

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

Seventy-Fifth Session
April 6, 2009

The Committee on Ways and Means was called to order by Chair Morse Arberry Jr. at 8:11 a.m. on Monday, April 6, 2009, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 5100 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada, and teleconferenced to the Secretary of State's Office, Olympia, Washington. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/75th2009/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

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

GUEST LEGISLATORS PRESENT:

Senator Mark Amodei, Capital Senate District
Assemblyman Harry Mortenson, Clark County Assembly District No. 42
Assemblywoman Bonnie Parnell, Assembly District No. 40
Assemblyman James A. Settlemeyer, Assembly District No. 39

STAFF MEMBERS PRESENT:

Mark Stevens, Assembly Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Tracy Raxter, Principal Deputy Fiscal Analyst
Linda Blevins, Committee Secretary
Vickie Kieffer, Committee Assistant

Chair Arberry opened the hearing on Assembly Bill (A.B.) 14.

Assembly Bill 14: Revises provisions governing testing and reporting of results of pupils. (BDR 34-294)

Assemblywoman Bonnie Parnell, Assembly District No. 40, presented Assembly Bill (A.B.) 14 for consideration. The bill required the Department of Education to adopt a model to measure the achievement of pupils enrolled in grades 3 to 8. The model had often been referred to as a "growth model."

Assemblywoman Parnell explained that children were tested and compared to other students. A growth model would track a student's progress from year-to-year, thereby determining whether a child made adequate yearly progress in each grade.

According to Assemblywoman Parnell, it was hoped the federal government would provide a waiver so that a true growth measurement could be used for the No Child Left Behind Act accountability. The program would use the Criterion-Referenced Test (CRT) that was already in-place.

Assemblywoman Parnell pointed out that on page 20 of the bill, paragraph (b) of subsection 1 of section 6, the number "three" was changed to "two." This was to cleanup the language of the bill because the test was only administered two times.

Per Assemblywoman Parnell's request, Keith Rheault, Ph.D., Superintendent of Public Instruction, Department of Education, provided information on the fiscal note for the bill.

Dr. Rheault supported A.B. 14 and the testimony of Assemblywoman Parnell. Ideally, he believed it would be preferable to do testing at the end and beginning of each school year; however, most states that used the growth model used the CRT because of cost and time commitments.

Dr. Rheault stated the bill would have no fiscal impact on the state. The Department proposed an adjustment to computer programming to offset any cost and the use of federal assessment money, if necessary.

The bill also required that the results would become a part of the state report card submitted annually by the Department of Education. Dr. Rheault did not foresee a problem meeting the deadlines for reporting.

Assemblywoman Smith asked whether the same system would be used without changing the testing.

Dr. Rheault explained the same system would be used, and because there were unique identifications for each student, the longitudinal capability would be used as measurement. A student's test results would be matched each year and the growth measured. Currently only the proficiency levels were used. If a student did not make the cutoff point, he was shown as not making adequate yearly progress. The new growth model would also accommodate students who did not speak or comprehend English proficiently.

Assemblywoman Smith inquired whether there was competitive stimulus grant money available.

Dr. Rheault believed there were grant opportunities available.

There being no further discussion or questions, Chair Arberry closed the hearing on A.B. 14 and opened the hearing on A.B. 295.

Assembly Bill 295: Allows a person who qualifies as both a veteran and the surviving spouse of a veteran to claim both veterans' exemptions from property taxes and governmental services taxes. (BDR 32-572)

Assemblyman James A. Settlemeyer, Douglas County and portions of Carson City and Washoe County, Assembly District 39, presented an overview of Assembly Bill (A.B.) 295.

During the interim, Assemblyman Settlemeyer served on the study committee for issues relating to senior citizens and veterans. While serving on that committee, he received a letter from a constituent which led to the drafting of A.B. 295.

According to Assemblyman Settlemeyer, the State of Nevada offered a property tax exemption of \$2,000 to any veteran meeting the qualifications of *Nevada Revised Statutes* (NRS) 361.090. Under NRS 361.091, veterans were allowed an exemption if they had a service-connected disability over 60 percent. The amount of that exemption varied from \$6,250 to \$20,000 of assessed valuation depending on the percentage of disability in the year they filed. The veteran must be honorably separated from the services and must be a Nevada resident.

