

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-fifth Session
May 20, 2009**

The Senate Committee on Finance was called to order by Cochair Bernice Mathews at 8:16 a.m. on Wednesday, May 20, 2009, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 555 East Washington Avenue, Las Vegas, 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:

Senator Dennis Nolan, Clark County Senatorial District No. 9
Assemblywoman Barbara E. Buckley, Clark County Assembly District No. 8
Assemblyman John Oceguera, Clark County Assembly District No. 16
Assemblyman Kelvin S. Atkinson, Clark County Assembly District No. 17
Senator Maggie Carlton, Clark County Senatorial District No. 2

STAFF MEMBERS PRESENT:

Brian M. Burke, Principal Deputy Fiscal Analyst
Gary L. Ghiggeri, Senate Fiscal Analyst
Tracy Raxter, Principal Deputy Fiscal Analyst
Barbara Richards, Committee Secretary

OTHERS PRESENT:

Andrew Clinger, Director, Department of Administration
Ben Graham, Governmental Advisor, Administrative Office of the Courts
Ron Titus, Director and State Court Administrator, Administrative Office of the Courts
Mark E. Woods, Deputy Chief, Division of Parole and Probation, Department of Public Safety
Dotty Merrill, Ph.D., Executive Director, Nevada Association of School Boards
Ross Miller, Secretary of State, Office of the Secretary of State of Nevada
Bill Uffelman, President and CEO, Nevada Bankers Association
Carole Vilardo, Nevada Taxpayers Association
Jim Avance, Nevada Retail Gaming Association
Bryan Wachter, Retail Association of Nevada
Tom Clark, Director of Government Affairs and Public Relations, Holland and Hart, LLP
Rusty McAllister, President, Professional Fire Fighters of Nevada

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Victoria J. Robinson, MBA, Manager, Insurance Services, City of Las Vegas
Les Lee Shell, Administrator, Departmental Administrative Services, Department
of Finance, Clark County Nevada
Stephen W. Driscoll, CGFM, Assistant City Manager, City of Sparks
Randy Waterman, Public Agency Compensation Trust

COCHAIR MATHEWS:

The Senate Committee on Finance will come to order.

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

I will explain the language in the Authorizations Act that is intended to provide the authority and/or direction to various agencies in implementing the recommended expenditure plan for the biennium. This language is referred to as "back language," and is contained in Bill Draft Request (BDR) S-1317.

BILL DRAFT REQUEST S-1317: Authorizes expenditures by agencies of State Government. (Later introduced as [Senate Bill 431](#).)

The Authorizations Act generally authorizes expenditures not funded with appropriations from the General Fund and Highway Fund. There are certain General Funds that are authorized in this Act, such as the Gaming Control Board, but for the most part, this is just the authorized revenues. This is the smaller of the two bills you will be hearing today.

Section 2 of the Authorizations Act provides for the distribution of Tobacco Settlement proceeds. This is old language. It would go to the Attorney General (AG) Administration Fund for activities of the Tobacco Enforcement Unit. This section also includes transfers from the Fund for Healthy Nevada to the Elder Protective Services and Homemaker Programs and the Home and Community-Based Programs.

Sections 3 and 4 of the Act authorize the General Fund appropriations approved by the Senate Committee on Finance and the Assembly Committee on Ways and Means for the Gaming Control Board and the Gaming Commission. This is standard language.

Section 5 of the Act mandates that State agencies must expend authorized amounts pursuant to the provisions of the State Budget Act. This is old language.

Section 6 of the Act is standard language and provides that, subject to the limitations in Section 7 of the Act, authorized amounts may be augmented.

Section 7 of the Act provides that General Funds and Highway Funds must be decreased to the extent that authorized revenues are exceeded. Such decreases must not jeopardize the receipts of money to be received from other sources. This is old language that carries over year-to-year.

Section 8 authorizes expenditures of higher-education registration and tuition fees and retains the language providing additional registration fees generated from enrollment increases may be expended for instruction without the Interim Finance Committee's (IFC) approval. It also provides that the expenditure of nonresident tuition or resident registration increases not used for

instruction require IFC approval. The new provision in this section allows the Nevada System of Higher Education (NSHE) to also expend any additional registration and tuition fees resulting from the imposition of fee increases with IFC approval.

Section 9 provides authority for a cash advance from the State General Fund to the Department of Wildlife Account. The advance would not exceed 50 percent of the amounts receivable from the federal government or license fees.

Section 10 authorizes the State Public Defender to collect payment from the counties for services provided. This is standard language.

Section 11 provides for the allocation of motor-vehicle-fuel taxes for recreational watercraft. This is distributed equally between the Department of Wildlife and the Division of State Parks. The amounts are calculated pursuant to the formula in the *Nevada Revised Statutes* (NRS) 365.535. That is continuing old language.

Section 12 is old language and provides that any money collected as an obligated sum is to be used only for the purposes specified and transferred to the Department of Wildlife's Obligated Reserve Account.

Section 13 is continuing old language and provides that the Division of Forestry's special reserves for operation, repair and maintenance of firefighting vehicles may be expended for that purpose free of the section 7 limitations.

Section 14 is standard language providing that money authorized for the State Fire Marshal from the Contingency Account for Hazardous Materials must be expended in its entirety to support eligible training programs before any State General Funds may be expended.

Section 15 provides money authorized for the support of the Central Reporting Unit that remains unexpended may be carried forward. This is free of the section 7 limitations and is old language.

Section 16 provides authority for the Insurance Regulation Account to receive a General Fund advance of up to 25 percent of anticipated revenues to be received in Fiscal Year (FY) 2009-2010. This is because that account is now becoming fee-funded.

Section 17 allows transfers from the Judicial Education Program to other accounts within the Nevada Supreme Court to offset General Fund need. The Senate Committee on Finance and the Assembly Committee on Ways and Means approved the one-time transfer of administrative-assessment reserve funds totaling \$968,000.

Section 18 is new language and allows the Secretary of State to carry forward the balance of any revenues collected pursuant to the enforcement of the provisions of Chapter 90 of NRS. This section is needed as a result of the approved merger of the Securities Revolving Account with the Secretary of State's (SOS) main operating account.

Section 19 is and one of special note. This section allows the transfers of federal-stabilization funds pursuant to the American Recovery and Reinvestment

Act (ARRA) of 2009 between the NSHE and the Nevada Department of Education (NDE), including the Distributive School Account (DSA), so long as corresponding transfers of amounts appropriated from the State General Fund occur. This section was added as insurance should the federal government take actions that may conflict with the allocations authorized by the Nevada Legislature.

Section 20 provides for a transfer of \$25 million in FY 2009-2010 and \$22.97 million in FY 2010-2011 from the Supplemental Account for Medical Assistance to Indigent Persons to the General Fund.

Section 21 provides transfers of funds from the Verification of Insurance Account not to exceed \$13 million over the biennium to the State General Fund. This section also includes transfers from the same account totaling \$5.75 million in FY 2009-2010 and \$6.75 million in FY 2010-2011 to the Department of Motor Vehicles (DMV) in order to reduce Highway Fund requirements.

Section 22 provides for the transfer of \$513,805 in reserves from the Investigative Account for Financial Institutions to the General Fund as approved by the Senate Committee on Finance and the Assembly Committee on Ways and Means. The remaining reserve in the account will still exceed \$300,000.

Section 23 proposes to divide the Wildlife account into separate accounts in FY 2010-2011. The account has become cumbersome, and the separation of the account will facilitate tracking, reporting, accountability and planning.

Section 24 provides that Statewide Terminal Leave and Public Employees' Retirement System (PERS) buyouts associated with layoffs have been budgeted in FY 2009-2010. Because any necessary payments will likely be made in FY 2008-2009, section 24 provides the flexibility to transfer funding from FY 2009-2010 to FY 2008-2009.

Section 25 provides authority for the Commission on Tourism to receive a General Fund advance, limited to one-twelfth of the anticipated revenues.

Section 26 provides the Fund for the Promotion of Tourism shall transfer \$2.3 million in FY 2009-2010 and \$3.27 million in FY 2010-2011 to the General Fund.

Section 27 is a new section. The Senate Committee on Finance and the Assembly Committee on Ways and Means approved a General Fund appropriation in FY 2009-2010 for \$165,000 for a system migration project at the Gaming Control Board. While the Board contemplated the project could be completed in a few months, Section 27 authorizes the use of funding in both years of the biennium in case problems are encountered.

Section 28 allows the Division of Child and Family Services (DCFS) or Clark and Washoe Counties to receive and expend additional federal funding without being required to revert General Fund up to the amounts the Temporary Assistance for Needy Families (TANF) transfers from the Division of Welfare to the Counties if those monies are reduced. If additional federal funding is realized, it could be used by the Division of Welfare to the Counties to help support the Child Protective Services' positions previously funded by the TANF-transfer funding.

The Consumer Affairs Recovery Funds were eliminated in section 29, and the remainder of approximately \$30,000 reverts to the General Fund.

SENATOR COFFIN MOVED TO INTRODUCE BDR S-1317; AND TO APPROVE THE "BACK LANGUAGE" OF THE AUTHORIZATIONS ACT.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS HARDY, RAGGIO AND RHOADS WERE ABSENT FOR THE VOTE.)

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TRACY RAXTER (Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

I will present the language in the Appropriations Act as contained in BDR S-1318 (later introduced as Assembly Bill (A.B.) 562), that is also intended to provide the authority and/or direction to various agencies in implementing the recommended expenditure plan for the biennium. Again, this language is referred to as "back language."

Section 33 is standard language for establishing work programs and the requirements for work program modifications.

Section 34 is standard language regarding certain accounts allowed to transfer appropriations between fiscal years. The 25 budget accounts listed are the same as last biennium with the exception of information technology (IT) projects which was an account that received a one-shot appropriation last year, basically, giving them the same authority.

Section 35 allows appropriation transfers between fiscal years for certain appropriations within certain budget accounts, including the Commission on Economic Development, NDE proficiency testing, Division for Aging and Disability Services (DAS), DCFS, the Health Division, Tahoe Regional Planning Agency, Division of Parole and Probation (P&P) and the Nevada Highway Patrol. This is based on closing actions for these particular budget accounts.

