

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

Seventy-Fifth Session
May 19, 2009

The Committee on Ways and Means was called to order by Chair Morse Arberry Jr. at 9:31 a.m. on Tuesday, May 19, 2009, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/75th2009/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

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

STAFF MEMBERS PRESENT:

Mark Stevens, Assembly Fiscal Analyst
Janice Wright, Committee Secretary
Vickie Kieffer, Committee Assistant

Chair Arberry opened the hearing on Senate Bill 234 (2nd Reprint).

Senate Bill 234 (2nd Reprint): Makes various changes concerning the short-term leasing of passenger cars. (BDR 43-33)

Bob Ostrovsky, representing the Hertz Corporation, testified that Senate Bill (S.B.) 234 (2nd Reprint) would serve two purposes. The first purpose was to provide additional revenue to the state General Fund. A total of the 10 percent fee consisting of a 6 percent governmental services fee tax and a 4 percent recovery surcharge was the current fee charged on all rental cars. There were also other taxes, but those were the taxes that were associated with S.B. 234 (R2). From the 4 percent recovery surcharge, 1 percent was taken by the 74th Session in 2007 for the purposes of highway funding. An additional 1 percent was taken during a Special Session for the purposes of

General Fund revenue that had a sunset clause of July 2009. The money taken by the Legislature would have been returned to the rental car companies.

Mr. Ostrovsky said S.B. 234 (R2) provided that the 6 percent and the 4 percent would be combined into a single new 10 percent tax, all of which was available to the state for its appropriate distribution in the budget process. The rental car companies would give up the 4 percent (which was now only 2 percent but would have increased to 3 percent). In exchange for giving up the fees, the rental car companies would be permitted to charge a vehicle licensing fee, which was a common fee in many states that allowed the rental car companies to recoup the cost of the vehicle licensing. The licensing fee would be a daily fee applied to each rental car in the range of about \$1.25 per rental day.

Mr. Ostrovsky said there was language in S.B. 234 (R2) which required an annual report submitted to the Department of Taxation to ensure that rental companies did not collect more money than should be collected for the purposes of reimbursing the costs of the rental car companies. In exchange for giving up the 4 percent and creating almost \$30 million in revenue for the biennium, the rental companies would assess a license fee.

Mr. Ostrovsky said the other provisions of S.B. 234 (R2) were language that supported the fee transfers. The rental car companies must ensure that all fees were properly noticed to its customers in the advertising, lease agreements, and websites.

Assemblyman Grady recalled that one or two sessions ago, monies from the fund were used to support the baseball stadium in Reno and a museum in Las Vegas and he asked whether the bill would affect those funds.

Mr. Ostrovsky said the taxes in S.B. 234 (R2) were separate and apart from the previous funds mentioned by Assemblyman Grady. All the previous funds approved by the Legislature remained in effect, and there was no effect on the Smith Performing Arts Center, the baseball stadium, or any of the other taxes.

Mr. Ostrovsky said that often a person rented a car for \$49.95 and later found out it cost about \$85 dollars because of the addition of taxes. The bill, however, had very specific language about disclosing all fees and taxes in the rental companies' advertising, lease agreements, and on the websites. When the customer rented a vehicle, the customer would know the actual cost of the rental.

Assemblyman Hardy wondered how the bill would interact with the legislation about hybrids being good to rent for an additional two years, if the rental companies were trying to recoup the license fees. Mr. Ostrovsky said he had heard about the legislation but was not familiar with it.

Assemblywoman McClain said she thought the hybrid legislation referred to taxicabs and not to rental cars.

Chair Arberry asked whether there were any other persons interested in testifying and, hearing none, declared the hearing on S.B. 234 (R2) closed and opened the hearing on Senate Bill 415 (1st Reprint).

Senate Bill 415 (1st Reprint): Establishes for the next biennium the amount to be paid to the Public Employees' Benefits Program for group insurance for certain active and retired public officers and employees. (BDR S-1191)

Leslie A. Johnstone, Executive Officer, Public Employees' Benefits Program (PEBP), testified that Senate Bill (S.B.) 415 (1st Reprint) represented the normal mechanism that the PEBP used to establish the state subsidy amount for the 2009-2011 biennium for both active employees and retirees. The state subsidy reflected the addition of proposed reductions that the Legislature made to The Executive Budget.

