

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-fifth Session
May 2, 2009**

The Senate Committee on Finance was called to order by Cochair Bernice Mathews at 8:05 a.m. on Saturday, May 2, 2009, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Bernice Mathews, Cochair
Senator Steven A. Horsford, Cochair
Senator Bob Coffin
Senator Joyce Woodhouse
Senator William J. Raggio
Senator Dean A. Rhoads
Senator Warren B. Hardy II

GUEST LEGISLATORS PRESENT:

Assemblyman Moises (Mo) Denis, Clark County Assembly District No. 28
Assemblywoman Debbie Smith, Washoe County Assembly District No. 30

STAFF MEMBERS PRESENT:

Brian M. Burke, Principal Deputy Fiscal Analyst
Michael J. Chapman, Senior Program Analyst
Laura Freed, Program Analyst
Gary L. Ghiggeri, Senate Fiscal Analyst
Alex Haartz, Program Analyst
Eric King, Program Analyst
Mark Krmpotic, Senior Program Analyst
Barbara Richards, Committee Secretary

OTHERS PRESENT:

Andrew Clinger, Director, Department of Administration
Keith W. Rheault, Ph.D., Superintendent of Public Instruction, Department of Education
Anne Loring, Representative, Washoe County School District
Nancy Hollinger, Member, Board of Trustees, Washoe County School District
Dotty Merrill, Executive Director, Nevada Association of School Boards
Patricia D. Cafferata, Esq., Executive Director, Commission on Ethics
Robert E. Dickens, Ph.D., Director, Office of Governmental Relations, University of Nevada, Reno

COCHAIR MATHEWS:

This meeting of the Senate Committee on Finance is called to order.

Senate Committee on Finance
May 2, 2009
Page 2

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

There are some things I would like to go through before the Committee starts the review of the Assembly bills. When the Committee approved Senate Bill (S.B.) 70 they requested some information. I have supplied a memo ([Exhibit C](#)) from Ms. Laura Freed of our office explaining the fees associated with that legislation. I also distributed to the Committee a copy of the Economic Forum Report ([Exhibit D](#)). The actions were concluded last night. The report contains the Economic Forum revenue projections, excluding the Distributive School Account (DSA) shortfalls which are the property tax and the Local School Support Tax (LSST). We are still trying to reconcile our numbers. The General Fund portion is about \$584 million less than what was initially recommended in the Governor's budget. That includes the \$31 million the Governor initially included in his budget for payment on markers on the percentage fees. We are working on the LSST and the property tax. Preliminarily, we think that number will be an additional \$435 million to \$450 million. I provided the Committee a schedule showing the differences ([Exhibit E](#)). I will hopefully provide answers to any questions the Committee may have.

COCHAIR MATHEWS:

Does the Committee have questions for Mr. Ghiggeri?

COCHAIR HORSFORD:

Are we speaking of the need for approximately \$584 million in new revenue to fund the Governor's budget as proposed?

MR. GHIGGERI:

That is the approximate number based upon what the Economic Forum's actions were yesterday. I will stress again, Mr. Mark Stevens and I have not had an opportunity to reconcile this number between the two of us. We would like to make sure we are speaking with the same numbers.

COCHAIR HORSFORD:

The LSST figure would have to be addressed as well.

MR. GHIGGERI:

That is correct. Right now we are looking at approximately \$240 million or more. That is a preliminary number. We have not thoroughly reviewed the information provided by the Department of Taxation.

COCHAIR HORSFORD:

Would the \$240 million be the State portion?

MR. GHIGGERI:

The property tax portion is approximately \$200 million.

COCHAIR HORSFORD:

The State would have to meet \$240 million in order to fulfill the DSA contribution because of the local shortfall.

MR. GHIGGERI:

That is a preliminary number. The Economic Forum's numbers are final.

COCHAIR HORSFORD:

Is there any information about the types of revenue sources noted as actually being on the increase, or were they all noted as declining?

MR. GHIGGERI:

You can tell from the letter the Economic Forum provided. The Modified Business Tax for Financial Institutions was probably the only one that sticks out in my mind as one that increased. That increase was approximately \$2.6 million for fiscal year (FY) 2008-2009 and FY 2009-2010. The remainder of the revenues was reduced. The Economic Forum spent a lot of time agonizing over the decisions they made.

SENATOR COFFIN:

Is there a banker on the Forum these days?

MR. GHIGGERI:

I do not believe there is. It is not just bank employment. It is financial institutions, and the collections and payments for that have been up this year. We do not have a business specific, but there has either been a business that previously had been paying as a nonfinancial institution but now is paying as a financial institution, or they found someone through the amnesty program that had not been paying before. We do not have that detailed information.

COCHAIR MATHEWS:

Could you talk about the numbers we saw in the paper this morning? They are different from what you are saying.

ANDREW CLINGER (Director, Department of Administration):

I have not read the paper this morning. The initial shortfall was \$900 million but that did not take into account the American Reinvestment and Recovery Act (ARRA) of 2009. Once you plug that in, it gets to \$584 million.

COCHAIR MATHEWS:

Let us review S.B. 411. We heard this bill on April 29, 2009. Do we have any discussion on this?

SENATE BILL 411: Revises provisions governing the issuance of hunting, fishing and trapping licenses. (BDR 45-1177)

MR. GHIGGERI:

This bill was heard. A suggested amendment was provided by Mr. Ira Hansen. Fiscal Staff has discussed that amendment with the Department of Wildlife and they are not in agreement with it. This legislation is included in the *Executive Budget* and provides additional license fee revenue to the Department of Wildlife.

SENATOR RAGGIO MOVED TO DO PASS S.B. 411.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Senate Committee on Finance
May 2, 2009
Page 4

COCHAIR MATHEWS:

Let us review S.B 182. We heard this bill on April 29, 2009.

SENATE BILL 182 (1st Reprint): Makes various changes relating to common-interest communities. (BDR 10-795)

MR. GHIGGERI:

We heard this bill and it was referred to the Committee based on the fiscal note. Testimony provided by Senator Michael Schneider indicated the fiscal note would be supported by fees collected from the \$3 fee that is charged for Common Interest Communities. The reserves in the Common Interest Communities account in FY 2009-2010 are projected to be \$2.2 million and in FY 2010-2011 the projection is \$2.1 million. Annual fees collected in this budget are approximately \$1.6 million. If this legislation is approved by this Committee, and passes over to the Assembly, the necessary actions to augment the Common Interest Communities budget could be accomplished by the Interim Finance Committee (IFC) via work program submittals.

SENATOR RAGGIO:

We heard this bill on April 29, 2009. Several people testified regarding certain sections of the bill. We did not have any explanation of this bill. I am not familiar with this bill, so I am not going to be voting, other than to send it out without a recommendation because I have not had the opportunity to understand what this bill does.

SENATOR HORSFORD MOVED TO DO PASS S.B. 182.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR RAGGIO ABSTAINED FROM THE VOTE.)

ASSEMBLYWOMAN DEBBIE SMITH (Washoe County Assembly District No. 30):

I am here for Assembly Bill (A.B.) 429. I have provided a written Floor Statement ([Exhibit F](#)) about the bill which I will read.

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

Assembly Bill 429 would revise several provisions governing the minimum amount of money school districts are required to spend annually for textbooks, instructional supplies and instructional hardware. The bill would add instructional software to the list of items included in the minimum expenditure requirement. Currently, the amount of the requirement to be spent on textbooks is determined based on the actual expenditures during the base year for each biennium. This bill would revise the method for determining the amount of the requirement by beginning with the amount established for FY 2004-2005 which is when the requirement was enacted, increasing by the percentage of enrollment growth and inflationary factors that have been legislatively approved since that time. The bill clarifies that the minimum expenditure requirement applies to charter schools and university schools for profoundly gifted students

and amends the reporting requirements for the university schools in order to assist the Department of Education (NDE) in determining whether these schools have met the annual requirement.

This bill resulted from what we enacted in the 25th Special Session in December 2008. We took some of that money for textbooks which generated a lot of discussion regarding the fact that we actually had that amount of money in those accounts. We had discussions with the school districts and education advocates over this issue. I know that the Chairman and my colleague, Dr. Joseph P. Hardy, have been instrumental in making sure we had always provided adequate money in this area and were champions of this cause. We worked with everyone who originally worked on this legislation to come up with an idea that would satisfy all of the parties involved.