Assemblyman Settlemeyer explained that the widow or widower of a disabled veteran who was eligible for the disability exemption at the time of his or her death, may also be eligible to receive the exemption, but not if they were entitled to their own exemption under NRS 361.090. This meant that a death benefit was available for a spouse; however, if the survivor was a veteran, they could not receive the spousal exemption.

Assemblyman Settlemeyer stated that the original fiscal note was incorrect. When reviewing the issue, it was projected the number of individuals affected would be approximately eight. In reality, the issue affected approximately 14 widowed veterans. The fiscal note given for fiscal year (FY) 2009-2010 was \$93,000, which appeared to be inflated.

After meeting with Dino DiCianno, Executive Director for the Department of Taxation, Assemblyman Settlemeyer determined the correct fiscal note was \$2,911.

Mr. DiCianno testified that the Department of Taxation had misread the intent of the bill and miscalculated the fiscal note. The fiscal note had been revised to \$2,911.

William Silcox, private citizen and retired veteran, supported A.B. 295. Mr. Silcox explained that his deceased wife was a veteran with a service-connected disability. Both he and his wife had received the exemption. After the death of his wife, he was not eligible to receive both his and her exemptions. He contacted Assemblyman Settlemeyer who assisted with the creation of A.B. 295 to correct the inequity.

There being no further discussion or questions, Chair Arberry closed the hearing on A.B. 295 and opened the hearing on A.B. 135.

Assembly Bill 135: Requires the State Treasurer to review and the State Board of Finance to approve certain state financial obligations before the obligations are issued or incurred. (BDR 30-617)

Assemblywoman Sheila Leslie, Washoe County Assembly District 27, provided the following testimony in support of Assembly Bill (A.B.) 135:

This is a bill that will provide oversight and a form of checks and balances to better ensure the best possible funding mechanism for the state is being used to complete projects.

In particular, this bill is aimed at "P3" projects which are public-private partnerships, and it would better determine if the best cost-benefit for delivering the project is being utilized.

Elements of P3 projects typically include planning, designing, financing, construction, improving, maintaining, operating, and acquiring rights-of-way.

Projects that would be reviewed might include toll roads, transmission lines, bridges, and highway improvements, as well as tobacco securitization and state lottery conceptual ideas.

Assembly Bill 135 is necessary because the state could be left with a downgrade of its bond rating should projects adversely reflect on the state's ability to pay debt, as certain financing can exceed the tax resources identified to pay off the securities.

This could lead to a downgrade of the state's bond rating, which would mean higher financing rates on bonds, leaving the state with less money to finance projects or possibly an inability to sell bonds for projects under present market conditions.

In February of this year, the Government Finance Officer Association (GFOA) urged issuers of bonds to hire financial advisers when pricing bonds in negotiated sales and recommended that financial officers play a central, functional role in teams that are exploring or negotiating privatization projects.

The GFOA further advised that a financial officer unrelated to the underwriter of the project should review the financing aspects and offer advice on the selection of the underwriter, the structuring of the bonds, the preparation of disclosure information, the pricing of the bonds, and post-sale evaluation of the sale results.

The state already has access to several independent bond counsel firms chosen through a competitive RFP [request for proposal] process. The bond counsel firms regularly review the legality of the financing and debt issuance of various bond and securities being considered by the state.

Further, the state has access to financial advisors who are also chosen through a competitive RFP process, who assist the state in determining the best financial method for meeting the obligations set forth in bond and securities being considered by the state.

The primary focus of the state in relation to building projects is to capture the lowest possible cost available in the municipal market

while recognizing that financing costs are not the only costs to consider.

The problem is that underwriters for long-term projects can advocate financial options to separate agencies, which may or may not be the most cost-efficient financial structure to use.

Some megaprojects have ended up costing hundreds of millions more in taxpayer dollars than they would have cost using another financial structure.

These deals often appear attractive because resources are limited and initial costs are low, but the long-term commitment is often unduly expensive and nearly impossible to terminate once the deal has been formalized.

Included in the packet ([Exhibit C](#)) is an amendment, articles, and several examples of public-private partnerships that ended up costing taxpayers millions of dollars more when the financing that seemed to be advantageous turned sour.

Assembly Bill 135 would require the State Treasurer to provide to the State Board of Finance an independent financial analysis upon which the State Board of Finance may choose to approve or disapprove.