In response to a question from Chair Arberry, Ms. Johnstone confirmed that the subsidy was based on the PEBP Board's recommendation.

James Richardson, representing the Nevada Faculty Alliance, said he supported S.B. 415 (R1) and urged the Committee's approval of the bill.

Marty Bibb, Retired Public Employees of Nevada, testified that his organization also supported S.B. 415 (R1) because the bill was important to the funding of PEBP.

Roger Maillard, representing the Retirees of American Federation of State, County, and Municipal Employees (AFSCME), said his organization supported S.B. 415 (R1).

Craig Stevens, representing the Nevada State Education Association (NSEA), said his organization supported S.B. 415 (R1).

Chair Arberry asked whether there was further testimony to come before the Committee regarding S.B. 415 (R1), and there being none, the Chair declared the hearing on S.B. 415 (R1) closed. The Chair opened the hearing regarding Assembly Bill 82 (1st Reprint).

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

Assemblywoman Koivisto said Assembly Bill (A.B.) 82 (1st Reprint) was the Secretary of State's bill, and she would like to see it approved without the second amendment that was presented at yesterday's hearing.

Assemblywoman Leslie said there were two amendments presented yesterday, one long amendment from the Secretary of State and another short amendment from Senator John J. Lee. Assemblywoman Leslie said she believed Assemblywoman Koivisto wanted to approve the amendment from the Secretary of State, (Amendment 405), but did not want to approve the amendment from Senator Lee.

ASSEMBLYWOMAN LESLIE MOVED TO AMEND AND DO PASS
A.B. 82 (R1) WITH THE AMENDMENT PROPOSED BY THE
SECRETARY OF STATE (AMENDMENT NO. 405).

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION PASSED, WITH ASSEMBLYWOMAN GANSERT AND
ASSEMBLYMEN GRADY, GOICOECHEA, AND HARDY VOTING
NO.

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Senate Bill 234 (2nd Reprint): Makes various changes concerning the short-term leasing of passenger cars. (BDR 43-33)

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, explained that the Committee heard Senate Bill (S.B.) 234 (2nd Reprint) earlier, and the bill made changes concerning the short-term leasing of passenger cars.

ASSEMBLYWOMAN MCCLAIN MOVED TO DO PASS
S.B. 234 (R2).

ASSEMBLYWOMAN BUCKLEY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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Senate Bill 415 (1st Reprint): Establishes for the next biennium the amount to be paid to the Public Employees' Benefits Program for group insurance for certain active and retired public officers and employees. (BDR S-1191)

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, explained the Committee heard Senate Bill (S.B.) 415 (1st Reprint) earlier, and the bill established the subsidy rates for the 2009-2011 biennium to be paid to the Public Employees' Benefits Program for active and retired public officers and employees.

ASSEMBLYWOMAN BUCKLEY MOVED TO DO PASS
S.B. 415 (R1).

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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Assembly Bill 451 (1st Reprint): Establishes a program for the issuance of state obligations to provide venture capital to certain minority-owned businesses in this State. (BDR 31-613)

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, explained the Committee heard Assembly Bill (A.B.) 451 (1st Reprint) on April 30, 2009, when the State Treasurer's Office staff presented the bill. The bill established a program administered by the State Treasurer that would set aside up to \$20 million that would be a short-term investment with a specific financial institution such as a bank. The state would receive a slightly lower rate of return on that short-term investment. The principal of the investment would be used to subsidize loans to minority-owned small businesses.

Chair Arberry said he spoke to Assemblywoman Buckley about A. B. 451 (R1), and that they would like to impose a sunset on the program to evaluate its success.

ASSEMBLYWOMAN LESLIE MOVED TO AMEND AND DO PASS
A.B. 451 (R1) WITH A SUNSET AT THE END OF THE
2009-2011 BIENNIUM ON THE PROGRAM.

ASSEMBLYWOMAN BUCKLEY SECONDED THE MOTION.

Assemblywoman Gansert wondered about the sunset provision and how it would affect the funding to the banks. She wondered whether the program would include a process for the banks to complete the normal loan processing and then have the state deposit money in the bank as a trade at a reduced interest rate.

Chair Arberry confirmed that Assemblywoman Gansert's comments were correct. The banks would administer the loans and perform the screening processes as banks do with any other loan.