The bottom line for me is that we had a very successful program set up. It turned into a program requiring that we had to spend money to get money, because that money had to be spent or it could not be spent on anything else. We cannot afford to have money being spent just because it is there, and certainly having money that could be utilized elsewhere. Everyone has worked hard to come up with language that seems to work well; that we have a base year; that we add on that base year; and that we have all of our fiscal brilliance getting involved to determine those amounts moving forward. When we have more expenditures in one year than we would normally have, that is the amount that carried forward and has to be spent the next year. It is a bit of a false basis for determining this amount of money. This bill is much more reasonable and adequate.

The other big provision is adding instructional software to what can be spent. We have to acknowledge that software is a big part of the instructional needs in the classroom. I think adding that provision to this will be very helpful in the classroom. I know there are a few people here to lend support to this and can offer further information or answer questions if you have them.

SENATOR RAGGIO:

I want to thank Assemblywoman Smith for this. I want to make a point because when we put this in years ago we put a fence around it to make sure there was adequate funding for textbooks, supplies, etc. We did it for a reason. We were constantly chided that teachers had to spend their own money for supplies. We fenced it off so it could not be used for anything else. It always irks me when I get into discussions with teachers and they say they had to use money out of their own pockets for supplies. If that is the case, I want to know why school districts are not using this funding so teachers do not have to dig into their pockets. That is why we fund this. I would like to send out a message to parents who call or e-mail us to tell us that the teachers say they do not have the money needed for a project. Is there something I am missing here?

ASSEMBLYWOMAN SMITH:

I absolutely agree with you. It is frustrating when we know the money is there. In many ways, we have been victims of our own success. We have been able to expand that fund for textbooks every year. The fact that there was money in December 2008 when we needed it for budget cuts was significant. That is a legitimate question and one I think the people at the district level have to answer. This applies a more reasonable approach to how we gather the money and it remains fenced off and should be spent on these items.

SENATOR RAGGIO:

I want to emphasize it is not only for textbooks but for instructional supplies and hardware. Anytime any of us are in a campaign, we run into this. People tell us we are not providing the funding; that teachers have to go out and buy pencils, paper and things for their classes. If the school districts are not using it that way, then they are not doing what the Legislature has provided funding for.

COCHAIR MATHEWS:

I was here when we fenced it off and we were adamant about where the money should go. In my district, the schools were photocopying a chapter for use before the lesson was to be heard. That was a concern for me. I agree with Senator Raggio. The money is not being spent for the purpose it was meant. Why is it just sitting there?

SENATOR COFFIN:

I have been frustrated too, because for many years we were scolded about this. I would hear about teachers having to buy things. Sometimes I would tell them the reason it was happening was because the teachers were able to find the money and get it by labor contract bargaining. It was difficult to explain. Many teachers did not understand that they had received the benefit at the expense of not having to pay out of their own pocket to buy the things that they really wanted to buy. Many teachers buy them out of the love of doing it and do not even want compensation. We did this so we would stop being criticized. We thought we were doing the right thing. If this is an adjustment and not an abolition of the fencing, I certainly support it.

ASSEMBLYWOMAN SMITH:

It is absolutely an adjustment in the formula. The money remains fenced off. It is just a more reasonable approach to how the money is accumulated.

COCHAIR MATHEWS:

Is there anyone else who would like to speak in favor of this?

KEITH W. RHEULT, PH.D. (Superintendent of Public Instruction, Department of Education):

We are here on behalf of the NDE to strongly support the bill. I think the bill still meets the full legislative intent of fencing off the instructional and textbook supplies, but makes the proper adjustment so it could free up additional funding, at least in the future for additional things as needed. Part of the problem is that they over-expend the amount of funding for the textbooks and that is what we start with the next biennium. When the program started in 2003, because of the over expenditures in adding it on the next biennium, this biennium it amounted to \$21,353,000 in fiscal year (FY) 2009-2010 and \$21,537,000 in FY 2010-2011. By still fencing it off and requiring inflation plus growth which we built into the formula, this is where those figures came from. That would allow \$21 million in each of the fiscal years. It is in the budget at this amount for school districts if they need it for other purposes. Because they over-expended in the past, there is no cap stating they cannot spend above it like they have done before. If needed, they can still spend above it. This would just be the base amount, and it is a fair amount. We strongly support passage of this bill.

ANNE LORING (Representative, Washoe County School District):

Mrs. Joyce Haldeman, who was not able to be here today, asked that we say, for the record: "Clark County School District is strongly in support of this piece of legislation."

You took a huge step on our behalf in 2003 by both increasing the per-pupil amount for textbooks, instructional supplies and instructional hardware, and then fencing off a larger amount of money that would be dedicated just for these uses. I can tell you it has made a huge difference in the Washoe County School District. When this bill came forward, we spoke with Superintendent Paul Dugan who indicated he had made clear to all of the schools the expectation was there would be books for every student for every class. This also applied to instructional supplies. As evidence of the impact this has had, when in the Special Session you had to cut the actual dollar amount dedicated for these purposes, we definitely heard from our schools regarding the impact of the lost supplies when the dollars themselves went away. This has had a huge impact on our District.

The way the formula has worked over the years is this: when we have a textbook adoption, one that affects all the students with expensive books; such as math or English, it drove the amount up that was spent, becoming the base for the next year. If the next adoption was not one of that magnitude, we were still forced to spend that amount or lose the funding. The fence had grown and taken critical money away from other needs in our classrooms, because it had to be spent to keep the revenue coming for the District. We think this is a valuable adjustment in the formula. It will still fulfill your intent. It will still provide textbooks, supplies and computer hardware and software for our students. We strongly urge your support.

NANCY HOLLINGER (Member, Board of Trustees, Washoe County School District):

I am a member of the Washoe County School Board, but I am speaking as an individual. I taught for 38 years, and we always had enough textbooks for our students. We had paper and pencils and everything else. I spent a lot of money out of my pocket but it was for bulletin boards or special books for units I was conducting; something of that sort. The basic supplies were provided and I thank you for that.

COCHAIR HORSFORD:

I am supporting the bill. It is unfortunate there is not a representative from the Clark County School District here today. I disagree that there are adequate numbers of textbooks in every classroom in every school. I have visited schools. I testified that I went to Ruth Fyfe Elementary School which is where I attended school, and they were using the same book as when I attended that school.

I will support the bill because I agree we need flexibility. As the Senate Minority Leader said, the districts need to do a better job of making sure the allocation of this funding is getting to the schools that need it. I have also heard from schools, as Assemblywoman Smith explained, that buy books because they have money at the end of the year that has to be spent. There are books in file cabinets that are not being used. That is wrong. It needs to be addressed at the local level and I hope that the Department would monitor and screen that. If you need to come to a few schools in my District, or anywhere else in Clark County, I can show you children who do not have the textbooks they need to learn.

SENATOR COFFIN:

I agree with the Senator. My District has some of the same problems. Clark County is not here, but I have heard from Carolyn Edwards, the Chair of the Legislative Committee of the Board of Trustees, who says they need what A.B. 429 adds in instructional software and a list of items for which this appropriation can be spent.

SENATOR RAGGIO:

Senator Coffin indicated that the Clark County School District supports this measure. I like to have things on the record. I do not think there is anything in the law that says other money cannot be used besides this for textbooks, if they are needed. There is nothing in the law that says this is the only money that anybody can use for textbooks, so if you bargain it away there is other funding. Since we are going to pass this bill, are people going to come back and say: "You passed A.B. 429 in 2009 and you severely limited the funding for textbooks, instructional supplies and hardware. Therefore, we do not have enough money now to buy textbooks and other needed things." Is that going to happen if we pass this bill? Is that what we will hear six years from now? Are we going to hear that because we passed this we limited the amount of money and, therefore, textbooks are not available? I remember when, at the request of all the school districts, we instituted class-size reduction. As Chairman of the Senate Committee on Finance, I had individuals come from every school district and ask if they were going to have adequate classrooms. We all said "yes" and then found out they did not. They had to have team-teaching and use modular classrooms and so forth. I would like to know that we are not going to be in that position. Does anyone disagree?