This independent review of certain financial obligations would take place before the obligations were issued or incurred.

The review would be required of projects that will require future state payments in the amount of \$5 million or more. A checks and balances would occur, providing taxpayers and legislators with a level of comfort that an independent review would be used to determine if the best possible funding mechanisms are being utilized.

Section 1 of A.B. 135 outlines what the review would entail. Section 1 also states the State Treasurer shall provide a written report of the state agency, officer or employee responsible for issuing the obligation no later than 60 days [suggested amendment to 30 days] after the request for a review of a project.

If the State Treasurer fails to deliver the report within the required 30 days, 15 days when the obligation is a result of the American Recovery and Reinvestment Act of 2009, the issuer may proceed with the proposed obligation without attaining the approval of the State Board of Finance.

Assemblywoman Leslie pointed out that on page 3 of A.B. 135, a host of exceptions were listed in subsection 4 of section 1. She believed the exceptions would not unduly strain the state but would provide a measure of checks and balances.

The second amendment covered in [Exhibit C](#) added a line to clarify that all professional services used to perform the analysis for the review must be vendors selected through an open, competitive bidding process.

Amendment 3, according to Assemblywoman Leslie, changed the wording in paragraph (b) of subsection 6 section 1 to add in the funding of public-private partnerships. She believed having independent financial review would ensure that the best financial options were used.

Assemblywoman Buckley commented that, in her opinion, the bill provided the necessary monitoring to prevent a company from having a financial interest in a study they were performing. Having the ability to get another point of view would provide additional information. She believed due diligence required such a measure.

Kate Marshall, State Treasurer, Office of the State Treasurer, presented testimony supporting A.B. 135. In her opinion, the key was access to independent financial advisors who were chosen through a competitive process and had expertise in local, western states, and international finance areas. Her office was willing to commit to an aggressive timeline and promised 30-day turnaround on the projects.

Chair Arberry asked whether this process was another layer of bureaucracy

Ms. Marshall believed it was a critical layer. If the independent financial analysis was removed, and all that remained was an underwriter who was vested in a particular outcome, the state could potentially risk millions of dollars.

Assemblyman Hardy thought the bill was a good idea. When looking at public-private partnerships, there was already a cost-benefit ratio, and he did not believe this would have to be duplicative.

Ms. Marshall agreed. An underwriter would perform an analysis that would probably show whatever the underwriter was trying to sell would be exactly what was needed.

Assemblyman Hardy inquired what would be considered a minimal amount for performing a fiscal analysis for a \$5 million project.

Ms. Marshall did not have a number available but would provide the information to Assemblyman Hardy.

Mark Taylor, Assistant State Controller, Office of the State Controller, presented testimony supporting A.B. 135. Mr. Taylor stated that the State Controller also supported the bill. When discussing the efficiency, an important issue for the Controller was to change the timeline in subsection 2 of section 1. Therefore, the proposed amendment which changed the timeline from 60-days to 30-days was supported.

There being no further discussion or questions, Chair Arberry closed the hearing on A.B. 135 and opened the hearing on A.B. 429.

Assembly Bill 429: Revises provisions governing the required minimum expenditures for textbooks, instructional supplies and instructional hardware. (BDR 34-855)

Assemblywoman Debbie Smith, Washoe County Assembly District 30, provided an overview and testimony in support of Assembly Bill (A.B.) 429. The bill revised the formula to determine the required minimum expenditures for textbooks, instructional supplies, and instructional hardware by establishing a base for expenditures in fiscal year (FY) 2004-2005 and allowing adjustments for enrollment changes and inflation. The formula must be developed by the

Department of Education in consultation with the Budget Division of the Department of Administration and the Fiscal Analysis Division of the Legislative Counsel Bureau.

Additionally, Assemblywoman Smith explained that the bill added instructional software to expenditures and applied the minimum expenditure requirements to Charter Schools and the university school for profoundly gifted students (The Davidson Academy). The bill would become effective on July 1, 2009.

Assemblywoman Smith noted that when textbook funding was cut during the special session, one of the things discussed with education representatives was that over time funds had been set aside for instructional supplies. However, the formula created to set aside those funds generated more money than was anticipated. The requirement was that the money had to be spent annually or it was reverted to the General Fund. There was a fear this could trigger expenditures that were not prudent. Things such as textbook purchasing cycles, which had to do with adoption of standards, had to be taken into consideration. The cycles influenced how much money had to be spent.