Assemblywoman Gansert had concerns about the state deposit of funds in the bank and thought the Legislature could not sunset the money the state deposited or invested in the bank. The state deposit must remain invested for the term of the loan.

Chair Arberry said he was confident the State Treasurer would be able to work through the administrative details with the banks regarding how to sunset the program. The State Treasurer would notify the banks that the program would sunset. The loans would be made and managed for the appropriate term, and the banks would work with the State Treasurer to regulate the program appropriately. Chair Arberry was concerned about the success of the program and thought it best to terminate the program through a sunset provision if the program did not work or was not used.

Assemblyman Hardy said the loan obligation would not terminate, but the Legislature's obligation to continue the program would sunset. Chair Arberry confirmed that Assemblyman Hardy was correct, and stated that the program could go forward if it was successful. Assemblyman Hardy said the Legislature would commit to investing the money for loans but would not commit to continue the loan source.

THE MOTION PASSED UNANIMOUSLY.

Mr. Stevens recommended that the Committee recess and reconvene later in the day to review the language in the Appropriations and Authorizations Acts. He thought that other items might also develop for the Committee's consideration; he suggested that the Committee recess rather than adjourn.

Chair Arberry reopened the hearing on Senate Bill 146 (1st Reprint) to allow individuals to testify who were not present at the earlier hearing.

Senate Bill 146 (1st Reprint): Provides funding to the Department of Wildlife for certain projects. (BDR S-652)

Allen Biaggi, Director, Department of Conservation and Natural Resources, testified that Senate Bill (S.B.) 146 (1st Reprint) authorized the use of dollars from the Fund to Protect Natural Resources (more commonly known as Question 1 conservation bonds) for the restoration of Nevada's sagebrush habitats, fire prevention, and the spread of cheatgrass in the State of Nevada.

Mr. Biaggi said the Department of Conservation and Natural Resources was pleased to partner with the Department of Wildlife and other state, local, and private interests, which included strong support from the conservation community, to undertake the restoration activities. Mr. Biaggi stated that the Department of Conservation and Natural Resources supported S.B. 146 (R1).

Mr. Biaggi said the program received a substantial amount of money from the interest obligations that were set aside from the Question 1 bonds approved by the voters at the General Election held on November 5, 2002. The \$225,000 funding was sufficient to pay for the coordinator position and the initial costs of the program.

Joe Johnson, representing the Sierra Club, Toiyabe Chapter, said he supported S.B. 146 (R1) and encouraged the Committee to approve the bill.

Kyle Davis, Policy Director for the Nevada Conservation League, testified that he supported S.B. 146 (R1). The bill was one of four conservation priorities of Sustainable Nevada, a coalition of seventeen environmental and conservation groups from throughout the State of Nevada who had joined together to support four priority bills for consideration by the 75th Legislature. The bill was one of those priorities. He appreciated the support of the Department of Conservation and Natural Resources and the Department of Wildlife in working with the Nevada Conservation League to create the coordinator position, which he believed would make a big difference in the eradication of cheatgrass in the state. He urged the Committee to support S.B. 146 (R1).

Chair Arberry asked whether there were any other persons interested in testifying and, hearing none, declared the hearing on S.B. 146 (R1) closed.

Chair Arberry recessed the hearing at 9:48 a.m.; the hearing was reconvened it at 6:07 p.m.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, explained that he and Gary Ghiggeri, Senate Fiscal Analyst, normally developed the Appropriations and Authorizations Acts, but this legislative session Tracy Raxter, Principal Deputy Fiscal Analyst, worked on the Appropriations Act and Brian Burke, Principal Deputy Fiscal Analyst, worked on the Authorizations Act, and they would present the language to the Committee.

Mr. Stevens said the Committee would hear the Appropriations Act first. The reason the "back language" was presented to the Committee was to ensure that any problems would be addressed prior to its introduction in the Assembly. Mr. Stevens stated that Fiscal Analysis Division staff would insert the numbers, reconcile the appropriations in the Appropriations Act, and provide it to the Legal Division later in the evening. He explained that the Appropriations Act had never been amended after its introduction since Mr. Stevens began working at the Fiscal Analysis Division.

- **BDR S-1318**—Makes various changes regarding state financial administration and makes appropriations for the support of the civil government of the State. (Later introduced as [Assembly Bill 562](#).)

