE, THE CONSENSUS WAS THAT, AS BUILT BASED UPON THREE-YEAR AVERAGE COLLECTIONS, SUFFICIENT REVENUES SHOULD BE COLLECTED TO FULLY FUND THE RECOMMENDED SLOTS. THE NOTABLE DISTINCTION IS THAT TOTAL RECOMMENDED 2009-11 BIENNIUM REVENUES WILL CONTINUE TO BE CONTINGENT UPON WICHE GRADUATES ACCELERATING THEIR LOAN AND STIPEND PAYMENTS, IN ESSENCE PAYING OFF THEIR DEBT EARLY. IF GRADUATES DO NOT CONTINUE THIS PAYMENT TREND IN EITHER FY 2010 OR FY 2011, THE PROGRAM MAY NOT HAVE SUFFICIENT FEE REVENUES, AND PROGRAM SLOTS WILL NEED TO BE HELD VACANT.

FINALLY, THE SUBCOMMITTEE RECOMMENDED THAT THE 2007 LEGISLATURE'S LETTER OF INTENT PERTAINING TO WICHE'S ABILITY TO REALLOCATE SLOTS AMONG PROFESSIONAL FIELDS BASED UPON STUDENT DEMAND BE AMENDED TO INCLUDE REPORTING ON FEE REVENUE SHORTFALLS WHICH REQUIRE SLOTS TO BE HELD VACANT, AND THAT IT BE REISSUED FOR THE 2009-11 BIENNIUM.

WICHE – (101-2995) WICHE-7: WHILE THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION THAT THE WICHE PROGRAM BE ADMINISTRATIVELY TRANSFERRED TO THE NEVADA SYSTEM OF HIGHER EDUCATION (NSHE), THE SUBCOMMITTEE AGAIN DID NOT AGREE WITH THE GOVERNOR'S RECOMMENDATION THAT THE REVENUES AND EXPENDITURES IN THIS ACCOUNT BE MERGED INTO THE NSHE SYSTEM ADMINISTRATION BUDGET 2986 AND THIS ACCOUNT BE ELIMINATED FROM THE EXECUTIVE BUDGET. IN DISAGREEING, THE SUBCOMMITTEE RECOMMENDS THAT THE GENERAL FUND APPROPRIATION WHICH SUPPORTS

WICHE ADMINISTRATIVE EXPENDITURES BE RESTORED TO THIS ACCOUNT AND THAT THIS BUDGET BE CONTINUED AS PART OF THE EXECUTIVE BUDGET.

THE SUBCOMMITTEE ONLY PARTIALLY CONCURRED WITH THE GOVERNOR'S RECOMMENDATION TO ELIMINATE TWO POSITIONS FOR THE 2009-11 BIENNIUM. WHILE THE GOVERNOR RECOMMENDED THAT THE UNCLASSIFIED DIRECTOR POSITION AND THE CLASSIFIED ACCOUNTANT TECHNICIAN POSITION BE ELIMINATED FOR BUDGET SAVINGS, THE SUBCOMMITTEE DISAGREED WITH RESPECT TO THE ACCOUNTANT TECHNICIAN AND RECOMMENDED THE ELIMINATION OF A VACANT HALF-TIME PROGRAM OFFICER POSITION INSTEAD. IN ADDITION, THE SUBCOMMITTEE APPROVED TWO OTHER MODIFICATIONS REQUESTED BY THE WICHE COMMISSION AND THE NSHE:

- THE SUBCOMMITTEE APPROVED A SALARY ADJUSTMENT FOR THE PROGRAM OFFICER POSITION OF FIVE PERCENT TO REFLECT ASSUMING SOME OF THE DUTIES PREVIOUSLY PERFORMED BY THE DIRECTOR POSITION, AT \$2,996 IN FY 2010 AND \$2,991 IN FY 2011;
- THE SUBCOMMITTEE APPROVED WICHE PAYING THE NSHE, AS A DIRECT CHARGE, \$17,993 IN EACH FISCAL YEAR TO COVER THE COST OF A 0.20 NSHE POSITION, WHICH WILL PROVIDE FINANCIAL OVERSIGHT AND ASSISTANCE WITH WICHE'S TRANSITION TO THE NSHE FINANCIAL SYSTEM.