Section 36 is new language regarding the DCFS and the Clark and Washoe Counties' Integration budgets. This provides authority for utilizing some of the funding for back-end services that could be utilized for Child Protective Services due to the reduction in TANF transfers to those two Counties.

Section 37 is standard language regarding deferred maintenance projects. The funding for those projects can be transferred between fiscal years.

Section 38 is new language, also seen in the Authorizations Act, indicating funding for terminal buy-outs for employee layoffs that may have been funded in FY 2009-2010 can be moved to FY 2008-2009 if the layoffs occur in FY 2008-2009.

Section 39 is new language regarding a certain appropriation in the bill made to the Help America Vote Act of 2002 Election Reform Account in the Secretary of State's Office. Since that account is a nonreverting account, this

language states that the funds stay within that account and do not revert to the General Fund.

Section 40 is new language regarding the Department of Personnel Unemployment Compensation Account. The budget was closed with a recommendation from the Department to increase the unemployment compensation rate over the next biennium due to an increase in unemployment compensation claims. This would provide funds for General Fund and Highway Fund agencies to access in case the funding in those budgets for unemployment compensation assessments is below the amount of actual assessments.

Section 41 is new language. It provides General Fund appropriations of \$1.6 million in each year of the biennium for the DCFS to establish an enhanced foster-care rate for children in sibling groups in which one sibling requires a higher level of care placement. The money would be allocated by IFC. They could provide it to the Division based on the submittal of a plan for utilization of that enhanced rate with certification from the federal government that the enhanced rate can be reimbursed with federal Title IV-E funds.

Section 42 is new language. It provides an appropriation from the General Fund to IFC for allocation to the IT projects account. This is related to the Division of Welfare and Supportive Services eligibility-operations data system. They recommend that the money not be allocated until a Request for Proposal has been issued and responses have been received for the cost of software implementation of that program.

Section 43 is new language which provides appropriations of \$15 million in each year of the biennium for allocation by IFC to the State Treasurer for repayment of the principal amount of any notes related to the Letter of Credit authorized by the 25th Special Session.

Section 44 is standard language regarding the Legislative Fund and transfers within the divisions of the Legislative Counsel Bureau (LCB).

Section 45 is standard language regarding limitations on amounts of appropriations for certain accounts within the Division of Health Care Financing and Policy and the Division of Welfare.

Sections 46, 47 and 48 contain standard language regarding transfers between certain accounts within the specific departments: Section 46 is the Division of Welfare and Supportive Service; Section 47 is between Nevada Medicaid and the Nevada Check Up Program; and Section 48 is appropriation transfers within the Department of Corrections (DOC).

Section 49 is new language. This is similar language to the Authorizations Act regarding the Department of Wildlife Account and the recommendation during the budget closing to split that account into multiple accounts. This provides that authority.

Section 50 is standard language regarding the DMV Director's Office for funding for kiosk technology. It provides funding transfers between the fiscal years.

Section 51 is standard language regarding all agencies in the state government allowing the transfer of salary sums within the departments.

Section 52 provides standard language from previous appropriations bills regarding NSHE and the budget reserves.

Section 53 is standard language regarding NSHE and matching funds for grants. Matching funds can be carried forward for a maximum of two fiscal years.

Section 54 is new language regarding DCFS and Clark and Washoe Counties Integration budgets basically stating that any funding provided for those two agencies from the State for child welfare integration and legal representation costs must not be expended unless the child welfare agencies are the sole client of the district attorneys.

Section 55 is standard language providing appropriations from the General Fund to the Public Employees' Retirement Board to provide for the administration of the Legislators' Retirement System.

Section 56 is standard language regarding the reversion dates of all appropriations in this Act unless otherwise specified.

Section 57 is also carry-forward language stating the last day the State Controller can pay claims each fiscal year is the third Friday in September.

Section 58 is standard language regarding the State Controller's authorization to implement the budget.

Section 59 is standard language regarding the pay periods for elected officials.

Section 60 is new language regarding the transfers from the unclaimed property account to the Millennium Scholarship Trust Fund. This language is also contained in NRS 120A.620. The revision would provide the first \$3.8 million in each year from the Unclaimed Property Account is to be transferred to the Millennium Scholarship Trust Fund and any remainder would go to the State General Fund.

Section 61, 62 and 63 contain continuing language regarding General Fund advances for certain programs: Section 61 is for the Veterans' Home in southern Nevada; Section 62 is for the Department of Conservation for fire-suppression costs; and Section 63 provides General Fund advances if the Governor orders the Nevada National Guard into active duty.

Section 64 authorizes the Governor to set aside reserves if the balance of the General Fund falls below \$80 million. This same language appears in the 2007 Appropriations Act. The reserve must not be set aside unless the Governor submits a report to the Legislature or to IFC stating the reason the reserve is needed. It also requires the Legislature or IFC to approve the setting aside of the reserve.

SENATOR COFFIN:

This is an important section. The Governor ignored this section in his reserving of expenditures, unilaterally, starting in September 2007 and continuing into the winter. He was not seeking approval of his reserving from the

Board of Examiners. He was not using the proper method for reserving of technical means, and he was not bringing these reserves to IFC as required by the statute, which we passed. The AG issued an Opinion to the Governor in May 2008 telling him to follow the law. This letter, dated May 6, 2008, ([Exhibit C](#)) from the AG, goes into great detail. I am not going to read it all, but I would like to read the conclusion of the letter for the record:

If the Governor determines that an NRS work program is necessary because of a qualifying emergency situation, he may approve the revision and make a later report to the IFC. If the Governor determines that an NRS 353.220(4) work program revision is necessary and requires expeditious action, he must submit a request to the IFC stating same, and the IFC must act within 15 days or the request is deemed approved. Finally, if the Governor determines that an NRS 353.220(4) work program revision is not necessary to meet a qualifying emergency situation and does not otherwise require expeditious action, he must present the request to the IFC, which has 45 days to act or the request is deemed approved.

That is a quick summation of an important constitutional problem not taken to the courts but could have been taken to the courts if the Governor had continued to ignore the law. I am asking for the entire AG's Opinion to be entered into the record for this day and to take whatever means are appropriate to ensure the Governor has a clear understanding that there is reinforced language behind this Appropriations Act.

MR. RAXTER:

Section 65 of the bill provides standard language regarding the Cash Management Improvement Act of the federal government. Any interest earned on the advance of federal funds that are received by the State can be paid based on compliance with that Act.

Section 66 is language similar to the "back language" of the Authorizations Act regarding stabilization funds from the federal government. If there is conflict in how the Legislature allocated the funds, this would allow for the transfers between NSHE and the NDE, including the DSA.

Section 67 is an amendment to an existing bill from this Session. Assembly Bill 533 is a supplemental appropriation to the DSA. It provides that the calculation of those funds is not included in the spending cap since the total amount of actual expenditures would be below the cap in FY 2008-2009.

ASSEMBLY BILL 533: Makes a supplemental appropriation to the State Distributive School Account for unanticipated shortfalls in Fiscal Year 2008-2009 in certain tax revenue. (BDR S-1251)

Section 68 of the bill is also new language. This is regarding the Letter of Credit that was authorized in legislation during the 25th Special Session in December 2008. This section amends the statute to provide a two-year extension of the date that the sums can be borrowed. It also provides for changes in the repayment provision. At least 25 percent of the principal amount must be repaid within 13 months after the month it was borrowed; 50 percent within 25 months; 75 percent within 37 months; and the full amount of the principal borrowed within 49 months which would be in the

year 2015 at the latest. The other item being amended in subsection 3 of the bill is the rate that could be earned on those funds for the Local Government Pooled Investment Fund. The rate would be changed from 25 basis points to 50 basis points above the average monthly rate of earnings of all the investments in the Fund.

That concludes my summary of the "back language" of the bill.

SENATOR RHOADS:

In Section 60, you indicated that the first \$3.8 million must be transferred to the Millennium Scholarship Trust Fund. It used to be \$6 million. Why the decrease?

MR. RAXTER:

The way the statute is written, the first \$7.6 million in each year of the biennium must be transferred. This provision would provide for \$3.8 million which is more money for the General Fund in both FY 2009-2010 and FY 2010-2011.

SENATOR RHOADS MOVED TO APPROVE THE "BACK LANGUAGE" OF THE APPROPRIATIONS ACT AS CONTAINED IN BDR S-1318.

SENATOR COFFIN SECONDED THE MOTION.

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

COCHAIR MATHEWS:

We heard S.B. 426 yesterday. We need to make this an emergency action. We have the Consumer Protection portion in an amendment. Amendment No. 866 has been distributed to you (Exhibit D, original is on file in the Research Library). It is the portion of the bill that was taken from S.B. 388 which needs to be included for the Division of Consumer Protection.

SENATE BILL 426: Revises provisions relating to insurance. (BDR 57-1203)

SENATE BILL 388: Revises provisions relating to insurance. (BDR 57-1131)

SENATOR HARDY:

This is the language that comes directly from S.B. 388 relative to the language on the insurance programs for small businesses that are similar to the Taft-Hartley Act programs.

COCHAIR MATHEWS:

The language in Amendment No. 866 is identical to S.B. 388 which has been approved in the policy committee.

SENATOR HARDY:

I understand the need for additional consumer protection in that regard. I have offered to bring amendments for consumer protection which I thought were reasonable but were not considered. Therefore, I will be unable to support the motion.

SENATOR COFFIN:

I have an amendment to add to this bill which might address the problem I have with the agents and brokers. I will not try to introduce that amendment in Committee. I reserve the right to introduce the amendment during the Floor Session.

Amendment No. 866 may contain some important language that needs to be in this bill. I would like an explanation. Does this put protections back into place so there is a longer period of time for people to have their policies before a beneficiary can be changed?

COCHAIR MATHEWS:

Yes, it does.

SENATOR COFFIN:

In that case, I support this amendment. It means a lot to the public because elderly people are being taken advantage of by people who would like to wrongfully collect their life insurance.

SENATOR COFFIN MOVED TO AMEND AND DO PASS S.B. 426,
RESERVING THE RIGHT TO AMEND ON THE FLOOR.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR HARDY VOTED NO.)