MS. LORING:

I can guarantee you that Anne Loring, on behalf of the Washoe County School District, will never be back here to say you took the money away. I certainly hope it does not happen and will do what I can to ensure that does not happen.

DOTTY MERRILL (Executive Director, Nevada Association of School Boards):

I am also representing the Nevada Association of School Superintendents because Mr. Randy Robison could not be here this morning. I want to reiterate what Mrs. Loring said about how each school district and its board of trustees appreciates the fenced-off \$50 per student appropriation that you provided to us in the past and that we hope is provided in the future.

We appreciate the addition of instructional software to the minimum expenditure requirements. School board members from across the State have advised me that having the recalculation to the formula will satisfy the problem that has existed. There is a huge expenditure for textbooks in one year. Science textbooks are very expensive. If science textbooks have to be purchased for all grade levels, it artificially raises the amount to be purchased in the next year. If it is foreign language textbooks that are to be purchased in the next year, then it gives rise to the problem that has existed. We strongly support this bill, encourage your support of its passage, and in response to Senator Raggio's question, I would say there will always be individuals who say that something has not been done. On behalf of the Nevada Association of School Boards, we will continue to say that you have been very generous in this area. Thank you for that generosity.

COCHAIR MATHEWS:

Is there anyone here against this bill? If not, we will close the hearing on A.B. 429.

SENATOR HORSFORD MOVED TO DO PASS A.B. 429.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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COCHAIR MATHEWS:

We will now hear A.B. 13.

[ASSEMBLY BILL 13 \(1st Reprint\)](#): Revises provisions governing expenditures by school districts for textbooks, instructional supplies and instructional hardware. (BDR 34-295)

ASSEMBLYMAN MOISES (Mo) DENIS (Clark County Assembly District No. 28):

I am here to introduce A.B. 13 on behalf of the Interim Legislative Committee on Education. Some of this will be a repeat of the prior testimony, but I do not want to miss any key parts. I will be reading from written testimony ([Exhibit G](#)) which has been passed out to you.

I will mention one other thing. There was an amendment that required the NDE to forward a request from the school district to the IFC at the same time as a request from the State Board of Examiners and the description of how the money will be used.

DR. RHEAULT:

We support the bill, but I think I wanted to start out with the timing of the bill. This information and the topic of this bill regarding a waiver under economic hardship started last summer during the Legislative Committee on Education. It was prior to the bill you just adopted. We knew the school districts needed some relief. At the time we thought maybe they were just asking for a waiver when they could not meet the escalating costs we just talked about in A.B. 429. Personally, I think the bill you just voted on has a lot more effect and is more valuable by adjusting the base amount and having districts meet that. Because of the uncertain times, this is also a valuable bill in that it has sufficient checks and balances. It goes from the NDE; we review it; it goes to the Board of Examiners; and then to the IFC. The IFC is the body that actually decides whether to grant it. It has a specific definition of economic hardship only in two cases. I can only see one being used and that is if the revenues are less than what was budgeted in the DSA. It would be helpful, in cases like this last biennium, when districts had to revert 10 to 12 percent of their funding. It would not require any additional legislative action to adjust that if necessary. It would come through a defined process that is in this bill and we could deal with it that way. We are here to support it.

SENATOR RAGGIO:

My first concern was that since we are passing A.B. 429 I was not sure the compelling reasons that are here for A.B. 13 are still present. There is a limit on the amount of money that is going to be involved in the process. I know the bill

sounds like it is fencing this off; that if there is a waiver it cannot be used for collective bargaining, etc. Here is what happens. If you grant the waiver, then the amount of waived money is going to be used for something else for that particular school district. The money that is freed up by using this money then becomes part of the pot of the ability to pay. Even though you say it is not going to be used, it frees up money that will then be calculated as ability to pay. I am wondering if there is some way, if they really need this waiver, to amend the bill to indicate that any money so freed up is not going to be calculated in computing the ability to pay. It is subject to that. They come in and ask for a waiver and I do not want it used that way. Am I wrong?

DR. RHEAULT:

I agree the reason they are asking is they cannot pay something because of reductions. It could very well be that they are either going to layoff staff or buy textbooks, and that is why they are asking for the waiver. I know the bill specifically requires they list what they are going to expend the funding for as part of the waiver request.

SENATOR RAGGIO:

I would support the measure if we insert language indicating that if the money is used otherwise, the calculation will not be utilized in an ability to pay for negotiation.

DR. RHEAULT:

That would be fair from the NDE's standpoint. I can see this being used in extreme cases because A.B. 429 will go a long way in answering questions the districts had. The real intent of this bill was because the costs were escalating. They needed to scale it back. This would only be used in extreme cases. I will let the school districts respond if that amendment would be a problem.

MS. LORING:

We are here in support of this bill. I need to be clear. Mrs. Joyce Haldeman also asked that we do a "me too" in their support of this bill. Any response I am about to give to Senator Raggio's suggestion is purely on behalf of the Washoe County School District.

We would not see a problem with the amendment that Senator Raggio is suggesting. Washoe County School District had a bill of its own on the Senate side that was left on the table at the end of first Committee passage. We knew this bill was also on the Assembly side, intending to do the same thing and containing the same language about the fencing-off that was going to continue.

Senator Raggio's request does not strike us as inappropriate. We had this concern and brought a bill forward with the same intent. This request grew out of the catastrophe we faced beginning a year ago. It was an issue of having no money to ensure we could heat our buildings and put gas in our buses. What do you do if you do not have enough money because the revenue does not come in as happened over the last year? You still have this requirement of expending money that is available on, for instance, a textbook adoption. Do you delay a textbook adoption so that you can heat your buildings and put gas in the buses because you have a revenue shortfall? Or, do you not do those things and still buy a book that is a year more recent? How do you justify that to the public

when you are making these other draconian cuts? In our view, this was an emergency, catastrophic request made when revenues were not there.

We support the oversight, accountability and the reporting requirements to justify what was done so that is totally transparent. That is important in a situation of this magnitude. That is why we urge your support for this bill. I do not think any of us feel that when we leave this building, hopefully on or before June 1, 2009, it is the end of the story for two years. As representatives of your school districts, we are concerned that when we go back to our districts, if the bad news continues we will have to deal with it. This would be an emergency measure if that does continue to happen. We think this is important.

COCHAIR MATHEWS:

Even in an emergency we have to be responsible. We appreciate your testimony.

MS. MERRILL:

As Ms. Loring has just pointed out, the clearly defined process in this bill would only be used for extraordinary economic hardship situations. In view of declining revenues, and revenues that seem to decline even more than they are projected to decline, this would provide a structure in the event that the board of trustees of a school district needed to approach the NDE, the State Board of Examiners and the IFC to make adjustments about the expenditures of these funds. We believe that the process as described throughout this bill, in which school boards are asked to reconcile the revenue in expenditures with the projections, etc., are sound and will provide an opportunity, and the public scrutiny process, for all of these things to be examined. Our school board members would support Senator Raggio's description of his amendment and I would be pleased to answer questions.

SENATOR RAGGIO:

My suggestion is not an austere change in the bill. Subsection 7 on page 3 of A.B. 13, which is the provision that fences off money that cannot be used to settle, arbitrate disputes or adjust schedules of salaries. The Legal Division could provide language to indicate the money that is freed up through the waiver and used for specific purposes will not be added to the pot for ability to pay. That would be a way of getting around it. I just want to make sure we are meeting the intent.

SENATOR RAGGIO MOVED TO AMEND A.B. 13 SUBSECTION 7 TO INDICATE ANY WAIVER AND FUNDS FREED UP AS A RESULT OF THE WAIVER ARE NOT TO BE CALCULATED IN THE NEGOTIATION PROCESS IN COMPUTING ABILITY TO PAY, AND OTHERWISE TO AMEND AND DO PASS.

SENATOR RHOADS SECONDED THE MOTION.

COCHAIR HORSFORD:

I need a better understanding of the amendment and what it proposes to do. Without having something to look at and how it applies, it is difficult to be able to support the motion. Can the maker of the motion, or Staff clarify the intent of the amendment?

SENATOR RAGGIO:

We will get the amendment back and take a look at it. I have no ulterior motive. I am particularly concerned because we are going through a terrible process here trying to balance a budget. Now we know we will have to make severe reductions. I am not clear whether or not those reductions have been even considered by school districts in salaries, negotiations and things of that kind. I want to make sure that when we get to the negotiation stages, we keep things in focus.