COLLECTIVELY, THE CHANGES TO THE EXECUTIVE BUDGET HAVE THE EFFECT OF REDUCING GENERAL FUND SAVINGS BY \$56,105 IN FY 2010 AND \$55,069 IN FY 2011. AS A RESULT, THE SUBCOMMITTEE RECOMMENDS TOTAL GENERAL FUND SUPPORT OF \$310,812 IN FY 2010 AND \$315,815 IN FY 2011 FOR WICHE PROGRAM ADMINISTRATION.

THE SUBCOMMITTEE RECOMMENDED CLOSING THE REMAINDER OF THE WICHE BUDGET AS RECOMMENDED BY THE GOVERNOR, WITH TECHNICAL ADJUSTMENTS BY STAFF.

Assemblyman Arberry thanked Alex Haartz, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), for his hard work and assistance to the Subcommittee.

Vice Chair Leslie called for a motion.

ASSEMBLYMAN DENIS MOVED THAT THE COMMITTEE ACCEPT THE CLOSING REPORT REGARDING THE BUDGET ACCOUNTS WITHIN WICHE.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Buckley and Assemblymen Conklin and Ocegura were not present for the vote.)

BUDGET CLOSED.

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Chair Arberry indicated that the Committee would consider bills for possible action. He opened discussion of Assembly Bill (A.B.) 530.

**Assembly Bill 530: Revises provisions governing the Account for Programs for Innovation and the Prevention of Remediation. (BDR 34-1218)**

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), indicated that the Committee had heard testimony from Andrew Clinger, Director, Department of Administration, regarding A.B. 530. The Remediation Trust Account was currently a non-reverting account, and the bill would change the language in statute so that the funds remaining in the account would revert at the end of each fiscal year.

Mr. Stevens said that an amendment (Exhibit E) had been proposed to A.B. 530, a copy of which had been provided to the Committee. Basically, said Mr. Stevens, the amendment would retain the non-reverting language in statute and would only allow the money that remained in the account on June 30, 2009, to revert to the General Fund. Mr. Stevens explained that there was currently between \$40 million and \$50 million in reserve funds for the current fiscal year because of budget reductions. The calculations of the Budget Division and the Fiscal Analysis Division for the upcoming biennium included the reversion of those funds to address budget shortfalls.

Chair Arberry called for a motion.

ASSEMBLYWOMAN SMITH MOVED THAT THE COMMITTEE  
AMEND AND DO PASS A.B. 530 AS AMENDED.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywoman Buckley and  
Assemblymen Conklin and Oceguela were not present for the  
vote.)

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Chair Arberry opened discussion of Assembly Bill (A.B.) 548.

**Assembly Bill 548: Revises the provisions governing the fees charged by certain governmental entities for accepting payments by credit cards, debit cards and electronic transfers of money. (BDR 31-1178)**

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), explained that A.B. 548 was heard by the Committee on May 13, 2009. The bill would revise the provisions regarding payments by credit cards or debit cards. Mr. Stevens stated that the bill was a Department of Administration bill.

ASSEMBLYMAN HARDY MOVED THAT THE COMMITTEE DO  
PASS A.B. 548.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywoman Buckley and  
Assemblymen Conklin and Oceguela were not present for the  
vote.)

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Chair Arberry opened discussion of Assembly Bill (A.B.) 549.

**Assembly Bill 549**: Temporarily suspends the requirement to transfer money from the Abandoned Property Trust Account in the State General Fund to the Millennium Scholarship Trust Fund. (BDR S-1206)

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), indicated that A.B. 549 was a Department of Administration bill. The bill would remove the \$7.6 million that was normally transferred from the Abandoned Property Trust Account to the Millennium Scholarship Trust Fund for fiscal year (FY) 2009, which was part of the budget reduction over the interim.