COCHAIR MATHEWS:

We will now discuss Amendment No. 872 to S.B. 421 ([Exhibit E](#)).

SENATE BILL 421: Temporarily suspends longevity pay and merit pay increases for state employees. (BDR S-1193)

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

This bill was heard on May 13, 2009. The amendment clarifies the suspension of longevity payments and merit pay for the 2009-2011 biennium. It provides that there will be four semi-annual payments that would be suspended during the biennium and that merit pay will be suspended during the biennium.

COCHAIR HORSFORD:

We had a hearing on the Constitutional Officers. Do they receive longevity pay?

MR. GHIGGERI:

Judges do, but not the Constitutional Officers such as the Governor, Lieutenant Governor, etc. The Judges are elected officials.

COCHAIR HORSFORD:

The bill addressing the Constitutional Officers cannot be implemented until January 2011 because of the constitutional provisions. It is frustrating that this is the Governor's budget, and he is not taking the same reductions as the employees are taking. There is a fund where he can deposit his pay reduction voluntarily. He has said he would do so. Have we seen any demonstration of his following through on his word?

ANDREW CLINGER (Director, Department of Administration):

The Governor will be taking the same pay reductions as everyone else, effective July 1, 2009. I am not sure of the details, but it is my understanding that his check cannot be reduced. He has to donate the money back to the State.

COCHAIR HORSFORD:

State workers are getting a reduction in their pay, longevity, benefits, etc. It amounts to a reduction of approximately 13 percent.

Senate Bill 421 has to move based on the closing of the budgets. All the states are facing a dilemma, such as California which has \$42 billion in cuts. California will have to layoff teachers, firefighters and release prisoners from prisons. We have tried to do the best we could in this State to avoid those draconian actions. I appreciate the service of our state workers who have sacrificed. This bill suspends their longevity and merit pay increases which has been part of their agreement and the terms of their employment. I am thankful that they recognize this is better than the alternatives.

SENATOR HORSFORD MOVED TO AMEND AND DO PASS S.B. 421.

SENATOR COFFIN SECONDED THE MOTION.

SENATOR COFFIN:

I want to quantify what this means to everyone in the public because state employees are concerned about these reductions. We know they have had their pay reduced by 4 percent in the form of furloughs. Younger employees with less than 10 years of service are making less money than the senior employees. We are speaking of a pay cut, a loss of longevity pay, a loss of step increases and a reduction in their health insurance benefits. We cut those benefits considerably. Some people will be paying deductibles and never collect on the insurance, and that is not counting the co-pays in the insurance plan. This is a tax on these people. I will vote for it because it is my duty to balance the budget. I am sorry I will not be here in two years to rectify the situation.

COCHAIR MATHEWS:

We have a motion and a second. We will vote now.

THE MOTION CARRIED UNANIMOUSLY.

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COCHAIR MATHEWS:

We will close the hearing on S.B. 421 and will now discuss A.B. 271.

ASSEMBLY BILL 271 (1st Reprint): Makes various changes relating to the collection of fines, administrative assessments, fees and restitution owed by certain convicted persons. (BDR 14-903)

BEN GRAHAM (Governmental Advisor, Administrative Office of the Courts):

This legislation came out of a study conducted by a number of people and chaired by Chief Justice James W. Hardesty. It was disturbing to discover there is about \$100 million owed to various groups, including restitution, the counties and courts. No coordinated effort is being made to collect these funds. A fiscal note is attached to the bill. There is a provision which is more like a start-up cost when funds would be reverted back to the State.

RON TITUS (Director and State Court Administrator, Administrative Office of the Courts):

I am here to testify on A.B. 271. Currently, the NRS specifies various fines and fees to be assessed upon the conviction of a gross misdemeanor or felony. These fines range from a \$25 administrative-assessment fee that is split between the local court and the AG's office; to deoxyribonucleic acid (DNA) and chemical-analyses fees of about \$250; to P&P supervision fees, restitutions and the actual fine itself. The NRS does not assign the responsibility to collect these fines or fees to any one individual or entity, with the exception of restitution which is assigned to the P&P Division.

The intent of A.B. 271 is to provide broad authority and responsibility to the Administrative Office of the Courts (AOC) to coordinate and ensure the collections of assessed fines, fees and restitutions in the District Courts for individuals convicted of gross misdemeanor or felony crimes. The intent is to coordinate with the District Courts various county entities: the Department of Public Safety, the DOC and any other State agency to ensure the collections of assessed fines, fees and restitutions. It is the intent of the bill that existing collection efforts will remain but will be coordinated to make tracking of payments easier for probationers to pay. There are significant efforts already in place, especially for P&P, that need to be coordinated, not replicated or replaced.

The issue came to a head last fall when an audit by the 2nd District Court in Washoe County estimated there was \$26 million in uncollected fines and fees. The ensuing discussion centered around who had the responsibility to collect these fines and fees. The 8th District Court in Clark County estimates they have about \$60 million in uncollected fines and fees. The beneficiaries of these fines include victims of restitution, county fees, public defender fees, DNA fees, P&P for supervision fees, the DSA for the actual fine and, to a limited extent, the Courts and the AG's Office.

The Advisory Commission on the Administration of Justice approached this issue, and the Supreme Court stepped forward saying they would assume the responsibility. Thus, we have A.B. 271. There is a fiscal note, but the Court and the AOC specify that any collection fees received will be used to offset the cost of the General Fund allocation. We plan on collaborating with the counties and P&P, and any fines would be turned over to the Controller to collect as part of the collection effort. We see this as an investment to try to collect upwards of \$90 million. Even if we collect 10 percent, that would more than offset the investment of this Committee through this fiscal note. The Commission, in good faith, wanted to bring to the attention of the Legislature and the

Executive Branch that there is no central-collection effort to ensure fines and fees are collected. We are proposing a solution to improve the collections. Unfortunately, it is not without a cost.

COCHAIR MATHEWS:

Does this money go to the Courts or to the General Fund?

MR. TITUS:

The only money going to the Courts is \$5 of the \$25-assessment fee. Most of it goes to the county for the Public Defender fees; P&P collects for supervisory fees which they keep; the restitution goes to the victims of the crimes, and the actual fines for the crime goes to the DSA.

COCHAIR MATHEWS:

How much does it cost to collect these fees and fines?

MR. TITUS:

That is one of the problems. There are collections being done currently. There is no central authority to coordinate all the collection efforts. This is a proposed solution to try and collect what is due, to create a central authority, to make sure the Courts relay to the appropriate individuals or entities the amounts they charge and to ensure there is a due date to establish a point when they are delinquent in payments. In our fiscal note, we say that the bill would allow us to collect \$100 for any delinquent fine under \$2,000 and above that amount 10 percent of the fine.

COCHAIR MATHEWS:

How much does it cost to collect these fines? Is there a cost for the Controller to collect them on the fiscal note?

MR. TITUS:

On the fiscal note, we are estimating we need three positions to track these individuals. I have a copy of the fiscal note which I will provide to you ([Exhibit F](#)). Basically, it is about \$500,000 for the biennium. There is \$90 million outstanding. Normally, they collect anywhere from 40 to 50 percent of that. Most of it does not come back to the General Fund. The actual fine goes to the DSA.

COCHAIR MATHEWS:

I am concerned that you are paying more to collect than you are collecting. Most of these people are not going to be able to pay it.

SENATOR RHOADS:

Why are you going into start-up money to get this program going?

MR. TITUS:

That is basically what the fiscal note is. After we get going, we will be collecting a certain amount of dollars on each delinquent fine or fee and that money will be reverted back to the General Fund. Unfortunately, we were not aware of the procedure for an unsolicited fiscal note.

MARK E. WOODS (Deputy Chief, Division of Parole and Probation, Department of Public Safety):

The Division stands in support of A.B. 271. We are here as the collection experts because we are the only division that is working on it. Our probation officers are required to collect all fines, fees and restitution. Currently, we average over \$300,000 a month in collections and restitution and just under \$250,000 in fees.

COCHAIR MATHEWS:

Is there anyone who would like to testify on this bill? We will close the hearing on A.B. 271 and will now discuss A.B. 531.

ASSEMBLY BILL 531 (1st Reprint): Revises provisions governing the distribution of the proceeds of certain administrative assessments. (BDR 14-1192)

MR. CLINGER:

I will start with our portion of A.B. 531. On page 5 of the bill, beginning on line 12, we requested the addition of language to include programs within the Office of the AG relating to victims of domestic violence. This is included in the AG's budget. We funded an ombudsman position with these court assessment funds. Beginning on line 14, any of the excess court-assessment funding transfers to the General Fund. We included about \$6 million over the biennium which went directly to the General Fund. The rest of the bill is related to the Supreme Court.

COCHAIR MATHEWS:

How does this connect to the Domestic Violence Fund in the AG's Office?

MR. CLINGER:

The ombudsman position was requested with General Funds. In the Governor's budget we removed the General Funds and replaced them with court assessments and, then, requested that this language be added.

MR. GRAHAM:

Administrative assessments are a source of funding for vital programs. Over the years, they have helped in many ways. The provisions, if approved, would enable up to 49 percent of those funds to go to the items discussed by Mr. Clinger. Historically, more than 50 percent of the funds discussed on page 4 of the bill have gone to the Court Administrator to be utilized for vital items with regard to the programs of the Court including access to justice, judicial training and keeping a Senior Judge Program going to provide services that are vital to the community. The portion of the funds on page 4 was historically earmarked for set amounts to specific projects. The Court is asking that 36 percent remain with the Courts, but the Court will give flexibility on whether they spend it on a particular item so that there is some sensibility to service the needs.

SENATOR COFFIN:

You hit on a good point. The allocations were more specific. Sometimes those are the result of collaboration between the Courts and Legislators to help fund a particular program. There should be some oversight of these programs we were persuaded to support.

MR. GRAHAM:

If we look at the legislation, the items that are being funded will still remain in place, they will be serviced and reports will come back to the Legislature as to how these funds were expended, and it will be in the budget process. We are not asking for a loss of transparency.