Tracy Raxter, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, explained the language in each section of BDR S-1318, the Appropriations Act. He said section 33 was standard language to establish the work program authority based on the legislatively approved budget and the requirements for work-program modifications. Section 33 was a continuation of previous standard language. Section 34 allowed certain accounts to transfer appropriations between both years of the 2009-2011 biennium. There were 25 accounts listed, and Mr. Raxter noted that all accounts, with the exception of the Information Technology Projects account, received the same authority granted in the 74th Session. The reason that Information Technology Projects had been included last session was because it received a one-shot appropriation

for information technology projects rather than receiving the money in the operating budget during the 2007-2009 biennium.

Mr. Raxter said section 35 provided for the transfers between fiscal years for certain appropriations within budget accounts. Subsection 1 of section 35 supported the Train Employees Now Program for the Commission on Economic Development. That program had the same flexibility in the 2007-2009 biennium. Paragraphs (a) and (b) of subsection 2 of section 35 allowed transfers between fiscal years for the high school proficiency examination, criteria reference examination, and the statewide proficiency examination funding for the Department of Education proficiency testing. That flexibility was also provided by the 74th Session.

Mr. Raxter said subsection 3 of section 35 was new language to provide the Division for Aging and Disability Services flexibility between fiscal years to use the funding of \$1.6 million in each year of the 2009-2011 biennium for treatment of children with autism. Mr. Raxter said at the budget closing, the Subcommittee approved \$3.2 million for the 2009-2011 biennium for the treatment of children with autism but did not specify how that money would be split between the two fiscal years. Fiscal Analysis Division staff recommended the money be available in either year of the 2009-2011 biennium.

Mr. Raxter said that subsection 4 of section 35 provided flexibility for the Division of Child and Family Services to move funding between the years of the 2009-2011 biennium for the cost of mental health placements. The cost of \$4.4 million for fiscal year (FY) 2010 and \$4.7 million for FY 2011 represented the costs in the Division of Child and Family Services Administration budget for children that were not in state custody care for mental health placements. The need for flexibility was mainly due to the volatile nature of the caseload. Subsection 5 of section 35 provided the same flexibility granted in the 2007-2009 biennium for the Acquired Immunodeficiency Syndrome (AIDS) Drug Assistance Program within the Health Division. Subsection 6 of section 35 provided the same flexibility to the Tahoe Regional Planning Agency as that provided in the 2007-2009 biennium.

Mr. Raxter said subsection 7 of section 35 provided flexibility to the Division of Parole and Probation of the Department of Public Safety for relocation of the Division's Reno office just in case the relocation did not occur in the first year of the 2009-2011 biennium. Subsection 8 of section 35 provided transfer authority between fiscal years of the 2009-2011 biennium for the Nevada Highway Patrol for the purchase of vehicles.

Mr. Raxter said subsection 36 provided flexibility for Clark County Integration and Washoe County Integration child protective services accounts because of the reduction in the transfer of Temporary Assistance to Needy Families (TANF) funds. Subsection 36 provided the ability to transfer or use some back-end funding to address front-end services during both years of the 2009-2011 biennium.

Mr. Raxter stated that section 37 was standard language for deferred maintenance. Section 38 was new language for employee terminal leave buy-outs included in the budget for any facility that was closing during the 2009-2011 biennium or for employees that were being laid off. The language provided the flexibility to use the money in FY 2009 or FY 2010 for buyouts for employees terminating service.

Mr. Raxter said section 39 stated that the appropriations were non-reverting for the Help America Vote Act of 2002 (HAVA) election reform account of the Secretary of State. Section 40 was a new section related to the Unemployment Insurance (UI) program in the Department of Personnel. Mr. Raxter stated that the Department of Personnel had provided revised cost estimates of the amount of unemployment benefits potentially paid to state employees over the 2009-2011 biennium. A rate increase was recommended to provide funding from the General Fund and the Highway Fund agencies in case funds were needed to pay the UI premiums.

Mr. Raxter said section 41 was a new section, which provided \$1.6 million per year in the 2009-2011 biennium to the Division of Child and Family Services within the Department of Health and Human Services. The money would be allocated to the Interim Finance Committee (IFC) for the establishment of an enhanced foster-care rate for children and sibling groups in which one sibling required a higher level-of-care placement. The Division would be granted authority to approach IFC and receive the funding upon submittal of a plan for the utilization of the enhanced rate and certification by the federal government that the Division could receive reimbursement from federal Title IV-E funds.