COCHAIR MATHEWS:

What is the wish of the Committee? We have a motion and a second.

SENATOR RAGGIO:

I will accede to the Majority Leader. If he wants to wait to look at the amendment, I am not trying to push the bill.

COCHAIR MATHEWS:

We will wait for the amendment if that is acceptable. We will close the hearing on A.B. 13.

We will now hear testimony from the Commission on Ethics.

SENATOR HARDY:

I have an issue currently before the Commission on Ethics that is unresolved. On the advice of counsel, under Rule 23, I am not going to vote or participate in this discussion.

MR. GHIGGERI:

I would like to add that we discussed this closing last week. The budget amendment was discussed. The additional request by the Commission on Ethics for funding over and above what is being recommended in the budget amendment was being debated by the Committee. I believe at that time there was a request for the Commission on Ethics to make a pitch on their behalf for the additional funding. I would remind the Committee this funding is split between the local jurisdictions and the State on a 35-percent State, 65-percent local funding mix. That is all I have to add.

COCHAIR HORSFORD:

The question was about why it is necessary to move now to have the Commission meet all in one place, versus the continued practice, recognizing the budget crunch we are in. Is this something that can be deferred for this biennium?

PATRICIA D. CAFFERATA, ESQ. (Executive Director, Commission on Ethics):

I prepared a memo ([Exhibit H](#)). It appears we are asking for a lot more money than we have had in the past. All we are asking for is to replace what we had before. Because of budget cuts, we no longer meet face-to-face except when we are having third-party complaints or an ethics complaint filed against a public officer. We are the accusatory body and you have a right to confront your accusers. The whole Commission either goes to Las Vegas, if it is someone from Clark County, or we meet here in Carson City if it is somebody from the north. We have gone to videoconferencing for our regular meetings for even advisory committee requests. On the third-party complaints, it is important everybody is in the same room. We tried it once, as I explained in my memo,

and we had the Commissioners in Clark County with their microphones turned off, talking back and forth, deciding the issue. The person who was being confronted could not hear what they were saying and did not even know the basis for their decision. People often wish to introduce a map or document. There is no way for us to transmit those images to the other area. We are videoconferencing everything else. The Commissioners like it because they do not have to spend the whole day, but I believe it is important that we restore the money for the Commissioner travel. This would require a General Fund appropriation of \$3,000. Every bit counts, but it is not \$11,000 from the General Fund because most of our funding comes from local governments.

SENATOR RAGGIO:

I do not think we should hamstring the Commission on matters of this kind, particularly if it is going to be used only when you have third-party complaint hearings. It is not a large amount when you consider the overall budget. We should grant the additional request for this purpose.

MR. GHIGGERI:

For Staff's clarification, I would like to take you to page 3 of the Senate Committee on Finance Closing List #5, May 2, 2009 ([Exhibit I](#)). Since this budget was not completely closed the other day, I would direct the Committee's attention to the salary category and ask the Committee if they wish to approve Budget Amendment No. 22 which restores the salary reductions recommended in decision unit E-606.

ELECTED OFFICIALS

Ethics Commission – Budget Page ELECTED-199 (Volume I)
Budget Account 101-1343

E-606 Staffing and Operating Reductions – Page ELECTED-201

Additionally, on page 4, is Budget Amendment No. 161 submitted by the Budget Office. I would like to receive direction from the Committee on that, and as was recently discussed, the request by the Commission on Ethics for additional funding. Budget Amendment No. 66 is on page 5. Staff would like to know what the Committee's direction is on this budget.

SENATOR COFFIN:

It appears to me that we need to restore the funding.

MR. GHIGGERI:

For clarification, the Committee would accept Budget Amendment No. 22, Budget Amendment No. 161, the additional travel requests as well as Budget Amendment No. 66 and the other closing issues.

SENATOR COFFIN MOVED TO APPROVE BUDGET AMENDMENT NO. 22, RESTORING THE SALARY REDUCTIONS RECOMMENDED IN DECISION UNIT E-606 OF BUDGET ACCOUNT (B/A) 101-1343; TO APPROVE BUDGET AMENDMENT NO. 161; TO PROVIDE ADDITIONAL FUNDING FOR IN-STATE TRAVEL, OPERATING AND COURT REPORTING SERVICES; TO APPROVE BUDGET AMENDMENT NO. 66; AND OTHER CLOSING ISSUES IN B/A 101-1343.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR HARDY ABSTAINED FROM THE VOTE.)

THE BUDGET IS CLOSED.

BRIAN M. BURKE (Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

I will be presenting the Joint Subcommittee on Public Safety, Natural Resources and Transportation of the Senate Committee on Finance and Assembly Committee on Ways and Means Closing Report, Office of the Military.

The Joint Subcommittee on Public Safety, Natural Resources and Transportation completed its review of the Office of the Military. The Subcommittee's closing recommendations result in General Fund savings of \$335,517 in FY 2009-2010 and \$593,873 in FY 2010-2011.

The first account to be reviewed is Office of the Military, B/A 101-3650.

SPECIAL PURPOSE AGENCIES

MILITARY

Military – Budget Page MILITARY-1 (Volume III)
Budget Account 101-3650

The Subcommittee supports Project ChalleNGe which is a National Guard program designed to provide high school dropouts with the opportunity to receive a high school diploma or General Educational Development by immersing them in a structured, military-style education environment. The Subcommittee supports the office's plans to send students to the California academy; however, the Subcommittee voiced reservations about the large class sizes reflected in the Governor's budget. The Subcommittee reduced the class size from 50 per class to 12 per class which is consistent with the size of the previous program operated by the Office of the Military through the state of Arizona. This modification results in General Fund savings of \$258,400 in FY 2009-2010 and \$516,800 in FY 2010-2011.

The Subcommittee approved the continuation of budget reductions that eliminated four positions. The Subcommittee corrected fund mapping errors saving General Fund appropriations of \$77,117 in FY 2009-2010 and \$77,073 in FY 2010-2011.

COCHAIR MATHEWS:

I will accept a motion on B/A 101-3650.

SENATOR RAGGIO MOVED TO ACCEPT THE RECOMMENDATION OF THE JOINT SUBCOMMITTEE TO CLOSE B/A 101-3650.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

THE BUDGET IS CLOSED.

* * * * *

COCHAIR MATHEWS:

Let us move to the Military Carlin Armory, B/A 101-3651.

Carlin Armory – Budget Page MILITARY-11 (Volume III)

Budget Account 101-3651

MR. BURKE:

The Carlin Armory was a new account proposed in the *Executive Budget* to reflect the transfer of operations and maintenance costs for the Fire Science Academy (FSA) facility from the University of Nevada, Reno (UNR) to the Office of the Military.

However, the timeline for the project was re-evaluated and it was determined the Office of the Military will not accept assignment of the site until July 2011. As a result, the facility transfer will not occur during the 2009-2011 biennium. The Subcommittee eliminated the FY 2010-2011 General Fund appropriation of \$456,242 in this account. However, the \$456,242 appropriation will be restored to the UNR's operating budget.

SENATOR RAGGIO:

I remain confused about the Carlin Armory. What is happening? Is the proposal still viable? We had testimony in here. As I understand it today, the FSA is being conducted in Carlin. The UNR has a major problem, as they have indicated. They have a huge debt that is incapable of continuation of service, as well as operating expenditures. The proposal was that the Armory to be funded for Elko is now considered to be funded for this site, utilizing the FSA site. Then there was a discussion as to whether or not there could be locations for both the FSA and the new Armory in Carlin, and if it might be available for other purposes as well. If we approve this closure, what does that do to this entire project? I would like some clarification as to what is occurring.

MR. BURKE:

This action just reflects the operation and maintenance support that would have been transferred from the UNR to the Office of the Military. That would have occurred in the 2009-2011 biennium. Because the timing of the project has been pushed past the end of the biennium, this operation and maintenance support is no longer needed in this budget account.

There is a Capital Improvement Program (CIP) that is still alive. The Office of the Military would assume control of the FSA. There was some talk about the UNR possibly continuing a presence at that site, continuing to operate the FSA. Part of the CIP is to purchase the FSA from the UNR for a price of \$10 million. As of a couple of months ago, the operating debt the UNR had accumulated was over \$12 million. They also had the capital debt that was roughly \$27 million. We heard testimony from President Milton D. Glick related to this topic, that in addition to the \$10 million, the UNR was also proposing to direct more than \$4 million of other property sales, unrelated to this, to retire some of the debt.