MR. TITUS:

I want to point out that this collapses these three areas into one, for a total of 36.5 percent. We plan on going through the full budget process. Our budgets are approved by this body. There will be no changes there. It gives us more flexibility in directing the funds without requiring legislative action which is currently required. This does not affect our accounts that receive General Fund allocations which are the Supreme Court and the Senior Judges. Those funds are not affected by this bill. It just collapses the funds I administer for the AOC.

COCHAIR MATHEWS:

Is there anyone to testify on this bill? If not, what is the Committee's pleasure?

SENATOR RHOADS MOVED TO DO PASS A.B. 531.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS HARDY AND RAGGIO WERE ABSENT FOR THE VOTE.)

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COCHAIR MATHEWS:

We will close the hearing on A.B. 531 and open discussion on S.B. 303.

SENATOR DENNIS NOLAN (Clark County Senatorial District No. 9):

Senate Bill 303 is here for review of a small fiscal note.

SENATE BILL 303 (1st Reprint): Enacts the Interstate Compact on Educational Opportunity for Military Children. (BDR 34-186)

This bill would have Nevada join a number of other states in adopting the Military Interstate Compact for students of military families. The Department of Defense and the military desire that all states adopt this Compact. The genesis of the bill is to help facilitate the children of military families who transfer between military installations and enable them to graduate like other children do and be able to assimilate into those student bodies. Every state has different graduation requirements. A child in his sophomore, junior or senior year, who moves with his family to a Nevada installation, and then goes to a public school there, may not be allowed to graduate because he or she had one or two classes that did not match up with our state requirements. The Interstate Compact was designed to help states facilitate that. A lot of work went into this on behalf of our NDE and the State Board of Education to amend it. There was a small fiscal note. An amendment removed the Board of Education fees and all that were left were some minor fees. A fiscal note of \$7,000 was to be addressed through gifts and charitable contributions. The military facilities testifying initially on this bill said it would be no problem for them, but they cannot, under State law, commit themselves no matter how

small the fiscal note is. They would have no problem recouping the cost on their side which should have eliminated the \$7,000 fiscal note left on the bill.

SENATOR RHOADS:
What does the amendment do?

SENATOR NOLAN:
The amendment would do two things. It would eliminate the Board of Education's fiscal note of \$10,000, and it would have allowed for the remaining \$7,000 to be addressed through gifts and donations.

DOTTY MERRILL, PH.D. (Executive Director, Nevada Association of School Boards):
We appreciate working with Senator Nolan on this legislation which will greatly alleviate some of the frustration and tension that students, coming in to our State with their military parents or guardians, feel when they attend our schools. This bill has the overarching umbrella of the Interstate Commission. It establishes a State Council. Language in the amendment indicates the members of the State Council serve without compensation and are not entitled to any per diem or travel expenses. The State Council appoints a liaison to assist military families in facilitating the implementation of the Act. The liaison is appointed pursuant to various features in the legislation and serves without compensation, per diem or travel expenses. That removed another fiscal impact. The legislation and the amendment established a separate account to be called the Interstate Compact on Educational Opportunity for Military Children. The Superintendent of Public Instruction administers the account, and he or she may accept any gifts, grants or donations to deposit into the account from those who would like to support this endeavor. The amendment also has a section that stipulates NDE and the boards of trustees of our school districts do not have to allocate any funding for the purposes of implementation of this Act.

COCHAIR MATHEWS:
Why do you need funds to do that? Are those students counted the same way as other students while they are in your care?

DR. MERRILL:
The funds are not related to the students. They are related to the administration of the Compact itself. The stipulations built into the amendment reduce any fiscal impact except down to \$1 per military child for participation in the Interstate Commission. Senator Nolan mentioned earlier that he had received assurances from individuals at the military installations stating they support the amendment. The Superintendent of Public Instruction is also authorized in the amendment to apply for grants, gifts and donations that might be available to support the participation in the Interstate Compact. You are right about school districts and superintendents who will be working, at no additional cost, to do the right thing by these students.

SENATOR NOLAN:
The bill has already been amended, and the language with regard to gifts, grants and donations is incorporated in the bill.

COCHAIR MATHEWS:
We will close the hearing on S.B. 303 and open the hearing on A.B. 530.

ASSEMBLY BILL 530 (1st Reprint): Provides for the reversion of certain money in the Account for Programs for Innovation and the Prevention of Remediation to the State General Fund. (BDR S-1218)

MR. CLINGER:

Assembly Bill 530 allows for the reversion of budget reductions taken over the last year and a half from the Account for Programs for Innovation and the Prevention of Remediation to the State General Fund. Current law does not allow the funds in this account to revert. We made budget reductions of about \$62 million from this account. This will allow those funds to revert to the General Fund.

SENATOR RHOADS MOVED TO DO PASS A.B. 530.

SENATOR COFFIN SECONDED THE MOTION.

COCHAIR HORSFORD:

If donations are made to this account and language in the Education Rainy Day Fund requires a portion of the money to be reverted goes to this account, how is that processed with the passage of this bill?

MR. GHIGGERI:

I believe this legislation is only for the last biennium. This is a nonreverting account, and part of the budget reductions for the past biennium was made to this account.

COCHAIR HORSFORD:

The account is still established and, to the extent there are funds available, can they be deposited in that account?

MR. GHIGGERI:

That is right. It is a nonreverting account.

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

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COCHAIR MATHEWS:

We will close the hearing on A.B. 530 and open the hearing on A.B. 458. We heard this bill on May 19, 2009.

ASSEMBLY BILL 458 (1st Reprint): Revises various provisions relating to funding for public education. (BDR 31-685)

MR. GHIGGERI:

Assemblywoman Barbara E. Buckley proposed a technical amendment that was requested by the City of Reno which was distributed to the Committee when they heard the bill.

SENATOR HORSFORD MOVED TO AMEND AND DO PASS A.B. 458 WITH THE AMENDMENT OFFERED BY THE CITY OF RENO.

SENATOR WOODHOUSE SECONDED THE MOTION.

SENATOR HARDY:

I was not present when this bill was discussed. I will vote for the bill but will indicate that I need to look at it before the Floor Session.

THE MOTION CARRIED UNANIMOUSLY.

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COCHAIR MATHEWS:

We will close the hearing on A.B. 458 and open the hearing on A.B. 165.

ASSEMBLY BILL 165 (1st Reprint): Revises the provisions governing the Fund to Stabilize the Operation of the State Government. (BDR 31-580)

COCHAIR MATHEWS:

We heard this bill on May 13, 2009.

MR. GHIGGERI:

This bill amends the Fund to Stabilize the Operation of the State Government, also known as the Rainy Day Fund. Currently, 40 percent of the unrestricted balance at the end of the previous fiscal year that remains after subtracting an amount equal to 10 percent of all appropriations made from the General Fund during the fiscal year for the operation of the state government and the funding of schools, goes to the Rainy Day Fund. This legislation reduced the threshold for the trigger to 7 percent. This also increases the maximum balance of the account from 15 to 20 percent and provides for a transfer of 1 percent of the General Fund revenues, as projected by the Economic Forum in May of each odd-numbered fiscal year.

SENATOR RAGGIO:

Does this increase the stability of the Rainy Day Fund?

MR. GHIGGERI:

It would automatically require a transfer of 1 percent of the projected General Fund revenue as forecasted by the Economic Forum.

SENATOR RAGGIO:

How does it change access to the Rainy Day Fund? Are there other requirements?

MR. GHIGGERI:

Instead of having to call the Legislature into Session to access the Rainy Day Fund, IFC can access the Fund based on a request by the Board of Examiners.

SENATOR RAGGIO:

Does an emergency have to be declared as in the past?

MR. GHIGGERI:

Yes, it does.

SENATOR RAGGIO:

Who can declare the emergency? I want this on the record so we know what we are doing.

MR. GHIGGERI:

The Chief of the Budget Division can submit a request. If the Board of Examiners concurs, they can forward that request to IFC.

SENATOR RAGGIO:

Existing law is that both the Legislature and the Governor have to declare that a fiscal emergency exists. As you indicated, when the Legislature is not in Session, IFC and the Governor must declare the emergency. Is that correct?

MR. GHIGGERI:

If the Legislature is not in Session, IFC can access the Rainy Day Fund. There would be no need to call the Legislature into Session.

SENATOR RAGGIO:

Another change is that the State Board of Examiners will consider the request and recommend the amount of the transfer, but IFC is not bound to follow that recommendation.

MR. GHIGGERI:

That is correct. The final decision on the amount is made by IFC.

SENATOR RAGGIO:

I wanted to make sure we all understand that this is a significant change.

SENATOR COFFIN:

If IFC acts to approve taking money from the fund, it can only go to replenish accounts that have been appropriated by the previous Legislature. Is that correct?

MR. GHIGGERI:

The money that is transferred from the Stabilization Fund is transferred directly to the General Fund and would lose any identity as to which agency is going to receive that money. It is transferred from the Rainy Day Fund to the General Fund. It would be like unrestricted revenue going into the General Fund.

SENATOR COFFIN:

We vest extraordinary power in IFC with this kind of legislation. We cannot ask others to simply trust us. I want to make sure that the money would only go to accounts that have been appropriated by the Legislature. We are only authorized in IFC, at this point, to access accounts that have been appropriated. We are not allowed to appropriate money.

MR. GHIGGERI:

There is nothing I have seen in this legislation that would give IFC the authority to appropriate any money out of the Rainy Day Fund to an account that has not previously received a General Fund appropriation.

SENATOR COFFIN:

By inference then, does that mean the Governor cannot put it in a place that has not been appropriated?

MR. GHIGGERI:

There is nothing in this legislation that indicates that he could. Reading from page 5, line 32, section 7:

If the IFC finds that a transfer recommended by the State Board of Examiners should and may lawfully be made, the Committee shall by resolution establish the amount and the State Controller shall transfer the amount to the State General Fund. The State Controller shall thereupon make the transfer

SENATOR COFFIN:

The Controller, the Governor and the Board of Examiners cannot change appropriations. This is to protect IFC's integrity. I will approve it, but I want to get a final confirmation from the LCB's Legal Division before we vote on the Floor.