Mr. Raxter said section 42 was a new section that included an appropriation of \$2,256,676 to the IFC for Information Technology Projects related to the Division of Welfare and Supportive Services. In the budget closing, it was recommended that the funding be set aside for IFC allocation based on the submittal of a vendor cost proposal for the actual cost of software implementation. Section 43 was a new section including an appropriation of \$15 million in each year of the 2009-2011 biennium from the State General Fund to the IFC for allocation to the State Treasurer for repayment of principal amounts of notes related to the letter of credit that was approved by the 25th Special Session. That appropriation was provided in case a letter of credit was actually used.

Mr. Raxter said section 44 was standard language for the Legislative Counsel Bureau and section 45 was standard language for limits for amounts appropriated to the Division of Health Care Financing and Policy and the Division of Welfare and Supportive Services. Sections 46, 47, and 48 contained standard language regarding transfers between budgets. Section 46 addressed the Division of Welfare and Supportive Services, section 47 addressed the Division of Health Care Financing and Policy, and section 48 addressed the Department of Corrections. Section 49 was a new section addressing the Department of Wildlife. At the budget closing, the Committee indicated the Department of Wildlife should establish three new accounts during the 2009-2011 biennium to separate the one existing wildlife account. The new accounts would enhance the tracking, reporting, accounting, and planning of eight wildlife funds. The Committee indicated it would issue a Letter of Intent to the Department covering the issue.

Mr. Raxter said section 50 was standard language regarding transfers between fiscal years for the kiosk technology of the Department of Motor Vehicles. Section 51 was standard language regarding the transfer of salary money within individual state departments. Sections 52 and 53 were not new and contained standard language regarding budget reserves for the Nevada System of Higher Education (NSHE) and NSHE matching funds for grants allowed to be carried forward for a maximum of two years. Section 54 was a modification to language of the 74th Session regarding legal representation costs for child welfare integration in Clark and Washoe Counties. This section would ensure that the child welfare agencies were the sole client of the respective

district attorneys in each legal representation case involving funding that the state provided to Clark County or Washoe County.

Mr. Raxter said that section 55 provided an appropriation of \$135,053 over the 2009-2011 biennium for the administration of the Legislator's Retirement System. Section 56 was standard language regarding the reversions and balances carried forward. Section 57 was standard language regarding payment of claims through the third Friday of September of each fiscal year. Section 58 was standard language regarding the State Controller's implementation of the budget. Section 59 was standard language regarding the pay periods for elected officials.

Mr. Raxter said section 60 was new language regarding the transfer of funds from the Abandoned Property Trust Account (Unclaimed Property) to the Millennium Scholarship Trust Fund. Currently the statute provided the first \$7.6 million in the Abandoned Property Trust Account was to be transferred at the end of each fiscal year to the Millennium Scholarship Trust Fund. The section reduced the amount of the annual transfer from \$7.6 million to \$3.8 million. The remainder of the Abandoned Property Trust Account would be transferred to the General Fund. Sections 61, 62, and 63 were standard language regarding General Fund advances. Section 61 was for the Veterans' Home, section 62 was for the Department of Conservation and Natural Resources for fire suppression costs, and section 63 was in the event that the Governor ordered the National Guard to active duty.

Mr. Raxter said section 64 was standard language regarding projections of ending fund balances. When the State General Fund balance fell below \$80 million in either year of the 2009-2011 biennium, the Governor could set aside a reserve of not more than 15 percent of the total amount of operating expenses or other appropriations of money. The reserve must not be set aside unless the Governor submitted a report to the Legislature or the IFC, and either the Legislature or the IFC must approve the setting aside of the reserve.

Mr. Raxter said section 65 was standard language regarding the State Controller's authority to pay any interest earnings on federal funds that were being advanced to the state in accordance with the Cash Management Improvement Act of 1990. Section 66 was new language regarding the Stabilization Funds and conflicts with the legislative assumptions used in the calculations of the allocations between the Nevada System of Higher Education, Department of Education, and the Distributive School Account. The section provided the flexibility to transfer the Stabilization Funds and the General Funds in a manner to ensure that the state was in compliance with the federal requirements. The transfer would require IFC approval upon recommendation of the Governor.