SENATOR RAGGIO:

I heard an indication that if this project was not approved, or did not come to fruition, they had no choice but to close down the FSA in Carlin. I do not know when that closure would occur.

MR. BURKE:

That part of the equation I am not aware of. I do not know what the UNR's plans would be if this does not continue.

MR. CLINGER:

I want to address the operating budgets we are closing today. I do not believe these closings will have an impact on that decision. In fact, it was the Administration's recommendation to eliminate the transfer of the Office of the Military costs.

SENATOR RAGGIO:

I want to make sure that our action here did not preclude something that would have unintended consequences.

MR. CLINGER:

I do not believe they will. Our recommendation to eliminate this Office of Military transfer was based on the timing.

SENATOR COFFIN:

The CIP Subcommittee has not endorsed this move. I do not think they are leaning toward the ultimate move to endorse the budget as presented. This action here would not touch that decision.

ROBERT E. DICKENS, PH.D. (Director of Governmental Relations, University of Nevada, Reno):

Your Staff's presentation is accurate, as is Senator Raggio's impression that the UNR, under the direction of President Milton Glick, acted on a recommendation of a Blue-Ribbon Commission of Businessmen. The recommendation would be to close the Fire Science Academy and look for other options as to its disposal. A period of decommissioning is required and the dollars expended would be about \$3.5 million to decommission the facility. That would take some time. I think we would go through this forthcoming training season because we have training contracts to honor, but that decision would be made, probably before the end of the biennium.

SENATOR RAGGIO MOVED TO ACCEPT THE RECOMMENDATION OF THE JOINT SUBCOMMITTEE AND ELIMINATE THIS NEW ACCOUNT, B/A 101-3651.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

THE BUDGET IS CLOSED.

* * * * *

MR. BURKE:

The next budget is Military Emergency Operations Center, B/A 101-3655.

Military Emerg Operations Center – Budget Page MILITARY 13 (Volume III)
Budget Account 101-3655

Funding for the management and operation of the Emergency Operations Center (EOC) currently resides in the Office of the Military's main operating account. The Subcommittee supports the Governor's recommendation to transfer the EOC rent revenues, maintenance personnel and related operating costs from the main account to a new EOC account within the Office of the Military's budget. The new budget account will enable the Office to better manage income and costs by separating them from the main operating account.

MR. BURKE:

The next budget account is the Adjutant General Construction Fund, B/A 101-3652.

Adjutant General Construction Fund – Budget Page MILITARY-17 (Volume III)
Budget Account 101-3652

The Subcommittee approved \$1.5 million in additional federal funding in FY 2009-2010 to construct a paint bay for the combined support maintenance shop in Carson City. The facility will be an Occupational Safety and Health Administration-compliant paint booth that will apply protective vehicle coatings in the color schemes necessary to protect soldiers. The federal funding was not in the Governor's recommended budget. Staff received notification of the funding in April 2009.

The next budget account is the National Guard Benefits, B/A 101-3653.

National Guard Benefits – Budget Page MILITARY-18 (Volume III)
Budget Account 101-3653

As recommended by the Governor, the Subcommittee approved \$55,000 in each year of the biennium to continue tuition reimbursements to National Guardsmen who attend summer school within the Nevada System of Higher Education.

The next budget account is the Patriot Relief Fund, B/A 101-3654.

Patriot Relief Fund – Budget Page MILITARY-20 (Volume III)
Budget Account 101-3654

As recommended by the Governor, the Subcommittee approved using reserves totaling \$30,000 per year to pay a \$100 entitlement to any member of the Nevada National Guard who attends a course on reintegration training upon return from active duty. The Office estimates a total of 300 members of the Guard would be eligible for this payment each year. Senate Bill 408 includes the revisions to the *Nevada Revised Statutes* (NRS) 412.1435 that are necessary to enable this program to proceed. The Senate Committee on Finance voted to amend and do pass S.B. 408 on April 29, 2009.

The Subcommittee also wished to firm-up its intent to allow the Patriot Relief account to earn interest on General Fund monies appropriated by previous legislatures. The amendment to S.B. 408 provides that interest and income

earned on the sum of unexpended appropriations made to the account from the General Fund must be credited to the account.

[SENATE BILL 408](#): Authorizes payments from the Patriot Relief Account in the State General Fund to certain members of the Nevada National Guard who return from deployment in a combat zone. (BDR 36-1183)

COCHAIR MATHEWS:

Is the public still contributing to the Patriot Relief fund?

MR. BURKE:

That was discussed at the Subcommittee's meeting. There was, at one point, a Patriot Relief group in southern Nevada.

This fund contributes for reimbursements for life insurance, textbooks and economic hardships.

COCHAIR MATHEWS:

Can we vote on the rest of these budgets?

SENATOR RAGGIO MOVED TO ADOPT THE RECOMMENDATION OF THE JOINT SUBCOMMITTEE TO CLOSE B/A 101-3655, B/A 101-3652, B/A 101-3653 AND B/A 101-3654 WHICH IS CONSISTENT WITH THE SUBCOMMITTEE'S ACTION ON S.B. 408.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

THE BUDGETS ARE CLOSED.

* * * * *

MARK KRMPOTIC (Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Joint Subcommittee on Public Safety, Natural Resources and Transportation completed its review of the budgets for the Peace Officers' Standards and Training (P.O.S.T.). Commission and developed the following closing recommendations:

The first budget account is the P.O.S.T. Commission, B/A 101-3774.

PUBLIC SAFETY

PEACE OFFICERS STANDARDS AND TRAINING

Peace Officers Standards & Training Commission – Budget Page POST-1
(Volume III)

Budget Account 101-3774

The P.O.S.T. Commission was established during the 70th Legislative Session as a separate stand-alone entity reporting directly to the Governor. Prior to the 70th Legislative Session, the P.O.S.T. Commission was organized under the

Department of Public Safety (DPS). The action taken by the 70th Legislative Session was based on a recommendation made through an interim study conducted prior to the 70th Legislative Session which incorporated input from all law enforcement agencies and the International Association of Directors of Law Enforcement Standards and Training.

For the 2009-2011 biennium, the Governor has recommended the consolidation of the P.O.S.T. Commission with the DPS Training Division to re-establish the consolidated training function under the Department of Public Safety. The Governor's recommendation included the elimination of four positions from the P.O.S.T. Commission based on duplicate positions resulting from the consolidation. The Subcommittee was concerned about the ability of the DPS to meet the basic academy training needs of rural law enforcement agencies, which the P.O.S.T. Commission serves. The Subcommittee was also concerned about the Agency's ability to evaluate and award officer certifications, certify basic academy programs and monitor and audit peace officer 24-hour continuing education requirements if combined under the DPS. Based on these concerns, the Subcommittee did not support the Governor's recommendation to consolidate the P.O.S.T. Commission with the DPS Training Division. The recommendation by the Subcommittee resulted in the restoration of four positions and the addition of court assessments totaling \$693,128 in FY 2009-2010 and \$755,838 in FY 2010-2011 which were recommended by the Governor as revenue to the General Fund. Additional court assessments may be required depending on final decisions by the money committees with respect to the 6-percent salary reduction, suspension of merit increases, suspension of longevity pay and reductions to active and retired employee group insurance subsidies.

I would add that this recommendation by the Subcommittee also resulted in the addition of General Funds and Highway Funds to the Training Division budget which you will hear next week when the DPS's budget is closed. The General Funds totaled approximately \$23,000 the first year and \$34,000 the second year of the biennium and Highway Funds of \$92,000 in the first year and \$108,000 in the second year of the biennium.

SENATOR RAGGIO:

I would like to ask those who served on the Joint Subcommittee about the decision. It is a cost of \$1.5 million over the biennium to not follow the Governor's recommendation. What is the justification for not following the recommendation for consolidation?

MR. KRMPOTIC:

Primarily, the Subcommittee had concerns with the P.O.S.T. Commission being able to meet the training needs of rural law enforcement agencies.

SENATOR RAGGIO:

Why did they specifically determine that there would be a problem in doing that?