SENATOR RAGGIO:

We just recommended a do pass on the measure that would create a stabilization fund for K-12 education. If a fiscal emergency exists in the future, and there is a need to call upon the Stabilization Fund, and if the stabilization fund for K-12 is also in existence, should that be the primary source? In other words, if there is a situation requiring funding for K-12, the stabilization fund we approved for K-12 should be the place where it comes from first, to the extent of availability, and this should be a secondary source. If I were making a motion, I would move to amend the bill to indicate that, under these circumstances, where a fiscal emergency occurs, to the extent that funding is available from the stabilization fund under A.B. 458, that be the primary source and to the extent it is available for K-12 purposes. Otherwise, this would be a secondary fund for that limited purpose.

SENATOR RAGGIO MOVED TO AMEND A.B. 458 TO INDICATE THAT WHEN A FISCAL EMERGENCY OCCURS, IF FUNDING IS AVAILABLE FROM THE STABILIZATION FUND UNDER A.B. 458, AND IS AVAILABLE FOR K-12 PURPOSES, THAT FUND WILL BE THE PRIMARY SOURCE; OTHERWISE, THE STABILIZATION FUND UNDER A.B. 458 WOULD BE A SECONDARY FUND FOR THAT LIMITED PURPOSE.

SENATOR COFFIN SECONDED THE MOTION.

COCHAIR HORSFORD:

Is it the intent that the Stabilization Funds under A.B. 458 would be used for K-12 purposes and if a shortfall occurs beyond that for non K-12 related, or additional K-12 related beyond what the Education Stabilization Fund has available, that these funds are to be available?

SENATOR RAGGIO:

It is prudent that we do this because we want to make sure that the Stabilization Fund is also available for purposes other than K-12. We are creating a stabilization fund which will eventually contain quite a bit of money. That should be the primary source in these situations where the emergency occurs for K-12 purposes. To the extent that fund is not available for that purpose, then the Stabilization Fund for General Government would apply. It would be the secondary source.

COCHAIR MATHEWS:

I have asked the maker of this bill to come down and explain this. When we heard this bill on May 13, these questions were not brought up. Can the maker of the motion hold that until we get the information?

We will hear A.B. 446. We also heard this on May 13, 2009.

ASSEMBLY BILL 446 (1st Reprint): Revises certain requirements for the proposed budget of the Executive Department of the State Government. (BDR 31-581)

MR. GHIGGERI:

I will read from the *Legislative Counsel's Digest*:

It requires each proposed budget to include certain information regarding long-term performance goals and intermediate objectives of the Executive Department, and requires the posting of certain information on various Internet Websites maintained by the State. The legislation also clarifies the information that State agencies are required to submit to the Budget Division to assist the Budget Division in preparing proposed executive budgets.

COCHAIR MATHEWS:

Is there further discussion on this bill?

SENATOR RHOADS:

Is the fiscal note the same as the original bill?

COCHAIR MATHEWS:

Yes, it is.

COCHAIR HORSFORD:

The issue is that the fiscal note is attached. You and I agreed that these are things that should be done within the Administration. We need to get that intent on the record and have the Committee decide.

ASSEMBLYWOMAN BARBARA E. BUCKLEY (Clark County Assembly District No. 8):

As you recall, A.B. 446 requires the Governor to prepare a financial plan as presented in his State of the State message. It also requires the State to update its performance standards or measurements to put them in the same format and to make them more user-friendly to provide more transparency and more efficiency in government. The Budget Division put a fiscal note on it as discussed in the hearing. The Budget Division would like more staff, but we do not have more staff to give. We have a bare-bones budget which is what we agreed on. It does not cost more to do the job right. Would they like more training available to agencies? Sure, they would.

COCHAIR MATHEWS:

We once had an Assemblyman who went through every budget with a fine-tooth comb, and he helped them with the training. We could do that more cheaply through a community college.

ASSEMBLYWOMAN BUCKLEY:

Controller Kim Wallin has a strong interest in this and has volunteered to work with Mr. Clinger. This would include going to agencies and assisting without charging any money.

SENATOR RHOADS:

What was the major change in the original bill and the first reprint? Did that change the fiscal note?

ASSEMBLYWOMAN BUCKLEY:

No. It was just clarifying language.

SENATOR RAGGIO:

The bill is one with a great purpose. We have been discussing performance measures for two decades. Every administration, for whatever reason, has given them lip service rather than making them a reality. It is the policy of this Committee not to ignore fiscal notes. I would like Mr. Clinger to indicate whether or not it is feasible to do this without the funding. If we have to put \$400,000 into this, then I cannot support it.

MR. CLINGER:

If you want to do what the bill intends to do, I think you need training. I realize the Controller is willing to help. If you want to accomplish what this bill intends to accomplish, I think you need to put some resources into it. It has been mentioned that fiscal notes are put on bills to kill them. I am not trying to kill this bill. I would like to see this bill go through because it is important. If we put it on as an unfunded mandate, I do not want to be the one who is criticized two years from now because we have not improved performance measures.

SENATOR RAGGIO:

Could you support it if it was indicated that, to the extent that funding is available, these would be the goals? I cannot direct you to do something that you do not have the funding to do. We cannot add \$400,000 to \$500,000 more to the budget. What can we do within the limits of your present funding and with the assistance of the Controller?

MR. CLINGER:

The biggest component of the fiscal note is \$200,000 for some contract services. The other piece of it is a position and some programming changes. If we could get the position and the programming changes necessary to the budget system, we could move forward. I would like to have \$200,000 for the contracting component, but as an offer of compromise, I would be willing to remove that part and say we can attempt to accomplish the goals contained in this bill.

ASSEMBLYWOMAN BUCKLEY:

With all due respect, we require performance indicators now. They are just not done very well. All I am asking is that we get a uniform format and that we are able to measure an agency's performance. That is an agency's job.

COCHAIR HORSFORD:

Every state agency is being asked to do more with less. Since this is a current requirement, we are just clarifying how it should be done to result in a better product. With all of the progress we are making on reforms to the PERS and the

Public Employees' Benefit System, the public will see a direct benefit. This is a bill to reform State government in every agency and in every department. Because we are all trying to attain fiscal discipline, we will have to do more with less. The Governor said so in his budget. Every other agency is sacrificing. Beyond that, it is about being creative. Nevada System of Higher Education has resources within various departments. They offered to assist. We have a Constitutional Officer in our Controller who has expertise in this area. We have state directors who have said they would be willing to assist. This is a matter of putting a team together, coming up with the process and then directing people how to do it. It is not acceptable to pay someone \$200,000 for something that is already required at a time when we are trying to show fiscal discipline. I do not support the fiscal note. I am not ignoring it. I am recognizing it can be done within the resources available to the Budget Office and to state government in general.

COCHAIR MATHEWS:

The NSHE people were here when we were testifying. There are resources available through the community colleges.

SENATOR RAGGIO:

Everybody thinks the goal is appropriate. The requirement for performance standards has been in place for at least 20 years, through all kinds of administrations. They have improved and have come a long way in many cases, some better than others. I cannot sit here as a member of this Committee on Finance and say we will accept fiscal notes when we like them and ignore them when we do not like them. Unless we are willing to give the Budget Director the positions he needs, I will not vote for something that mandates it or ignores the fiscal note.

MR. CLINGER:

We have used NSHE and put on training sessions with them before. Everyone on this Committee, including Speaker Buckley, acknowledges that our performance measures are inadequate and that they have not been adequate up to this point. Passing this legislation is not going to suddenly make them adequate. Some resources need to be directed toward making them adequate. That is all I am asking.

COCHAIR HORSFORD:

Have you considered reorganization within your Department and/or using the resources you have available? This is the type of reform that would truly transform the way that government works, in a way that is transparent, that the public can understand and that we can measure the progress of year to year.

MR. CLINGER:

With the existing staff, we struggled just to complete the *Executive Budget*. I do not want to compare staffs, but we have significantly less staff than the LCB. Not only do we have to put the *Executive Budget* together, we have to spend the entire Session monitoring what is going on and coming to hearings. I wish I had the resources to apply to this. This has been a priority of mine since I became Director. I am frustrated that I do not have the resources to make it work the way I think it should.

ASSEMBLYWOMAN BUCKLEY:

We are not requesting that the Budget Division do the performance indicators. They should be done by the agency directors as part of their jobs. Part of the concern can be met by having a uniform format, such as the Texas model I presented at the hearing, where you are comparing apples to apples between the agencies. The second part of the bill regards planning in our critical areas of the State. I do not want to be redundant, but planning is part of the job. You cannot complain that you are not getting anywhere if you do not map out where you are going.

SENATOR HORSFORD MOVED TO DO PASS A.B. 446.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS RAGGIO AND RHOADS VOTED NO.)

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COCHAIR MATHEWS:

We will return to A.B. 165.

SENATOR RAGGIO:

This is the Fund to Stabilize the Operation of the State Government. My amendment suggested that when a fiscal emergency is indicated by the Legislature and the Governor, it is predicated upon a call for an appropriation from the Fund. To the extent that money will be available in the Stabilization Fund for the DSA, which you can call upon when there is a shortfall in the DSA, it would be the primary source for the DSA budget. To the extent that the money is not available, then there would be the General Stabilization Fund which would be the secondary source. That comports with what you are trying to accomplish.

ASSEMBLYWOMAN BUCKLEY:

Yes. I think that is consistent with my intent. If there is a fiscal emergency for K-12, you would first go to the Education Rainy Day Fund. The way this is constructed, the Education Rainy Day Fund is part of the overall stabilization account. You would first go to the Education Rainy Day Fund for K-12, and if it is insufficient, because the money does not cover the full extent of the crisis, then you would go to the General Stabilization Fund. You can either amend A.B. 165 or A.B. 458 to reflect that, and I would be supportive of it.

SENATOR RAGGIO:

That was the motion I was suggesting. It could go on either one.

MR. GHIGGERI:

Since the Committee is already proposing to amend A.B. 458, it would be easier to do on that bill.

SENATOR RAGGIO:

Will we have to rescind the motion on A.B. 458 for that purpose?