Mr. Raxter said section 67 was a new section which amended Assembly Bill (A.B.) 533, the State Distributive School Account (DSA) supplemental bill. Section 67 added language that said for purposes of the provisions of the spending cap on the General Fund, the DSA Supplemental would not apply.

Mr. Raxter said section 68 was new language that amended chapter 349 of the NRS addressing the line-of-credit legislation. Section 68 language provided several things:

1. It extended the date on which the state could borrow money from August 31, 2009, to August 31, 2011.

2. It increased the amount of basis points above the average monthly rate of earnings on the investments in the Local Government Pooled Investment Fund that the notes would pay from 25 to 50 basis points.
3. It changed the pay-back period for the notes that would be issued. At least 25 percent of the total principal amount borrowed must be repaid within 13 months after the month it was borrowed, at least 50 percent must be repaid within 25 months, 75 percent must be repaid within 37 months, and the entire amount must be repaid within 49 months by FY 2015.

Mr. Stevens noted that section 66 would allow transfers of both Stabilization and General Funds between the DSA and the Nevada System of Higher Education (NSHE). The amount of stimulus funds calculated by Fiscal Analysis Division staff that would be allocated for the NSHE might not materialize because the amount was either incorrectly calculated, or the federal government decided the amounts needed to be calculated in a specific manner. Current calculations indicated that \$92.5 million in stabilization funds would be provided to higher education in FY 2010 and FY 2011. Mr. Stevens said if it was later determined that only \$70 million should be allocated to the NSHE, the state would want the ability to make those transfers to keep education whole in the NSHE and the DSA.

Mr. Stevens pointed out that the line-of-credit language was being continued for a two-year period. The State Treasurer's Office had asked that the premium be increased from 25 basis points to 50 basis points because part of the premium was being reduced based on the short investment time frame. The investment was not earning the return originally expected. The State Treasurer thought that this would be beneficial for the state because it was not overly expensive to borrow the money, and it would be something that would be appealing to the local government investment pool entities.

Assemblyman Goicoechea said he thought the doubling of the interest rate from the 25 basis points to the 50 basis points was good. He assumed the local governments were pleased and would receive more money. Mr. Stevens said a letter would be sent to the local governments from legislative leadership to inform the entities of this change and express leadership's appreciation for the local governments understanding, and the line of credit would be extended for two years. An explanation of the increase in the basis points to be received by the local governments would be included in the letter, which should be sent in the next few days.

Assemblyman Goicoechea said as he understood the interest earnings, the 50 basis points was more than the average interest rate of the local government investment pool. Mr. Stevens confirmed that the State Treasurer would calculate the average interest rate, and the local governments would receive 50 basis points more than the average rate earned within the local government investment pool.

Assemblywoman Smith said she spoke to the Superintendent of the Washoe County School District, which was one of the largest investors in the Local Government Investment Pool, and the Superintendent was comfortable with that provision. She wondered about section 54 and thought she should check with the Legal Division to ensure that language was appropriate.

Mr. Stevens said he would check with the Legal Division to verify that the language was appropriate. He said the issue was that two attorneys represented the parties in child welfare hearings. That was an issue that

needed to be addressed. He said he would check with the Legal Division to ensure that this language was specific enough to ensure that the intent of section 54 was carried out appropriately, if that was the desire of the Committee.

Chair Arberry confirmed that the Committee wanted Mr. Stevens to verify the language with the Legal Division to ensure the language was appropriate.

ASSEMBLYWOMAN LESLIE MOVED TO INTRODUCE BDR S-1318 AND HAVE FISCAL ANALYSIS DIVISION STAFF VERIFY WITH THE LEGAL DIVISION THAT THE LANGUAGE IN SECTION 54 WAS APPROPRIATE.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION PASSED. (Assemblyman Hogan was not present for the vote.)

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BDR S-1317—Authorizes expenditures by agencies of the State Government. (Later introduced as [Senate Bill 431](#).)

Brian Burke, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, explained each section of BDR S-1317, the Authorizations Act. Section 2 provided for the distribution of the tobacco settlement proceeds to the Attorney General Administrative Fund for activities of the tobacco enforcement unit. Section 2 included transfers from the Fund for a Healthy Nevada to the Elder Protective Services/Homemaker programs and the Home and Community-Based Programs.