SENATOR RHOADS:

I think we were all convinced, the sheriffs and the police forces unanimously, that the P.O.S.T. should continue. It was a different type of training that helped, particularly in the rural areas. I have not seen a lobby that heavy in

some time. They convinced me that they take a lot of pride in the P.O.S.T. program. It was a decision we were convinced to make.

COCHAIR MATHEWS:
What is the pleasure of the Committee?

SENATOR RHOADS MOVED TO CLOSE B/A 101-3774 AS
RECOMMENDED BY THE SUBCOMMITTEE.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS HORSFORD AND WOODHOUSE
WERE ABSENT FOR THE VOTE.)

THE BUDGET IS CLOSED.

LAURA FREED (Program Analyst, Fiscal Analysis Division, Legislative Counsel
Bureau):

I am here to present the Joint Subcommittee on Human Services/CIPs of the
Senate Committee on Finance and Assembly Committee on Ways and Means
Closing Report, Division for Aging Services (DAS).

The Subcommittee's recommendations result in a total General Fund savings of
\$107,271 in FY 2009-2010 and \$22,711 in FY 2010-2011. I will go through
the budgets one by one. The first budget account is the Senior Citizens'
Property Tax Assistance, B/A 101-2363.

HUMAN SERVICES

AGING SERVICES

HHS - Senior Citizens' Property Tax Assistance – Budget Page AGING-1
(Volume II)

Budget Account 101-2363

The Subcommittee modified the Governor's recommendations for General Fund
appropriations for property tax refunds. The Subcommittee approved \$851,450
in FY 2009-2010 and \$1.1 million in FY 2010-2011 to provide property tax
rebates to seniors, in comparison with the Governor's recommendation of
\$1 million in FY 2009-2010 and \$1.4 million in FY 2010-2011. This was done
based upon a reprojection of the number of applicants and the average refund,
showing less need for additional funding. Together, with the Base Budget
funding, the Subcommittee recommends a total of \$5.5 million in General Funds
for property tax refunds in FY 2009-2010 and \$5.8 million in General Funds for
refunds in FY 2010-2011.

SENATOR RAGGIO:

This biennium we ran out of money. We had to cut the amount the last time we
considered this. In the event there are more applicants than what we are
projecting, would the IFC, at some point, have to meet and reduce the amount
of the refunds? Is the amount you stated the total amount available?

MS. FREED:
That is correct.

SENATOR RAGGIO:
If there are more applications, then we will have to do the same thing we did during this biennium. Is that correct?

MS. FREED:
It is possible, but I do not feel it is likely, both because your Staff has a fairly good track record of getting this right, and also because we expect a decrease in assessed valuation in the upcoming biennium.

MR. GHIGGERI:
The IFC can be approached for an allocation.

MS. FREED:
The way the statute is written, the Division would approach the IFC, if there was a shortage of funds available for refunds, to ask to proportionately reduce the refunds for those folks above the federal poverty level. That was done at the November 2008 IFC. The IFC could either choose to appropriate more money or proportionately reduce the refunds for the folks above poverty level. We feel, and the Subcommittee agreed, that there is enough funding appropriated in this budget to handle the projected demand.

The next budget account is the Tobacco Settlement Program, B/A 262-3140.

HHS – Tobacco Settlement Program – Budget Page AGING-7 (Volume II)
Budget Account 262-3140

The Subcommittee approved the Governor's recommendation to transfer the Senior Rx and Disability Rx programs from the Director's Office of the Department of Health and Human Services (HHS) to the DAS, but disapproved the Governor's recommendation to place those programs into this budget account. Instead, a new budget account, Senior Rx and Disability Rx, B/A 101-3156, was created, and the decision units transferring the two programs from the Director's Office were moved into the new budget account. Therefore, the Tobacco Settlement Program budget will continue to be supported with Tobacco Settlement proceeds and will not have any General Fund appropriations. The other decision units were approved largely as recommended by the Governor, but with Staff technical adjustments.

HHS – Home & Community Based Programs – Budget Page AGING-15
(Volume II)
Budget Account 101-3146

The next budget account is the Home and Community Based Programs, B/A 101-3146.

The Subcommittee approved the following additional waiver slots over and above the Governor's recommendation: 239 for the Community Home-based Initiatives Program; 146 for the Waiver for Elderly in Adult Residential Care; and 9 for Assisted Living. The Subcommittee's recommended addback results in a total of 2,006 Medicaid waiver slots over the course of the 2009-2011 biennium. The waiver slots recommended by the Subcommittee will

restore the Division to the total legislatively approved number of caseload slots for FY 2007-2008, before budget reductions were made. The cost to the General Fund of adding back 394 caseload slots in this budget is \$89,942 in FY 2009-2010 and \$185,701 in FY 2010-2011. The majority of the cost of the General Fund addback will occur in the Medicaid budget, B/A 101-3243, and the General Fund cost associated with the additional waiver slots in the Medicaid budget is \$3 million over the 2009-2011 biennium.

HCF&P - Nevada Medicaid, Title XIX – Budget Page DHCFP-26 (Volume II)
Budget Account 101-3243

The Subcommittee also approved the Governor's recommendation for a General Fund enhancement of \$40,585 in FY 2009-2010 and \$110,340 in FY 2010-2011 to add 6 caseload slots to the NRS 426 (Olmstead) portion of the Community Options for the Elderly (COPE) program in each fiscal year. This would bring the total COPE slots to 187 at the end of FY2009-2010 and 193 at the end of FY 2010-2011. As the Committee is aware, the NRS 426 program within the COPE assists frail seniors with bathing, toileting and feeding.

The Subcommittee recommended a smaller reduction to the reimbursement rate for Personal Care Attendant (PCA) services than the Governor recommended. The Governor recommended an hourly rate of \$15.52 for PCA services, and the Subcommittee approved an hourly rate of \$17. This is a reduction from the current rate of \$18.52. The Subcommittee's recommendation represents a General Fund savings of \$54,910 in each year of the 2009-2011 biennium in this budget, rather than the \$109,088 in savings recommended by the Governor.

The next budget account is the Aging Federal Programs and Administration, B/A 101-3151.

HHS - Aging Federal Programs and Administration – Budget Page AGING-24
(Volume II)
Budget Account 101-3151

The Subcommittee approved the Governor's recommendation to transfer the Office of Disability Services (ODS) from the HHS Director's Office to the DAS, and create a new Division for Aging and Disability Services. Developmental Disabilities, B/A 101-3154, Community Based Services, B/A 101-3266 and Individuals with Disabilities Education Act Part C Compliance, B/A 101-3276 are recommended for transfer to the DAS. In addition, as previously noted, the Senior Rx and Disability Rx programs were approved to move into the DAS. Bill Draft Request 18-1172 would change the name of the Division to the Division for Aging and Disability services and combine ODS and the Division for Aging Services, but that bill has not yet been introduced.

HHS – Developmental Disabilities – Budget Page AGING-37 (Volume II)
Budget Account 101-3154

HHS – Community Based Services – Budget Page AGING-49 (Volume II)
Budget Account 101-3266

HHS – IDEA Part C Compliance – Budget Page AGING-59 (Volume II)
Budget Account 101-3276

BILL DRAFT REQUEST 18-1172: Combines current Divisions for Aging Services with the Office of Disability Services and other disability programs.

The Subcommittee approved the Governor's recommendations to utilize General Fund appropriations to pay for two program efforts no longer supportable with federal funds. The Subcommittee approved the use of \$28,328 over the biennium in General Funds in order to partially support one social services program specialist to oversee the Aging and Disability Resource Center effort throughout the State. In addition, \$209,135 was approved to partially support 17 positions within the Ombudsman program over the 2009-2011 biennium. Finally, the Subcommittee accepted Budget Amendment No. 155 which offsets \$83,900 in General Funds in FY 2009-2010 due to the receipt of ARRA funds for aging programs. The ARRA monies will support congregate and home-delivered senior nutrition programs as well as senior employment program efforts.

The final budget account is the EPS/Homemaker Programs, B/A 101-3252.

HHS – EPS/Homemaker Programs – Budget Page AGING-44 (Volume II)
Budget Account 101-3252

The Subcommittee approved this budget according to the Governor's recommendations with Staff technical adjustments. The Subcommittee approved the issuance of a letter of intent instructing the DAS to expend its federal Title XX funds and Tobacco Settlement funds prior to expending any of the General Fund appropriations that might be made available for this budget account.