MR. GHIGGERI:

I believe the motion is to include the language that Senator Raggio referenced which indicated that the Education Stabilization Fund would be the primary source of funding for funding shortfalls for the DSA, to the extent there is funding in that Fund. If the money in that Fund has been extinguished, the normal Stabilization Fund would then be accessed by the DSA. That would be amended into A.B. 458 and it would require no amendment to A.B. 165.

ASSEMBLYWOMAN BUCKLEY:

That is right. The Legal Division will look at the language. There could be two instances where there is insufficient funding in A.B. 458 because the Fund has not built up yet, or where the shortfall is larger.

COCHAIR MATHEWS:

We need to rescind the action on A.B. 458 and vote on it.

SENATOR RAGGIO MOVED TO RESCIND THE ORIGINAL MOTION ON A.B. 458.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED.

SENATOR RAGGIO MOVED TO AMEND A.B. 458 AND DO PASS WITH THE AMENDMENT THAT THE DSA STABILIZATION FUND WOULD BE THE PRIMARY SOURCE OF FUNDING FOR THE DSA IN THE EVENT A FISCAL EMERGENCY IS DECLARED, AND THAT THE STABILIZATION FUND FOR GENERAL GOVERNMENT UNDER CHAPTER 353 OF THE NRS WOULD BE THE SECONDARY SOURCE; AND TO INCLUDE THE TECHNICAL AMENDMENT PREVIOUSLY STATED.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

SENATOR COFFIN:

In A.B. 165, when IFC and the Governor declare a fiscal emergency, I want to make sure that any money accessed from the Rainy Day Fund goes into the correct accounts that have been appropriated and that no line item can be changed because the Legislature is not in session. The Governor would be required to replenish, but not exceed, an amount in a fund, nor would he be allowed to diminish an account. Is that your understanding?

ASSEMBLYWOMAN BUCKLEY:

Yes, that is my understanding. We do not have a line-item veto.

SENATOR COFFIN MOVED TO DO PASS A.B. 165.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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COCHAIR MATHEWS:

We will close the hearing on A.B. 165 and will now hear A.B. 146.

ASSEMBLY BILL 146 (2nd Reprint): Provides for the establishment of a state business portal. (BDR 7-972)

ASSEMBLYMAN JOHN OCEGUERA (Clark County Assembly District No. 16):

I am here to discuss A.B. 146 which establishes the Nevada Business Portal through the SOS. Over the last few months, the SOS, along with various business groups and state agencies, have worked with my office to address any questions or concerns about the formation of a portal. I am impressed with the level of support this bill has received and the willingness of these groups to work together to see that this portal becomes a reality. I am optimistic about the potential this portal has to increase efficiency for our State's businesses and to make sure the State is able to secure the crucial revenues currently going uncollected.

Our State has many law-abiding businesses, but there are still entities able to circumvent these processes, allowing millions of dollars in taxes and fees to go uncollected. The current estimate is nearly \$50 million. Steps to create new businesses are currently not well defined or apparent to the end user. For example, if I were to establish a new business entity, I would have the potential of processing paperwork at five state agencies. I would have to file my incorporation forms with the SOS; forms at the DMV to register my vehicles; unemployment insurance forms with the Department of Employment, Training and Rehabilitation; business license forms with the Department of Taxation; and background checks with the Division of Preventative Safety. Not all these agencies have the same forms; they are located in different offices, and not all accept credit cards. Once you have all that state paperwork taken care of, you have to begin the process again at the city and the county level.

The goals of the portal are to provide business customers and agencies an end-to-end process solution with the potential to save millions of dollars annually by developing a seamless integration online. What we are proposing is a solution to much of this confusion and unnecessary replication. The business portal would provide a single, secure portal for the transaction of business that would improve efficiency. It would eliminate redundancy and streamline the establishment of business. It would improve accountability and enhance economic development in Nevada.

The goals of the portal are as follows:

- To maintain security of existing information systems.
- To identify and capture additional state revenue.
- To recover existing fees and penalties.
- To create a single view of the customer and build an electronic relationship with businesses.
- To enhance communication between State and eventually local agencies.
- To increase the speed of business process.

By establishing the portal, the State will see an enhancement in revenue from business license fees during the first five years estimated between \$28 million and \$50 million. Because of the businesses that have neglected to pay the business tax, the first year estimate on collections is \$9.5 million and the second year is \$12.7 million. In the following years, we anticipate collecting between \$5 million and \$8 million. There are also major benefits to businesses in Nevada. Instead of having to go through the lengthy process of filling out forms, cutting checks and running to different locations, businesses will be able to take care of all necessary business from the convenience of its own office computer.

We added amendments on the Assembly side. I would like to highlight them:

- We changed the implementation date to October 1, 2009.
- We increased the business license fee from \$100 to \$200 a year which is about \$19.1 million in the first year and \$19.3 in the second year of the biennium.
- We made sure the money raised from this went straight to the General Fund.
- There is an appropriation to cover the initial start-up costs.
- We also added an additional location section, but I believe we are going to amend that out on the Senate side.

SENATOR RHOADS:
What is a portal?

ROSS MILLER (Secretary of State, Office of the Secretary of State of Nevada):
"Portal" is defined in the statute but is a legal definition. It may be beneficial if I give you a layperson's definition as to how this would work. The easiest way to think how this would work is an "Amazon.com" situation. In that situation, they use a technology we would use in order to implement this, which is service oriented architecture. If you visit Amazon.com, you have the ability to choose from literally thousands of merchants with which you may want to do business. You basically select the items you want to purchase. Back-end software allows us to work where any merchant feeds into the system. They can tell you the inventory, how long it will take the item to ship and, ultimately, collect the information from the individual consumer.

This would work in much the same way. You would visit the portal, make a decision as to which agencies you, as a business or as an individual, needed to do business with in the State by filing the Articles of Incorporation with my office. If you had to do business with the Department of Taxation, we would collect that all through one online form and through one portal system. At the end of that procedure, you would be able to process that transaction with one credit card. If you came back a year later, needing to renew any of those licenses or do business with those agencies again, you would just log on again and indicate any changes in your information.

The current practice is to run to each of those 17 different state, county or local agencies, fill out a separate piece of paper and complete the transaction with a separate form of payment. That is cumbersome for the business community, and there is inefficiency to be seen from the state level. There is a benefit to the State creating that back-end efficiency in uncollected revenue that is outstanding and finding those efficiencies despite the fact that none of the state agencies currently have an integrated system. If you move from agency to

agency doing business, they all may know you as a different individual or person and none of that information is integrated. Once we link up all the systems, we should see a significant amount of efficiency and an associated amount of revenue.

BILL UFFELMAN (President and CEO, Nevada Bankers Association):

When I appeared on this bill last Saturday, I reminded the Committee that the bankers of the State pay about \$3 million because we have multiple locations subject to the branch tax. However, recognizing the fiscal situation, we could manage a hit of approximately \$100,000 from this bill. Section 7.5 of the bill, on page 4, is important because it makes it clear that a stand-alone automatic teller machine is not a separate business location subject to the \$200 fee. With that understanding, we could manage the bill.

CAROLE VILARDO (Nevada Taxpayers Association):

Is this still a per-location fee, or was that taken out?

ASSEMBLYMAN OCEGUERA:

We agreed to take that out. An amendment is forthcoming.

MS. VILARDO:

With that, I can support the entire bill and not just the portal provision.

JIM AVANCE (Nevada Retail Gaming Association):

I was here to clarify that the slot-route operators who have to put their slot machines in another business incidental to that business would not be captured in this bill. We are not trying to be captured in this bill.

ASSEMBLYMAN OCEGUERA:

We will make sure that multiple business entities are not captured under this bill.

BRYAN WACHTER (Retail Association of Nevada):

We have been supportive of A.B. 146 since its inception. We appreciate the SOS and Assemblyman Ocegura for their leadership in this matter. We are relieved to see that the per-location fee was removed, and we are supporting A.B. 146.

SENATOR RAGGIO:

When we looked at the overall tax plan, this was a significant component. We recognized the inequities that could exist from retaining that provision. With all the separate locations, there would be serious inequities, depending on the types of businesses. Working with Assemblyman Ocegura in that process, that provision was deleted. An additional \$6.6 million would have been captured in that manner, but the equity argument prevailed, and that is why it was deleted from this bill.

TOM CLARK (Director of Government Affairs and Public Relations, Holland and Hart, LLP):

On behalf of the Nevada Registered Agents Association, we have supported the business portal concept through this entire process. We appreciate the SOS bringing it forward. We have concerns about the doubling of the fee from \$100 to \$200 and the impact that could have on a number of corporations that

incorporate in the State but do not have bricks and mortar here. We hope that does not have a major impact, but I wanted to get that on the record.

SENATOR COFFIN:

I want to bring up an amusing situation. We have been receiving letters generated by the corporate registrars. They say they do not want their taxes doubled. They like to visit Las Vegas or Reno four or five times a year; they enjoy spending money in the State; they think it is a great place to visit; the corporate veil is wonderful, and they love all the things about our corporate identity. They spend thousands of dollars to come here to have a tax-deductible visit to Nevada, but they do not want to pay another \$200.

COCHAIR MATHEWS:

What is the pleasure of the Committee?

SENATOR RHOADS MOVED TO AMEND AND DO PASS A.B. 146.

SENATOR COFFIN SECONDED THE MOTION.

SENATOR RAGGIO:

What section is deleted by the amendment?

MR. GHIGGERI:

It would be page 4, section 7.5 and page 5, lines 4 through 6, paragraph C. You need to leave in "be accompanied by a fee in the amount of \$200 plus an additional \$200 for each additional location in the State," but "of his place of business" should be eliminated. Line 4 and most of line 5 on page 5 will remain.

SENATOR RAGGIO:

I was going to support the motion to delete the specific language or any other language that references individual locations.

COCHAIR MATHEWS:

We have a motion and a second.

THE MOTION CARRIED UNANIMOUSLY.

COCHAIR MATHEWS:

We will close the hearing on A.B. 146 and open the discussion on A.B. 503.