Mr. Stevens explained that the Joint Subcommittee on K-12 Education would present a recommendation to the full Committee on May 15, 2009. The recommendation would be to utilize the \$7.6 million that would normally be transferred from the Abandoned Property Trust Account to the Millennium Scholarship Trust Fund in the upcoming biennium to offset a portion of the General Fund shortfall that would occur in FY 2010 and FY 2011. Mr. Stevens believed that transfer of the funds to the General Fund for the upcoming biennium should be added to the bill via an amendment.

According to Mr. Stevens, because of the way the budget accounts for the university system would be closed, an additional \$7.6 million in FY 2010 and FY 2011 would need to be transferred to the General Fund. He indicated that the Committee could take no action on the bill until after closure of the university budgets on May 15, 2009, or it could amend A.B. 549 at the current hearing.

Chair Arberry stated that action regarding the bill would be held until after the university budget closings.

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Chair Arberry opened discussion of Senate Bill (S.B.) 209 (R1).

**Senate Bill 209 (1st Reprint)**: Revises provisions governing the Governor Guinn Millennium Scholarship Program. (BDR 34-1097)

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated that the Committee had discussed the bill earlier today. He advised the Committee that S.B. 209 (R1) was not exempt.

ASSEMBLYWOMAN LESLIE MOVED THAT THE COMMITTEE DO  
PASS S.B. 209 (R1).

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywoman Buckley and Assemblymen Conklin and Ocegüera were not present for the vote.)

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Chair Arberry opened discussion of Senate Bill (S.B.) 215.

**Senate Bill 215:** Extends the date for the reversion of money transferred to provide historical interpretive signs for the California Trail Wayside Sites to be located in eight northern Nevada counties of this State. (BDR S-1054)

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated that the Committee had discussed the bill earlier today. Senator Rhoads explained that the bill involved a previous appropriation for historical interpretive signs for the California Trail Wayside Sites. The bill would extend the reversion date. Mr. Stevens advised the Committee that the bill was not exempt.

ASSEMBLYMAN HOGAN MOVED THAT THE COMMITTEE DO  
PASS S.B. 215.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywoman Buckley and Assemblymen Conklin and Ocegura were not present for the vote.)

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Mr. Stevens explained the agenda for May 15, 2009, which would include budget closings. He advised the Committee that a representative from the Department of Personnel would be present at the meeting to discuss the Unemployment Compensation Fund. The Department would not have sufficient funding, based on the recommendation included in The Executive Budget, to operate over the upcoming biennium, and Fiscal Analysis Division staff believed additional funds would be needed.

Mr. Stevens explained that a representative from the Department had been invited to attend the meeting on May 15 to discuss the budget shortfall. He noted that the calculations by Fiscal Analysis Division staff indicated that an additional \$1.3 million to \$1.4 million in state funding would be needed in the first year of the biennium and \$500,000 in the second year of the biennium. That funding would keep the Unemployment Compensation Fund solvent; he pointed out that such action would constitute an add-back to the General Fund.

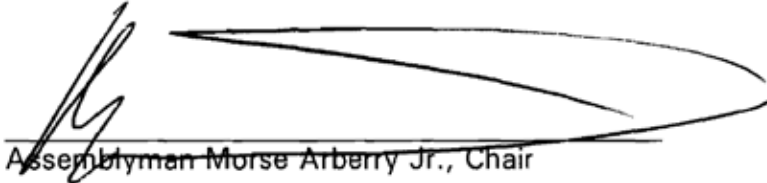
With no further business to come before the Committee, Chair Arberry adjourned the hearing at 10:06 a.m.

RESPECTFULLY SUBMITTED:

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Carol Thomsen  
Committee Secretary

APPROVED BY:



Assemblyman Morse Arberry Jr., Chair

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

<u>EXHIBITS</u>			
Committee Name: <u>Committee on Ways and Means</u>			
Date: <u>May 14, 2009</u>		Time of Meeting: <u>8:15 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
****	A		Agenda
****	B		Attendance Roster
SB 209 (R1)	C	Senator Lee	Letter of 4/1/09 from Kate Marshall
SB 317 (R1)	D	Assemblyman Ocegueda	Proposed Amendment
AB 530	E	Mark Stevens	Proposed Amendment