SENATOR COFFIN MOVED TO ADOPT THE SUBCOMMITTEE'S REPORT FOR THE DAS AND CLOSE B/A 101-2363, B/A 262-3140, B/A 101-3146, B/A 101-3151 AND B/A 101-3252 WITH TECHNICAL ADJUSTMENTS.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS HORSFORD AND WOODHOUSE WERE ABSENT FOR THE VOTE.)

THE BUDGETS ARE CLOSED.

MICHAEL J. CHAPMAN (Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Joint Subcommittee on Public Safety, Natural Resources and Transportation of the Senate Committee on Finance and Assembly Ways and Means Committee on Ways and Means has completed its review of the budgets for the Colorado River Commission (CRC) and recommends the following closing actions:

The first budget account is the Colorado River Commission, B/A 296-4490.

INFRASTRUCTURE

COLORADO RIVER COMMISSION

CRC - Colorado River Commission – Budget Page COLORADO RIVER COMM-1
(Volume III)
Budget Account 296-4490

The Subcommittee approved the Governor's recommendation to eliminate a natural resource technician and an energy supply manager as these positions will not be needed in the 2009-2011 biennium. In addition, the Subcommittee accepted Fiscal Staff's recommendation to eliminate an additional five positions: a senior energy accountant, a half-time administrative aid, a power facilities engineer, the regulatory affairs manager and an energy supply manager. The recommendation is based upon long-term vacancies and a determination these positions will not be needed in the 2009-2011 biennium. By eliminating these seven positions, cost savings and the associated increase in the reserves in this account total \$627,734 in FY 2009-2010 and \$630,506 in FY 2010-2011.

The Subcommittee also approved the Governor's recommendation to increase out-of-state travel by \$12,028 in FY 2009-2010 and \$14,200 in FY 2010-2011 based upon anticipated attendance at meetings addressing allocation issues along the Colorado River as well as the impacts of renewable energy issues on transmission facilities in the western United States.

The next budget account is the CRC Research and Development, B/A 296-4497.

CRC - Research and Development – Budget Page COLORADO RIVER COMM-8
(Volume III)
Budget Account 296-4497

The Subcommittee approved the Research and Development account as recommended by the Governor that includes funding of \$718,816 in FY 2009-2010 and \$814,418 in FY 2010-2011 to support Nevada's share of the costs of the lower Colorado River multi-species conservation program, a regional environmental project to preserve wildlife and protect endangered species along the river corridor.

The Subcommittee closed the Power Delivery System budget, B/A 502-4501, and the Power Marketing Fund budget, B/A 502-4502 as recommended by the Governor.

CRC - Power Delivery System – Budget Page COLORADO RIVER COMM-10
(Volume III)
Budget Account 502-4501

CRC - Power Marketing Fund – Budget Page COLORADO RIVER COMM-14
(Volume III)
Budget Account 505-4502

SENATOR RHOADS MOVED TO APPROVE THE SUBCOMMITTEE'S
RECOMMENDATION ON THE COLORADO RIVER COMMISSION AND

CLOSE B/A 296-4490, B/A 296-4497, B/A 502-4501 AND
B/A 502-4502.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS HORSFORD AND WOODHOUSE
WERE ABSENT FOR THE VOTE.)

THE BUDGETS ARE CLOSED.

ALEX HAARTZ (Program Analyst, Fiscal Analysis Division, Legislative Counsel
Bureau):

The Joint Subcommittee on General Government and Accountability of the
Senate Committee on Finance and the Assembly Committee on Ways and
Means has completed its review of the Department of Taxation's budget for the
2009-2011 biennium. The Subcommittee's recommendations result in net
General Fund savings of \$61,536 in FY 2009-2010 when compared to the
Governor's recommended budget.

The first budget account is the Department of Taxation, B/A 101-2361.

FINANCE AND ADMINISTRATION

TAXATION

Department of Taxation – Budget Page TAXATION-1 (Volume I)
Budget Account 101-2361

The Subcommittee recommends approving three interrelated actions included in
the Governor's Budget to partially restore, reclassify and re-deploy
29.51 full-time equivalent (FTE) positions held vacant by the Department during
the current biennium for budget reduction purposes. First, the Subcommittee
recommends restoring 23 of the positions while eliminating the other 6.51 FTE
vacant administrative positions. Secondly, the Subcommittee recommends the
reclassification of 15 of the restored positions to lower-level classifications.
Finally, the Subcommittee recommends that 10 of the reclassified positions be
assigned to work in a new, Taxpayer Assistance Telephone Call Center to be
operated by the Department in Carson City.

The Subcommittee's recommendations to restore and reclassify positions will
provide the Department with needed resources for auditing, property appraisals,
and revenue collections and will provide more timely assistance to
Nevada taxpayers.

The Taxpayer Assistance Telephone Call Center is intended to improve the
Department's responsiveness to Nevada taxpayers. In FY 2007-2008, the
Department returned only 55 percent of taxpayer telephone calls within five
days. The Subcommittee heard testimony from the Department that the
Call Center will be located in its Carson City office and operate Monday through
Friday, 8:00 a.m. through 5:00 p.m. Through the Call Center, the Department
expects that it will improve its performance to 91 percent of all taxpayer's
telephone calls returned within five days. The Department also testified that an

expected, additional benefit of the Call Center is that by providing better “front end” assistance, more complete and accurate returns and more timely payments should occur.

Additionally, the Subcommittee recommends the following actions:

- Concurrence with the Governor’s recommendation not to include \$3.16 million in General Fund support for the Department’s Technology Improvement Request to create an electronic interface with the Department’s Unified Tax System (UTS) for the Streamlined Sales Tax project. However, the Subcommittee did recommend that a letter of intent be issued directing the Department to report semi-annually to the IFC any changes in federal legislation, which would allow the State to require sales and use taxes be collected on sales made by out-of-state sellers to Nevada residents.
- Overall approval of the Governor’s recommendation to migrate the Department to the Department of Information Technology’s (DoIT) Storage Area Network System (SANS) rather than replacing its stand-alone SANS. However, since the Department recently purchased a one-year extension to its existing SANS warranty, the Subcommittee delayed the migration from July 1, 2009, to January 1, 2010, creating a net General Fund savings of \$61,536 in FY 2009-2010.
- Approval of the *Executive Budget’s* recommendation of \$145,728 in FY 2009-2010 and \$134,896 in FY 2010-2011 of General Funds to restore a full-time database administrator assigned to the Department but located with the DoIT budget. The 74th Legislative Session approved similar funding which the Department reverted as part of current biennium budget reduction requirements. The Subcommittee also approved the recommendation of \$229,680 in FY 2009-2010 General Fund support for a one-year contract extension to ensure Department and the DoIT staff are trained and capable of maintaining the Department’s UTS.
- Approval of the Governor’s recommendation of General Funds of \$159,712 in FY 2009-2010 and \$110,704 in FY 2010-2011 for computer equipment replacement.
- The Subcommittee also approved a cost-neutral revision to the *Executive Budget* to address a projected increase in the Department’s lockbox contract costs in the 2009-2011 biennium. The Subcommittee approved reducing overtime expenditures by \$130,000 in each fiscal year and increasing lockbox expenditure authority by \$130,000 in each year.

Finally, the Subcommittee recommends closing the remainder of the Department of Taxation’s budget as recommended by the Governor, with technical adjustments by Staff.

SENATOR RHOADS MOVED TO ADOPT THE JOINT SUBCOMMITTEE’S REPORT AND CLOSE THE REMAINDER OF B/A 101-2361 AS RECOMMENDED BY THE GOVERNOR, WITH TECHNICAL ADJUSTMENTS BY STAFF.

SENATOR COFFIN SECONDED THE MOTION.

SENATOR RAGGIO:

I have had some continuing discussions with the Director of Taxation with respect to potential funding for S.B. 177 which we heard in this Committee. That bill is the searchable data base for tax rates. I am going to vote for this, but will reserve the opportunity to add whatever might be necessary and reasonable to fund that searchable data base.