ASSEMBLY BILL 503 (2nd Reprint): Creates an advisory committee to develop recommendations for the funding of highways in this State. (BDR S-954)

ASSEMBLYMAN KELVIN S. ATKINSON (Clark County Assembly District No. 17): Assembly Bill 503 creates an advisory committee to develop recommendations for increasing funding for highways in Nevada. It will be submitted to the voters in the 2010 General Election cycle for approval. I believe it is important to have the citizens of Nevada approve any new types of funding for the State's transportation projects. In the 74th Legislative Session, my committee heard testimony from various sources on the importance of increased funding for a continued investment in our state highway systems. State transportation revenues are still not keeping pace with escalating construction costs and the

burdens of wear and tear our roads are facing every day. Currently, Nevada's Department of Transportation (NDOT) estimates that by the year 2016 there may be accumulative shortfalls of \$6.3 billion to fund necessary highway projects.

We must remember our transportation system impacts our quality of life. We must continue to make it a priority to invest in our transportation infrastructure in order to support our communities and economic activities. This measure proposes creating an advisory committee which originally consisted of six members. The Senate Committee on Energy, Infrastructure and Transportation amended the bill and changed it from six to eight members: three appointed by the Speaker of the Assembly; three by the Senate Majority Leader and one by the Minority Leaders of each house.

The advisory committee I am proposing is modeled after a similar type of committee created during the 74th Legislative Session. Senate Bill No. 154 of the 74th Legislative Session created an advisory committee known as the Washoe County Schools Construction and Revitalization Advisory Committee. This Advisory Committee prepared recommendations for the imposition of taxes to fund capital projects for the Washoe County School District and required the Board of County Commissioners to impose those taxes only if the voters of the county approved the imposition of those taxes at the 2008 general election.

The Advisory Committee developed ballot questions during the legislative interim. Ultimately, during the 2008 general election, voters opposed the ballot question and it failed: 54 percent against and 45 percent in favor. No recommendations made by the Advisory Committee were pursued by the Legislature.

With the daunting situation we currently face in our State regarding funding, transportation is not an appealing topic for most people. Transportation seems to get pushed aside with all the tough decisions we are making with health care, education, etc. It is time we ask our voters how they want to pay for transportation in this State going forward. We cannot continue to piece-meal transportation because we are falling behind. This Committee could develop a ballot question even though it may be rejected by the voters. That is a chance I am willing to take.

In closing, I urge your support of A.B. 503.

SENATOR RHOADS:

Is this going to be a statewide study?

ASSEMBLYMAN ATKINSON:

Yes. The way I propose it, it will be a statewide study.

SENATOR RHOADS:

Maybe we could put somebody from the rural areas on the advisory committee. I believe you are doing the right thing.

SENATOR RAGGIO:

Unless I am misreading this bill, I am concerned. I understand the advisory committee will be appointed. They will look at projects occurring in all counties that are over 100,000 in population. I am reading from page 3: "when

developing recommendations, the advisory committee shall consider, without limitation, the most recent transportation project lists developed by the NDOT and the Regional Transportation Commission of any county with populations of 100,000 or more." That is what the advisory committee is going to look at. The NDOT and the local counties are going to come up with the recommendations for transportation projects. Under section 4, the advisory committee may submit this to the voters.

We have a State with 110,000 square miles. That is a huge network. If this is going to the voters, is any project, unless it is in Clark County, going to be approved? Eighty percent of the population is in Clark County. This process is going to result in approving any project that is in Clark County, and the rest of the State is going to be neglected. We must look at the State as a whole, particularly, in our transportation system and the highway network, not just in Clark County. Tell me if I am wrong in analyzing this and how you see it working.

ASSEMBLYMAN ATKINSON:

I totally agree with you. My impression of what we were trying to accomplish was not necessarily project-driven. It was more-or-less revenue-driven and how the citizens of the State want to fund their roads going forward. I do not have a problem with the 100,000 population being removed from the language.

SENATOR RAGGIO:

The biggest issue is the NDOT project list that will be used primarily. They will bring out the contemplative projects for the biennium, or for the year, and then the advisory committee will assess it, and they will enter it on the ballot if they so choose. My point is, with 80 percent of the voters in Clark County, their projects will be favored.

ASSEMBLYMAN ATKINSON:

You are missing my point. I am not suggesting that the project be the driving force behind how they write the question. This is just for a committee to draft a question that will go on the ballot to say how we want to pay for roads. They may say they want to increase the gas tax. If voters choose to do that, then the money would be apportioned from the gas tax and will pay for roads in the State. Then, we will have to return to NDOT, or return to the counties, and say that it has been approved. This will return to us next Session, if it is approved, and then, we will decide what projects should be funded. That is my impression.

SENATOR RAGGIO:

I do not see that in the language of the bill. It says: "the committee shall consider, without limitation, the most recent transportation-project list." They will be considering the project list, and that will be an advisory vote question.

ASSEMBLYMAN ATKINSON:

We certainly can modify the language if you are not comfortable with it. This is the fourth time I have given this presentation, and it is just as I explained it. Because it is advisory only, it would have to return to us, and at that point, we would develop a list depending on how the question is worded. I want to leave that to the discretion of the advisory committee. They would have to assess various lists to determine what question would be best to get the most amount of money.

COCHAIR HORSFORD:

The intent I see behind the bill is the statewide strategy, rather than any particular region. There are funding sources that can be brought from the federal government based on implementation of a long-term statewide plan with input from the Regional Transportation Authority. That provides for that type of process in this legislation. Correct?

ASSEMBLYMAN ATKINSON:

There was discussion in the Senate Committee on Energy, Infrastructure and Transportation Committee that you may come out of this with two questions. There may be a question that is beneficial to rural communities and other communities and then there will probably be a question for southern Nevada. The advisory committee could decide that. My vision is definitely statewide and not just Clark County.

COCHAIR MATHEWS:

It has a small fiscal note. Does this study have an expectation for staff from the LCB?

ASSEMBLYMAN ATKINSON:

The expectation was that the LCB would provide the staff.

COCHAIR MATHEWS:

We will close the hearing on A.B. 503 and now hear A.B. 521.

ASSEMBLY BILL 521 (1st Reprint): Revises provisions governing coverage for cancer as an occupational disease of firefighters. (BDR 53-278)

RUSTY McALLISTER (President, Professional Fire Fighters of Nevada):

Assembly Bill 521 was heard in both the Assembly and the Senate Commerce and Labor Committees. It addresses provisions within the current statute for workers' compensation protection for firefighters with certain types of cancer. The bill adds four new types of cancer covered by provisions for workers' compensation. It reduces the number of years of service required from five to two for coverage of these particular types of cancer. The bill provides for annual physical examinations for firefighters, an additional thyroid ultrasound test and a prostate-specific antigen test for men. The Las Vegas Fire Department started providing ultrasound screening a couple of years ago. Through the course of that screening, we identified 9 out of 501 of our firefighters with thyroid cancer. The national average is 4.5 to 8 victims of thyroid cancer out of 100,000. We have 9 out of 501 which is why we want that test to be provided in the annual physical examination so that we can get a better perspective statewide about whether this is a problem.

COCHAIR MATHEWS:

You want an annual examination, and evidently, your insurance providers in the State are resisting this. Is that why you are here?

MR. McALLISTER:

I looked at the fiscal notes online from the state divisions, and there are no fiscal notes listed. There are fiscal notes listed for the local governments all over the board. They range, in terms of physical examinations and those added tests, from \$85 a person for both examinations up to \$445 in Clark County, which

states they need to conduct both tests. North Las Vegas said they require \$85 per examination for both of those tests.

A recent study, bought and paid for by the League of Cities, stated that firefighters were not at a greater risk. Their research indicated that, although there is an association throughout all the studies, there is nothing definitive. We feel we should study it further.

In 2006, a study from the University of Cincinnati assessed 35 different cancer studies for firefighters. They eliminated seven of those studies because they had problems with the methodology. Out of 28 studies, they identified firefighters, compared to the general population, as having 102-percent higher risk of testicular cancer, 39-percent higher risk of skin cancer and 28-percent higher risk of prostate cancer. That is the reason I am trying to add these different types of cancer screenings into current insurance coverage. There is no doubt in my mind that the local governmental employers will oppose this.

COCHAIR MATHEWS:

THE fiscal note ([Exhibit G](#)) we just received shows the costs of the additional medical tests to the Division of Forestry (NDF) as \$170,228 over the biennium.

MR. McALLISTER:

The NDF may have submitted a fiscal note. They may list 170 firefighters, but the current law says they have to be fulltime salaried firefighters. Currently, in the NDF, there are 14 fulltime salaried firefighters. Two are on probation who will become fulltime salaried firefighters shortly. Three are at the Mt. Charleston location, and the rest are at Spring Creek which is near Elko. They are the only fulltime salaried firefighters. The others do some wildland firefighting in the summer; the rest of the time they are crew foremen; they plant trees and they perform the duties of the NDF personnel, managing the forest areas throughout the State. They are not fulltime salaried firefighters for the protection of the public as the statute currently states.

This bill left the Senate Committee on Commerce and Labor without an amendment. I had intended to amend this bill. It was passed before it was amended. The bill, as it is currently written, came out of drafting with the provision that the annual physical examination would need to be provided for volunteer firefighters. That was not our intent. We did not want to put a fiscal impact on the small, rural counties. I sent an e-mail to you, Senator Mathews, and to Senator Horsford with an amendment to remove the volunteer firefighters' annual physical-examination requirement from the bill, to remove the fiscal impact on the small, rural counties.

Prior to the vote in the Senate Committee on Commerce and Labor, I offered to amend this further to try to lessen the financial impact on the local governments. The City of Las Vegas had no desire to negotiate with me on a compromise. I also went to the League of Cities and offered that same amendment. They never responded.

SENATOR MAGGIE CARLTON (Clark County Senatorial District No. 2):

Mr. McAllister brought up the issue of exempting the volunteer firefighters. We had a number of amendments in a long work session that day. I saw him in the audience and wondered if there was something else we needed to do with this

bill. It flew right by us; so yes, that was something that we were going to address, but we did not get it accomplished.