Following a discussion with her colleagues, Assemblywoman Smith determined it was time to revisit the issue. She requested the education representatives to meet with the Department of Education staff and Fiscal staff to develop a new idea that would be effective in keeping the set-aside funds untouchable but provide something that was more reasonable. Additionally, the bill added instructional software to the provisions of items that could be purchased with the money.

According to Assemblywoman Smith, A.B. 429 was heard in the Assembly Committee on Education and passed without opposition.

James Wells, Deputy Superintendent for Administrative and Fiscal Services for the Department of Education, testified in support of A.B. 429. Mr. Wells noted that the Department of Education fully supported the bill. The "fenced-off" provisions were tied to enrollment increases plus funded inflation growth.

Mr. Wells explained that at the present time, the formula began with an even-year actual number and was increased for inflation and growth. If in a textbook adoption cycle, the expenditure line could be higher and not needed each year until the textbook adoption cycle returned. The original bill, which was passed in 2003, required that the school districts spend the amount previously spent, plus an additional \$50 per month per pupil on textbooks, instructional hardware, and instructional supplies. If school districts did not spend the money, it was reverted to the Department of Education and was returned to the State General Fund.

The bill also added instructional software. The Department of Education believed that with the advances in technology, this was an essential item.

Anne Loring, representing Washoe County School District, expressed support for A.B. 429. As described by Assemblywoman Smith, the policy of "fencing off" the money for hardware and supplies was put into effect in 2003 when the appropriation per student was increased by \$50 for the items. The money was "fenced-off" and required to be spent on those items or reverted to the State General Fund. The Washoe County School District continued to support the policy; however, the district believed it was critical to make the policy change as contained in the bill.

Dr. Dotty Merrill, Executive Director for the Nevada Association of School Boards, expressed support for A.B. 429.

There being no further discussion or questions, Chair Arberry closed the hearing on A.B. 429 and opened the hearing on A.B. 507.

Assembly Bill 507: Transfers the Department of Cultural Affairs to the Office of the Secretary of State. (BDR 33-1106)

Ross Miller, Secretary of State, provided [Exhibit D](#) to the Subcommittee and presented the testimony supporting Assembly Bill (A.B.) 507. He believed the divisions which made up the Department of Cultural Affairs (DCA) would be better served by transferring them to the Secretary of State's (SOS) office. The functions carried out by these divisions were in line with the core mission of the SOS's office.

Mr. Miller provided a brief history of the DCA, noting that maintenance of the state archives began in the SOS's office but in 1977 was transferred for political reasons. In 1993, certain divisions were combined to create the DCA. That was done on the recommendation of former Governor Kenny Guinn who chaired a commission to look at government efficiency.

Since that time, Mr. Miller explained, the Office of the Director of DCA had grown substantially. In 1995, the personnel costs were only \$80,000 with a total budget under \$100,000. In 2008, the budget increased to \$719,000 with eight full-time employees and a total office budget over \$1 million. The proposed budget for FY 2010-2011 personnel costs was \$935,449 for 11 full-time employees, with a total office budget over \$1 million that year.

The Office of the Director had requested an additional three positions which would be transferred from divisions within the DCA, while some of the programs had been asked to cut 50 percent or to be eliminated.

Because A.B. 507 would eliminate not only the role of the director, but the entire Office of the Director, it would result in substantial cost savings. Mr. Miller believed that by eliminating this administrative function and redistributing the savings to the divisions, the cuts to the programs and the services would not be as severe.

Mr. Miller noted that the responsibilities of the Governor, even a Governor dedicated to history and the arts, simply did not leave time or resources to make history and arts the priority they should be. If not dealing with issues that seek to educate, medicate, or incarcerate, programs would be subject to the demands of each Governor's agenda. A constitutional officer such as the SOS would have the ability to champion cultural issues and move them forward.

Mr. Miller submitted letters ([Exhibit E](#)) that supported moving cultural programs to the SOS. The programs could be allowed to raise the profiles of the issues and the importance of the work of each of the divisions. Each of these divisions was led by professional, subject-matter experts in their respective fields. This proposal would not take away from that as the positions of division administrators would be retained in whole.

Mr. Miller continued by explaining that there would be a cost savings resulting from the elimination of the Office of the Director. That office consisted of the director, deputy director, administrative services officers, information technology professionals, and a public information officer.