SENATE BILL 177: Requires the Department of Taxation to create on the Internet a searchable database of certain tax rates in this State.
(BDR 32-929)

SENATOR COFFIN:

I support what Senator Raggio is trying to do. The Senate Committee on Taxation had the hearing on that bill which is why it came to the Senate Committee on Finance. I would be surprised if we have to add very much. It is possible, in this economy, to take a simple step forward and have the Taxation Department linked to the local governments. They have sophisticated Websites and abilities to search, just as Senator Raggio wants to do.

We added positions back in this budget. We were asked why we were filling positions in bad times. We add positions when we need auditors and people who make sure the taxes are fully collected and fairly done.

SENATOR RAGGIO:

This particularly draws my attention because we are concerned about transparency. We are funding the Call Center. A searchable data base would be an effective supplement.

COCHAIR MATHEWS:

With no further discussion, we will take a vote on the motion.

THE MOTION CARRIED. (SENATOR WOODHOUSE WAS ABSENT FOR THE VOTE.)

THE BUDGET IS CLOSED.

ERIC KING (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Joint Subcommittee has completed its review of the Department of Wildlife's budget accounts and has made the following recommendations for the Department's 2009-2011 biennium budget.

The first budget account is the Wildlife Administration, B/A 101-4452.

WILDLIFE

Wildlife - Administration – Budget Page WILDLIFE-1 (Volume III)
Budget Account 101-4452

The Subcommittee approved the issuance of a letter of intent that instructs the Agency to work with Fiscal Staff to prepare work programs for review by the IFC to become effective at the beginning of FY 2010-2011 to separate the Administration account into multiple accounts to facilitate financial tracking, reporting, accountability, and planning. The Subcommittee also recommended including provisions in the Appropriations Act and the Authorizations Act to allow for the establishment of multiple accounts.

The Subcommittee also approved \$798,044 in federal funds, license and fee revenue, and transfers from the Wildlife Obligated Reserve Account during the 2009-2011 biennium for replacement equipment that was not included in the Governor's recommended budget. The Subcommittee approved the replacement equipment based upon the Agency indicating that work program revisions would be processed during the interim to purchase replacement equipment.

In addition, the Subcommittee approved \$133,038 in FY 2009-2010 and \$129,392 in FY 2010-2011 for the establishment of an unclassified deputy director position as recommended by the Governor. The position would be assigned oversight responsibilities for the Department's financial operations and funded from indirect cost recoveries from all of the Agency's programs.

The Subcommittee closed the remainder of the Wildlife Administration account, as recommended by the Governor, with the approval of a decision unit that would add license and fee revenue contingent on the passage of S.B. 411 which clarifies qualifications for purchase of resident licenses and tags. This legislation was heard by the Senate Committee on Finance on April 29, 2009.

SENATOR RAGGIO:

As I recall, there are two reserves, the Obligated Reserve and the Unobligated Reserve. This action is transferring funds from the Wildlife Obligated Reserve Account. This is the Administration account. Are these funds being utilized from an Obligated Reserve account for purposes other than for which they are obligated?

MR. KING:

No, they would not be. The portion that would be transferred to fund these replacement equipment purchases is approximately \$8,900.

SENATOR RAGGIO:

What will be the status at the end of the biennium of both the Obligated Reserve and the Unobligated Reserve accounts?

MR. KING:

I can tell you the recommended reserve level in the Obligated Reserve Account, minus the \$9,000 that would be transferred, in FY 2009-2010 is approximately \$2.1 million and in FY 2010-2011 it is approximately \$2 million.

SENATOR RAGGIO:

What is that generally obligated for?

MR. KING:

They collect fees when a license is sold for duck stamps and upland game stamps. The fees are used for habitat restoration to improve the habitat for those species for who the stamps are sold.

SENATOR RAGGIO:
What does the unobligated reserve do?

MR. KING:
I do not understand what the unobligated reserve is. The account itself is titled the Obligated Reserve Account because those fees and revenues that are in the account are collected for specific purposes. It includes the standard reserve which holds the funds.

SENATOR RAGGIO:
In the past, all of this funding came entirely from license fees. There was no General Fund appropriation. Since then, we have put in General Funds for certain purposes. In the past we did not expend as much as was collected. Those days are probably long gone. The Unobligated Reserve Account is probably illusory at this time.

MR. KING:
The next budget account is the Wildlife Boating Program, B/A 101-4456.

Wildlife - Boating Program – Budget Page WILDLIFE-18 (Volume III)
Budget Account 101-4456

The Subcommittee approved \$750,000 in federal funds in each year of the biennium as recommended by the Governor for boating access improvements at Bishop Creek Dam and Sand Harbor. The Subcommittee also approved the Governor's recommendation to provide \$852,067 in federal funds and funding from reserves for new and replacement equipment during the 2009-2011 biennium. The Subcommittee added \$451 during each fiscal year of the biennium for the cost to equip the new boats recommended by the Governor.

The next budget account is the Wildlife Trout Stamp Program, B/A 101-4454.

Wildlife - Trout Stamp Program – Budget Page WILDLIFE-24 (Volume III)
Budget Account 101-4454

The Subcommittee approved \$122,740 from reserves during the 2009-2011 biennium for maintenance projects at the Mason Valley, Gallagher, and Lake Mead hatcheries.

The next budget account is the Wildlife Obligated Reserve, B/A 101-4458.

Wildlife - Obligated Reserve – Budget Page WILDLIFE-27 (Volume III)
Budget Account 101-4458

The Subcommittee approved the transfer of \$459,235 in federal funds in each year of the 2009-2011 biennium to the Administration Account to separate the funding for the Water Development Program from the restricted funds included in this account. The Subcommittee also approved retaining the transferred Water Development funds in a special use category in the Administration account in order to isolate the Water Development funding from other funding included in that account.

MR. GHIGGERI:

The Subcommittee approved the recommendation to instruct the Agency, through issuance of a letter of intent, to work with Fiscal Staff to prepare work programs beginning in FY 2010-2011 that would divide this budget account into multiple accounts to facilitate financial tracking reporting, accountability and planning, and to include provisions in the Appropriations and Authorizations Acts for establishment of multiple accounts.

This is a cumbersome account for Staff and the Agency to work through, because of all the different funding sources. By dividing it up into multiple accounts it would facilitate accountability in the account.

SENATOR RHOADS MOVED TO ADOPT THE JOINT SUBCOMMITTEE'S RECOMMENDATION TO CLOSE B/A 101-4452, B/A 101-4456, B/A 101-4454 AND B/A 101-4458; TO INSTRUCT THE DEPARTMENT OF WILDLIFE, THROUGH ISSUANCE OF A LETTER OF INTENT, TO WORK WITH THE FISCAL STAFF TO PREPARE WORK PROGRAMS TO DIVIDE B/A 101-4452 INTO MULTIPLE ACCOUNTS TO FACILITATE FINANCIAL TRACKING, REPORTING, ACCOUNTABILITY AND PLANNING; AND TO INCLUDE PROVISIONS IN THE APPROPRIATIONS AND AUTHORIZATION ACTS FOR ESTABLISHMENT OF MULTIPLE ACCOUNTS.

SENATOR COFFIN SECONDED THE MOTION.

SENATOR RAGGIO:

The General Fund has been about \$3.1 million in this biennium. It is projected to be approximately \$800,000 each year in the next biennium. What is the General Fund used for?

MR. KING:

The General Fund is used for those activities that are not supported by federal funds, grants programs, etc.

SENATOR RAGGIO:

I wanted to make sure that it was consistent with the way we have been operating. What does this significant reduction eliminate?

MR. KING:

The reduction primarily impacts the Agency's ability to address nuisances created by nongame wildlife which is not creating a public safety concern. The Department has indicated that if there is a public safety concern, they will deal with the nuisance wildlife. If not, they anticipate someone in the county, or elsewhere, will help the individual with their issues.

COCHAIR MATHEWS:

With no further discussion, we will take a vote on the motion.

THE MOTION CARRIED. (SENATOR WOODHOUSE WAS ABSENT FOR THE VOTE.)

THE BUDGETS ARE CLOSED.

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COCHAIR MATHEWS:
There being no further business before this Committee, we are adjourned at 10:47 a.m.

RESPECTFULLY SUBMITTED:

Barbara Richards,
Committee Secretary

APPROVED BY:

Senator Bernice Mathews, Cochair

DATE: _____