SENATOR COFFIN:

In the Senate Committee on Commerce and Labor, did you have testimony on the occurrences of cancer in the firefighter versus nonfirefighter population and how that would influence you to make sure this was an efficacious bill, somehow indicating that firefighters have a greater incidence of these illnesses? Did you have this kind of evidence in the Committee?

SENATOR CARLTON:

The young firefighters spoke of their particular cancers. They described living in a building where big diesel trucks fire up and fumes spread throughout the building where they sleep every night. Their exposure to the carcinogens convinced me that their incidence of cancers would be higher than normal. When you look at very young people who have these diseases, you begin to wonder, and with the propensity within firefighters versus the general population, you notice the difference in the numbers.

MR. McALLISTER:

During the hearings in both the Assembly and Senate Committees, I presented information regarding the studies that have been conducted and the higher incidence of cancer that had been identified. The University of Cincinnati study used an immune analysis. They took the studies and data from several hundred thousand firefighters, not only in the United States but internationally as well. They compared the studies with the general population. My Department has 501 suppression firefighters. In the last five years, five had brain cancer, three of them have passed away, one has bladder cancer, one has breast cancer and nine have thyroid cancer for a total of 16 cases of cancer.

SENATOR COFFIN:

I have had two types of cancer, and I understand one of the objections. After five years, in a sense, you are developing a disability component to a health insurance policy.

MR. McALLISTER:

I read the minutes from the 1987 Legislative Session when this law was first put in place. Nowhere in the minutes does it discuss years of service. I wondered where the requirement of five years of service came in. One of the testifiers we had in Las Vegas was a radiation oncologist who stated that exposures to these carcinogens can lead to these cancers within two years. The heart and lung provisions that firefighters currently have also use the same five years of service for eligibility which started in 1965 and 1967 and has never been changed. There is a strong possibility that the five year number was something which was already in the statute for heart and lung provisions.

SENATOR COFFIN:

I am not sure it was that extensive until 1987. Do you keep a diary regarding exposure incidents?

MR. McALLISTER:

We do not keep a diary; a log is kept on every fire and everyone on that fire is in the record. Our Department purchases, through a company in California, a record-keeping service that can be accessed online. The member can log onto

the incident number, input what was burning and review how long he or she was exposed. Later, if the claim is denied, we have the records. Some of the local governments testified that if a firefighter works for one day, we have him or her for the rest of their life. That is not true. The statute contains a sunset provision. We are providing three months of coverage for every year of service, up to a maximum of 60 months. A firefighter has to work for 20 years to have 60 months of coverage. The coverage stops when he or she leaves the job. Some of the employers testified that every man gets prostate cancer at 70 or 75 years old and the employer will be responsible. That is not what the law states.

VICTORIA J. ROBINSON, MBA (Manager, Insurance Services, City of Las Vegas):
I am here to express our concern over the fiscal impact if this bill is passed. Proponents of this bill would have you believe it is about medically caring for our employees who have been stricken with cancer. While it is true that claims are denied when they do not meet the legal criteria required for acceptance under workers' compensation, no employee is ever going to go without medical treatment just because their claim is denied. Our employees are provided with the best possible medical care under generous health-care plans. In addition, the City of Las Vegas, under its wellness program, provides free annual health screenings and physical examinations, including cancer screenings, for every one of its employees regardless of what health-care plan they have or what their job entails.

In a larger sense, I am actually here, today, as a three-year cancer survivor because of the early detection and extensive treatment provided by the City. Those same benefits are already available to all of our employees, including our public-safety employees. I have testified many times about the expense of presumptive benefits. In the 20 years the City has been self-insured, we have paid \$18 million in benefits for the 132 claims filed under these statutes. Based on our required future spending, we will spend another \$18 million just on those existing claims. Every additional claim resulting from changing the current statute will result in expenditures of a minimum of \$25,000 and can be as high as \$1.4 million. Due to the frequency and expense of the claims, insurance companies will no longer provide coverage for these types of claims. Therefore, the City and other municipalities and local governments are completely financially responsible for the total cost and must fund them out of current revenues which have been dramatically shrinking for over the last year. The *Las Vegas Review Journal* headlines spoke of future layoffs in the City. This is not the time to increase benefits since they may come at the expense of someone else's job.

In discussing the incidence of cancer, I understand the concern. However, I think we all should be concerned. The American Cancer Society studies show that one in every two men and one in every three women will get cancer in their lifetime. Unfortunately, that means it is likely that a City of Las Vegas employee will suffer from cancer at some point in their lifetime, regardless of their job with the City. The underlying principal for presumptive benefits is that while a firefighter may not be able to pinpoint a particular carcinogen, he or she has been exposed to many substances over the course of his or her employment. Reducing the five-year requirement would mean that workers' compensation becomes just a group-health-benefit delivery system with the added benefit to the employee of indemnity payments. That is a benefit that can be in excess of \$1 million per claim. To make the presumption that cancer arose out of

employment as a firefighter, rather than a normal consequence of life, there should be a reasonable time on the job associated with that presumption. If new cancers are to be added to the list of covered diseases, there should be scientific evidence to support the addition of that coverage. Currently, that evidence does not exist as documented by the recent National League of Cities report ([Exhibit H](#)), which has been provided to you. No employer, least of all the City of Las Vegas, wishes to see any of its employees contract cancer, and when they do, we endeavor to provide them with the best medical treatment possible and with dignity and respect. Changing the statute to increase the number and types of convincible claims when scientific evidence supports such a change would significantly increase costs to the City when we are already struggling to meet current allocations. Therefore, we respectfully suggest that the language currently found in NRS 617.453 remain unchanged.

LES LEE SHELL (Administrator, Departmental Administrative Services, Department of Finance, Clark County Nevada):

We are in opposition to A.B. 521. Ms. Robinson did a great job in going over some of our issues, so I do not want to reiterate those points. The cost of the additional testing will be approximately \$500,000 a year. We currently have about 790 fulltime firefighters on our staff. Unfortunately, we are not able to put an actual fiscal impact on the cost of the claims. You have heard testimony that those are some of the more expensive claims in the system and that they are anywhere between \$200,000 and \$1.5 million over the course of the claim. Any impact we have in those workers' compensation programs will have to come from our revenues which impacts our ability to provide additional services.

SENATOR RAGGIO:

Is the objection primarily the reduction from the five years to the two years? Or, is the objection due to the additional carcinogens on the list?

MS. SHELL:

We are actually objecting to both. We believe there is inconclusive evidence that there is a higher rate of cancer in firefighters versus the general population for those types of cancers.

STEPHEN W. DRISCOLL, CGFM (Assistant City Manager, City of Sparks):

We oppose both changes, the shortening of the time and the addition of the six cancers. The primary reason for being opposed to the six cancers is because there is no scientific evidence that shows that the general population gets cancer less often than firefighters or that firefighters get more of these specific cancers. The additional costs of caring for them as a workers' compensation claim are very large, and the medical care is long-term.

COCHAIR HORSFORD:

Can I ask all of you to indicate if you would still be opposed to the provisions if the requirement remained at five years?

MS. SHELL:

We would still be opposed because of the presumptive coverage for the additional cancer types.

MR. DRISCOLL:

We would be opposed as well. There is no scientific evidence that shows firefighters contract these six cancers at a higher rate than the general population.

RANDY WATERMAN (Public Agency Compensation Trust):

I am here in opposition to this bill as well, on both factors: changing the five years to two years and also on covering these cancers for the same reasons. The studies are inconclusive and to extend coverage is extremely expensive. The big fiscal note comes with the claims, as was testified by Ms. Robinson. The medical cost of the claims can run from \$25,000 to several hundred thousand dollars. The major part of a lot of these claims is the indemnity part, the lost time compensation. These costs can run into hundreds of thousands and even millions of dollars.

SENATOR COFFIN:

There is something odd going on. There is either a strange cluster happening in that Department, or there is something else of significance. Chemicals are evolving. Maybe these studies have not gone back far enough. Home furnishings are different. Commercial construction is different. Insulation is different. If you review long-term studies, you may not decide what, in fact, is causing cancers. I have an open mind on this bill. I have not seen evidence to the contrary. I asked the firefighter representative if he had evidence to show that the firefighter incidence was greater than the national population. He could not show that, but I have not received any data that show it is not.

MR. WATERMAN:

Evidence out there is fairly inconclusive. As a result, going forward with inconclusive or questionable data would be very costly. I am not convinced that this is an area where we should go. Ms. Robinson stated that it is not that firefighters are going without treatment, they are being treated for their disease through their group-health plans. What they are not seeing is the indemnity payments.

MR. McALLISTER:

I find it ironic that they would mention some of the things from their study because they are selectively picking parts of their study with the data they paid to have done. They looked at a limited number of studies that have been conducted. The International Association of Firefighters sends out a list of what they use for their cancer research. There are ten pages; over 500 cancer studies, not just specifically on firefighters but on carcinogens in general. They failed to mention that several studies found supporting associations between firefighting and bladder, brain, colon, Hodgkins lymphoma, kidney, malignant melanoma, multiple myeloma, nonHodgkins lymphoma, prostate, testicular and thyroid cancers. That is from their study and their information. They just failed to mention that part to you. They just said associations are not conclusive so they do not want to cover it at this point in time. They even identify, in their information, that the studies and research they assessed showed that there is an association. I wanted to get on the record that there is more to their study than what they are bringing out.

COCHAIR MATHEWS:

We will close the hearing on A.B. 521.

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MR. GHIGGERI:

Bill Draft Request S-1214 implements actions that were taken during the 2007-2009 interim to transfer funds from the Trust Fund for Public Health and the Fund for a Healthy Nevada to the State General Fund. This requires a Committee introduction.

BILL DRAFT REQUEST S-1214: Authorizes transfer of money in the Trust Fund for Public Health and the Fund for a Healthy Nevada to the State General Fund. (Later introduced as S.B. 430.)

SENATOR RAGGIO MOVED TO INTRODUCE BDR S-1214.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

COCHAIR MATHEWS:

With no further testimony or business to be conducted, we will adjourn this meeting at 11:36 a.m.

RESPECTFULLY SUBMITTED:

Barbara Richards,
Committee Secretary

APPROVED BY:

Senator Bernice Mathews, Cochair

DATE: _____