Mr. Burke said sections 3 and 4 authorized for expenditure the General Fund appropriations approved by the Senate Committee on Finance and the Assembly Committee on Ways and Means for the Gaming Control Board and Gaming Commission. Section 5 was standard language that mandated that state agencies must expend authorized amounts pursuant to the provisions of the State Budget Act. Section 6 was standard language that provided that authorized amounts may be augmented subject to the limitations in section 7. Section 7 contained standard language that the General Fund and Highway Fund must be decreased to the extent that authorized revenues from other sources were exceeded. Such decreases must not jeopardize the receipts of money to be received from other sources.

Mr. Burke said section 8 authorized expenditures of higher education registration fees and tuition. Subsection 1 of section 8 was standard language that allowed for the retention of fees generated from enrollment increases and did not require Interim Finance Committee (IFC) approval. Subsection 2 of section 8 required IFC approval to expend registration fees from enrollment of non-residents or additional students above the budgeted enrollments. The new language in this section was added to allow the Nevada System of Higher Education (NSHE) to expend, with IFC approval, any additional registration fee and tuition revenues resulting from the imposition of fee increases.

Mr. Burke said section 9 provided authority for a cash advance from the State General Fund to the Wildlife Account not to exceed 50 percent of the amount receivable from the federal government for license fees. The cash advance must be repaid by the end of the fiscal year. Section 10 was standard

language that authorized the State Public Defender to collect payment from the counties for services provided.

Mr. Burke said section 11 provided for the allocation of motor vehicle fuel taxes for recreational watercraft and the equal distribution to the Department of Wildlife and the Division of State Parks of the State Department of Conservation and Natural Resources. The distribution amounts were calculated pursuant to a formula in NRS 365.535. Section 12 provided that money collected as an obligated sum be used only for the purposes specified and transferred to the Department of Wildlife's Obligated Reserve Account. This was standard language for specific revenue sources including operation game thief donations, fees, fines, forfeitures, donations, and various other fees.

Mr. Burke said section 13 authorized expenditures for special forestry reserves for operation, maintenance, and repair of firefighting vehicles notwithstanding the section 7 limitations. Section 14 provided standard language that all funds in the Contingency Account for Hazardous Materials must be expended in their entirety to support eligible training programs before any state General Funds may be expended in the account for the State Fire Marshall.

Mr. Burke said section 15 was standard language, which stated that money for the support of the central reporting unit that remained unexpended could be carried forward to the second year of the 2009-2011 biennium. Section 16 was new language that provided authority for the Insurance Regulation Account to receive a General Fund advance up to 25 percent of anticipated revenues in FY 2010. The advance must be repaid before the end of the fiscal year. He noted that the Senate Committee on Finance and the Assembly Committee on Ways and Means approved the Governor's recommendation to establish a new administration fee for the Insurance Regulation Account to reduce the General Fund appropriation in the account to \$100. However, timing of the new fee might cause cash-flow problems during FY 2010.

Mr. Burke said section 17 was new language which allowed for the transfers from the Judicial Education Program to other accounts within the Supreme Court. To offset General Fund need, the Senate Committee on Finance and the Assembly Committee on Ways and Means approved the one-time transfer of assessment reserve funds totaling \$968,000 from the Judicial Education Account. The transfers included \$354,335 for Judicial Program and Services Division, \$532,500 for the Uniform System of Judicial Records Program, and \$81,276 for the Nevada Supreme Court staff training costs.

Mr. Burke said section 18 was new language that allowed the Secretary of State to carry forward the balance of any revenues collected pursuant to the enforcement of the provisions of chapter 90 of NRS. That section was needed as a result of merging the securities revolving account with the Secretary of State's main operating account.

Mr. Burke said section 19 was new language that authorized the transfers of the American Recovery and Reinvestment Act of 2009 funds between fiscal years of the 2009-2011 biennium. Section 20 was a new section that provided for a transfer of \$25 million in FY 2010 and \$22 million in FY 2011 from the Supplemental Account for Medical Assistance to Indigent Persons to the General Fund.

Mr. Burke said section 21 transferred funds from the Account for Verification of Insurance not to exceed \$13 million over the biennium to the State General Fund. The section also included transfers from the Account for Verification of Insurance totaling \$5.75 million in FY 2010 and \$6.75 million in FY 2011 to reduce Highway Fund requirements for the Department of Motor Vehicles.

Mr. Burke said section 22 was a new section that provided for the transfer of \$513,805 from the Investigative Account for Financial Institutions reserves to the State General Fund as approved by the Senate Committee on Finance and the Assembly Committee on Ways and Means. That account would have a reserve balance in excess of \$300,000.