Mr. Miller was confident the SOS's office could absorb the responsibilities of those individuals. He agreed that he was not certain it could be done with the same level of efficiency, but it could be done with less detriment than cutting the programs and services to the extent the director proposed.

Mr. Miller further believed that in the long-term, a constitutional officer elected statewide could do a better job raising the profile of the issues than any appointed director because an elected official had greater access to community groups and the media and had a public profile. There was a risk in this proposal because a future SOS could be less supportive of museums, arts, and culture.

The current Governor labeled the DCA divisions as non-essential government functions and asked for cuts up to 50 percent. By having a SOS in charge of those issues, it would be a significant role for the SOS, and one that a future candidate could campaign on and that would be a strong part of the identity of the office.

In the short-term, Mr. Miller wanted to see funding restored for the divisions, but in the long-term believed the divisions would be better served by having a constitutional officer who could be their champion and raise the profile on the work performed.

Assemblyman Denis inquired whether Mr. Miller had involved the affected community in the decision to make the transfers under A.B. 507.

In response, Mr. Miller stated that he had been involved in many discussions with persons influential in these areas to try to have a clear understanding of the impact of such a transfer. He had also been involved in conversations with secretaries of state from around the nation. Many states had transferred the divisions to their secretary of state's office. Universally, the other SOS offices noted an improvement after the transfer.

As it was also a cost-saving measure, Assemblyman Denis asked how this would affect funding for the programs in the DCA.

Mr. Miller responded that he had reviewed the budget for the Office of the Director of the Department of Cultural Affairs and noted there were 11 positions, which was an increase from the last biennium. Eliminating the office and restructuring under the Secretary of State's office would, he hoped, provide significant cost savings and a reduction in the recommended cuts to the programs under the DCA.

Mr. Miller was confident the SOS's office could absorb the functions of the 11 administrative positions, albeit with less efficiency, but with less detriment to the individual programs if the funding could be redirected into those programs.

Assemblyman Ocegüera commented that he was a supporter of the arts, and it appeared a 50 percent cut to services would nearly eliminate the DCA. He was, therefore, inclined to support A.B. 507 to keep the programs running during the difficult financial times facing the state.

Assemblyman Hardy noticed there was no fiscal note attached to A.B. 507 and wondered whether there were positions in the SOS's office that should be reviewed since the bill required the incorporation of additional duties.

Mr. Miller had not received a request for a fiscal note. In looking at the office of the director and elimination of positions, there were many things that needed

consideration. He looked forward to working with the Fiscal staff to determine how much money would be available for reappropriation to the programs.

Assemblyman Hardy asked whether Mr. Miller would add any positions to the SOS's office to assist with the programs.

Mr. Miller replied he was not planning to add positions because he believed the current staff could absorb the responsibilities of the Office of the Director.

To further clarify, Nicole Lamboley, Chief Deputy for the Secretary of State, explained that in the SOS's budget there was a request to restore two positions not related to general administration, but to specific functions in the Elections and Securities Divisions.

Mark W. Stevens, Fiscal Analyst, Fiscal Analysis Division of the Legislative Counsel Bureau, reminded the Committee that non-exempt bills must be voted on by Friday, April 10, 2009, and A.B. 507 was not an exempt bill.

Guy Louis Rocha, private citizen, presented testimony ([Exhibit F](#)) supporting A.B. 507. His testimony focused solely on the State Library and Archives.

Chair Arberry commented that over the years he had watched the Department of Cultural Affairs receive cutbacks. He was saddened that the programs were again slated for cuts and were considered "non-essential." He believed Nevada citizens needed the programs offered by the Department of Cultural Affairs.

Sara Jones, private citizen, presented testimony ([Exhibit G](#)) supporting A.B. 507.

Michael E. Fischer, Director of the Department of Cultural Affairs, presented testimony ([Exhibit H](#)) in opposition to A.B. 507. He believed it would not be possible for the staff in the Secretary of State's office to absorb the responsibilities of the Department of Cultural Affairs efficiently and with the level of competency needed to accomplish its mission.

Assemblyman Harry Mortenson, Clark County Assembly District No. 42, presented testimony in opposition to A.B. 507. There were many definitions for the word "culture" but utmost was enlightenment, which also meant education. If the Committee decided to impose the Governor's recommendation of 50 percent cuts, it would mean a cut in education, which he opposed.