Mr. Burke said section 23 was a new section that divided the Department of Wildlife account into three new budget accounts in FY 2011 to facilitate tracking, reporting, accountability, and planning. Section 24 was a new section to compensate employees who were terminated and Public Employees' Retirement System (PERS) buyouts associated with layoffs budgeted in FY 2010.

Mr. Burke said section 25 provided authority for the Commission on Tourism to receive a General Fund advance limited to one-twelfth of the anticipated revenues. Section 26 provided that the Fund for the Promotion of Tourism transfer \$2.3 million in FY 2010 and \$3.27 million in FY 2011 to the General Fund. Section 27 was a new section that reflected the approval of the Senate Committee on Finance and the Assembly Committee on Ways and Means of a \$165,000 General Fund appropriation in FY 2010 for the State Gaming Control Board's systems-migration project. The Board contemplated that the project would be completed in a few months, but section 27 authorized the use of funding in both years of the 2009-2011 biennium in case any problems were encountered.

Mr. Burke said section 28 was included to allow the Division of Child and Family Services, Clark County, or Washoe County to potentially collect and expend additional federal funding without being required to revert General Funds up to the amounts of Temporary Assistance to Needy Families (TANF) transfers from the Division of Welfare and Supportive Services to the counties to offset reductions. If additional federal funding was realized, it could be used to help support the child protective services positions that were previously funded by TANF transfers.

Mr. Burke said section 29 was new language to eliminate the Consumer Affairs Recovery Fund and allow the reversion of about \$30,000 to the State General Fund.

Chair Arberry thanked the Fiscal Analysis Division staff for their hard work.

Assemblyman Goicoechea wondered about section 20 and the transfer of the Supplemental Account for Medical Assistance to Indigent Persons created in the Fund for Hospital Care to Indigent Persons. Mr. Stevens explained the transfer of funds.

Assemblyman Goicoechea said he discussed the transfer with Assemblywoman Leslie, and it was a bad deal because they were trading \$31 million for \$47 million. He wondered what the transfer did for the Indigent Supplemental Account (ISA) and who would be held liable. The state was taking the money, but the counties would receive the bills for indigents.

Assemblywoman Leslie said she was trying to work on a resolution and had representatives of the Nevada Association of Counties (NACO) and the hospitals meeting with the Legal Division staff to discuss some solutions. She thought that NACO might need to develop a county specific option to allow specific counties to opt in or out of the program. Assemblywoman Leslie advised that Clark County indicated that it might not want to utilize the stimulus money in that manner, and she was continuing to work on possible solutions.

Assemblyman Goicoechea thought there would be a shortfall in the ISA or the supplemental account. He wondered whether the state would volunteer to accept the liability if the counties could not pay the indigent bills.

Assemblywoman Leslie said a proposal was being developed to absolve the counties of some liability, but the issue was complicated and she invited Assemblyman Goicoechea to join the meeting with the Legal Division to develop solutions.

Assemblyman Goicoechea said he would appreciate joining the meeting. He said if Clark County did not choose to participate, Clark County would take a large share of the stimulus money, and the remaining 16 counties would end up with about \$4 million in stimulus funds and about \$40 million in debt.

ASSEMBLYWOMAN MCCLAIN MOVED TO INTRODUCE
BDR S-1317.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywoman Buckley and
Assemblyman Hogan were not present for the vote.

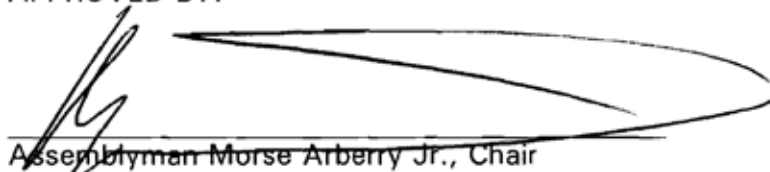
* * * * *

Chair Arberry asked whether there was public comment or further business to come before the Committee, and there being none, the Chair adjourned the meeting at 6:41 p.m.

RESPECTFULLY SUBMITTED:

Janice Wright
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 19, 2009</u>		Time of Meeting: <u>9:31 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Sign-In Sheet
S.B.146	C	Allen Biaggi	Testimony