Assemblyman Mortenson noted the SOS had indicated that although his office could absorb the 11 positions, it would not be at the same level of efficiency; therefore, the Department would be degraded. It appeared that positions in the SOS's were not fully utilized if they could absorb the work of 11 positions. If that was the case, the positions in the SOS's office could be eliminated to save \$2 million.

In closing, Assemblyman Mortenson asked the Committee not to make cuts to the Department of Cultural Affairs or transfer it to the Secretary of State.

Senator Mark Amodei, Capital Senatorial District, presented testimony in opposition to A.B. 507. He believed everyone who had testified wanted to do the right thing, and each was passionate about the programs in the DCA. The state had always struggled to fund the DCA, and in his opinion, the bill would not have been submitted by the SOS had it not been for budget shortfalls.

Senator Amodei requested the Committee consider options to provide the DCA with the necessary resources rather than consider transferring it to the SOS. He believed this was an opportunity to put stability in the DCA instead of uncertainty.

Sam Reed, Washington Secretary of State, presented testimony via teleconference. Historically the SOS had carried the responsibilities in their respective states for heritage functions, historical functions, and, in many cases, cultural functions.

Mr. Reed pointed out that an elected official kept programs on-track through continuous examination. This could revitalize the functions where ongoing commissions and boards tended to be anonymous within the state government structure.

In Washington, the Legislature saved the state library by putting it into the SOS's office. It had worked well for the State of Washington, and Mr. Reed was pleased to hear that Nevada was considering a similar transfer.

Assemblywoman Buckley commented that everyone was concerned about the state of affairs and, particularly, the Governor's budget and the proposed cuts that would destroy some of the agencies. It was a critical and difficult time as the Legislature attempted to restore some of the budgets. She asked Mr. Reed whether the State of Washington faced difficult times similar to what was now facing Nevada. She was also concerned because not everyone was supportive of these changes, and she did not want further divisions between people at a time when things were tense because of proposed budget cuts.

Mr. Reed responded the State of Washington was facing similar problems. The Washington State Library move to the Secretary of State's office occurred when there was a serious budget shortfall. The state library personnel and librarians across the state opposed the move, but because of possible elimination, the move was accepted. There were reductions of staff because of consolidation, but overall, the supporters of cultural programs were pleased to have someone to champion their cause.

Assemblyman Denis inquired whether Mr. Reed was able to use the cultural issues as a platform when running for reelection.

Mr. Reed stated that the issue had come up during his campaign. He believed it was an advantage for the cultural organizations in the fact that there was a statewide official addressing the importance of cultural issues.

Chair Arberry thanked Mr. Reed for his comments and requested testimony from Las Vegas, Nevada constituents.

Robert Stodal, Chair for the Board of Museums and History, testified as a private citizen in opposition to A.B. 507. He wanted to hear additional information from Mr. Reed regarding the Washington technology plan and how it was funded, rather than an endorsement for the plans of a colleague.

According to Mr. Stodal, the key to the legislation was to find a way to better preserve the records of Nevada government. The issue was not only to preserve Nevada's history but to make the information accessible to the people.

Mr. Stodal noted that the core mission outlined by the SOS was to preserve Nevada's records, but the proposed legislation said that to achieve that mission, the SOS must take over the state archives, library, museum, historic railways,

and arts council and become a member of the commission on special license plates. What was not apparent in the legislation was a way to pay for the "Washington system," which took several years to develop.

In conclusion, Mr. Stodal stated that without a fiscal note, there were many unanswered questions regarding the transfer of the Department of Cultural Affairs to the SOS. Without additional information, he could not support the legislation.

Daniel Walters, Executive Director for the Clark County Library District, presented testimony opposing A.B. 507. Mr. Walters acknowledged past assistance from the Legislature to the DCA. He believed a study should be completed prior to transfer of the DCA to the SOS and the elimination of the positions.

Mr. Walters suggested that once the library community had an opportunity to work with the SOS's office, the proposal would be strengthened and the reorganization could occur in a way that worked best for libraries and the DCA. Although there were many studies completed during the interim, the reorganization of the DCA was not included. If the DCA should be moved under the auspices of the SOS, taking the interim to examine all issues would prevent a hasty reorganization that could jeopardize cultural programs.

Arthur H. Wolf, WOLF Consulting, provided [Exhibit I](#) in opposition to A.B. 507.

Ronald James, Historic Preservation Administrator for the Department of Cultural Affairs, presented testimony in opposition to A.B. 507. Mr. James expressed concern that he or the preservation and archeological communities had not been contacted regarding the effects of A.B. 507. In his opinion, there was a technical problem with the bill that would be fatal to his agency.

The National Historic Preservation Act of 1966 stated that the Secretary of Interior had to certify that the state had a legitimate State Historic Preservation Program. One of the conditions of the certification was that the Secretary must "determine that the program provides for the designation and appointment by the Governor of a State Historic Preservation Officer." According to Mr. James, if the Secretary of Interior could not certify the program, there were serious ramifications which included the return of the 2008 federal grant or subsequent grants. That would be a fiscal loss of approximately \$2 million.

Chair Arberry requested further clarification on the return of the grant funds.

Mr. James explained that without a certified program, the state could not qualify for the grant funding. The federal legislation was unique in that it placed the personal fiscal responsibility for the mismanagement of the grants funds on the administrator.

Mary Kaye Washburn, President of the Lost City Museum docent council in Overton, Nevada, presented testimony in opposition to A.B. 507. She questioned whether the SOS had presented a transition plan or a detailed study regarding the transfer of the DCA to the SOS. The testimony presented by Mr. James regarding the decertification and possible loss of federal grant funds was cause for concern.

Patrick Cates, Administrative Services Officer for the Department of Cultural Affairs, presented testimony in opposition to A.B. 507. Mr. Cates explained that the DCA director's office had made significant cuts to its budgets. The director's office had recommended transferring four positions into that office.

Two of those transferred were from the Nevada State Library and Archives. One position was an information technology professional and the other was a program officer. The remaining two positions were an administrative services officer 1 and an accountant technician 1. Both of the positions were located in the Nevada Arts Council which was colocated with the director's office.

Helen Mortensen, private citizen, opposed the passage of A.B. 507. She agreed with testimony presented by Mr. James and believed it was necessary to have all of the fiscal information prior to making a decision.

Karen Craig, private citizen, opposed the passage of A.B. 507. In her opinion, the bill needed further investigation before passage.

Peter Barton, Acting Administrator for the Division of Museums and History, presented testimony in opposition to A.B. 507.

Thalia Dondero, private citizen, opposed the passage of A.B. 507. Ms. Dondero believed the bill needed further study and fiscal notes.

Sharon Rosse, Executive Director of the Capital City Arts Initiative, presented [Exhibit J](#) and testimony in opposition to A.B. 507.

Jill Berryman, Executive Director of Sierra Arts Foundation, testified in opposition to A.B. 507.

Tim Jones, Chairman of the Nevada Arts Council and speaking as a private citizen, presented testimony in opposition to A.B. 507.

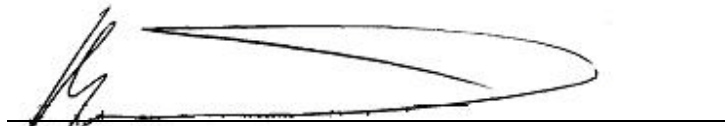
Chair Arberry closed the hearing on A.B. 507.

The meeting was adjourned at 10:59 a.m.

RESPECTFULLY SUBMITTED:

Linda Blevins
Committee Secretary

APPROVED BY:



Assemblyman Morse Arberry Jr., Chair

DATE: July 9, 2009

<u>EXHIBITS</u>			
Committee Name: <u>Committee on Ways and Means</u>			
Date: <u>April 6, 2009</u>		Time of Meeting: <u>8:11 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance roster
	C	Assemblywoman Leslie, Washoe Assembly District No. 27	A.B. 135 amendments
	D	Ross Miller, Secretary of State	A.B. 507 information
	E	Various	A.B. 507 support
	F	Guy Louis Rocha, private citizen	A.B. 507 support
	G	Sara Jones, private citizen	A.B. 507 support
	H	Michael E. Fischer, Director, Dept. of Cultural Affairs	A.B. 507 opposition
	I	Arthur H. Wolf, WOLF Consulting	A.B. 507 opposition
	J	Sharon Rosse, Executive Director, Capital City Arts Initiative	A.B. 507 opposition