

MINUTES OF THE  
SENATE COMMITTEE ON FINANCE

Seventy-fifth Session  
May 28, 2009

The Senate Committee on Finance was called to order by Cochair Bernice Mathews at 8:15 a.m. on Thursday, May 28, 2009, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

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

**GUEST LEGISLATORS PRESENT:**

Assemblyman John C. Carpenter, Assembly District No. 33  
Senator Dennis Nolan, Clark County Senatorial District No. 9

**STAFF MEMBERS PRESENT:**

Brian M. Burke, Principal Deputy Fiscal Analyst  
Brenda J. Erdoes, Legal Counsel  
Gary L. Ghiggeri, Senate Fiscal Analyst  
Patricia O'Flinn, Committee Secretary

**OTHERS PRESENT:**

Keith Munro, First Assistant Attorney General and Legislative Liaison, Office of the Attorney General  
Brian O'Callaghan, Representative, Las Vegas Metropolitan Police Department  
Rusty McAllister, Representative, Professional Firefighters of Nevada  
Dana Bilyeu, Executive Officer, Public Employees' Retirement System  
Leslie Johnstone, Executive Officer, Public Employee Benefits Program  
Michael Alonso, Representative, International Game Technology  
Cecilia G. Colling, Chief of Staff, Office of the State Treasurer

**COCHAIR MATHEWS:**

The Senate Finance Committee will come to order. We will open the hearing today with Assembly Bill (A.B.) 207.

**ASSEMBLY BILL 207 (2nd Reprint)**: Makes various changes concerning common-interest communities. (BDR 10-694)

**ASSEMBLYMAN JOHN C. CARPENTER (Assembly District No. 30):**

I am here to testify regarding A.B. 207. The Attorney General's Office will take the fiscal note off the bill while waiting for more information regarding how many cases there will be.

KEITH MUNRO (First Assistant Attorney General and Legislative Liaison, Office of the Attorney General):

The Office of the Attorney General would like to withdraw its fiscal note. This activity is currently handled by the Real Estate Division. From the bill there appears to be a fee they are paid to carry out these duties. We tried to discover how many cases there are, but it is a confidential process in the Real Estate Division. We will lift the fiscal note, but we would request the Real Estate Division to finalize the existing cases, and the Attorney General's Office will undertake only the new cases. We will then come before the Legislature during the next biennium to make a presentation to this Committee. We respectfully request a letter of intent indicating the Real Estate Division will take all pending cases and the Office of the Attorney General will take all future cases.

COCHAIR MATHEWS:

Thank you. We will make sure we do that.

SENATOR COFFIN:

Does this bill include rural agricultural areas even in larger counties such as Clark County?

MR. MUNRO:

There are seven rural common-interest community entities registered statewide. Clark County could be covered if the entity fits the definition of a rural common-interest community.

SENATOR COFFIN:

There are seven registered statewide. Do we have a list?

MR. MUNRO:

I do not have a list with me, but I can get you the list.

COCHAIR MATHEWS:

Please get that list to the Staff. Are there any other questions?

SENATOR RHOADS MOVED TO DO PASS A.B. 207 AND TO ISSUE A LETTER OF INTENT INDICATING THE REAL ESTATE DIVISION WILL TAKE ALL PENDING CASES AND THE ATTORNEY GENERAL'S OFFICE WILL TAKE ALL FUTURE CASES.

SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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COCHAIR MATHEWS:

We will close the hearing on A.B. 207.

We will open the hearing on Senate Bill (S.B.) 309.

[SENATE BILL 309 \(1st Reprint\)](#): Makes various changes to provisions governing motor vehicles. (BDR 43-533)

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

You have before you proposed amendment 5383 to S.B. 309 ([Exhibit C](#), original is on file in the Research Library) and an e-mail from Mr. Edgar Roberts, Director of the Department of Motor Vehicles (DMV) ([Exhibit D](#)). Senate Bill 309 was brought to me at the request of law enforcement to address an ongoing situation regarding the manufacture of scooter-look-alike motorcycles. These are high-speed, high-performance vehicles which are beginning to fill up the roadways. They are capable of speeds up to 75 miles an hour and people are using them as a primary means of transportation on the highways. There is no statute regulating these vehicles because of their size. They have been involved in countless accidents, but their operators neither have them registered or insured.

There was an initial fiscal note of approximately \$70,000 associated with S.B. 309. This cost was an estimate by the DMV to set up the process and procedures for registering and licensing these types of vehicles. Once these systems were in place, the registration and licensing of these vehicles would become a revenue generator for the DMV. By moving the effective date of the legislation to October 1, 2010, the start-up costs could be incorporated into the regularly scheduled system upgrade for fiscal year (FY) 2010-2011 ([Exhibit D](#)).

COCHAIR MATHEWS:

I am looking at the original language for S.B. 309. Is the \$207,846 for the biennium the fiscal note?

SENATOR NOLAN:

In revenue generated?

COCHAIR MATHEWS:

It does not look like that to me. I could be reading it incorrectly.

SENATOR NOLAN:

I think that figure was the revenue generated over the biennium. The initial costs would be about \$75,000.

COCHAIR MATHEWS

It says \$75,866.

SENATOR NOLAN:

After that, it turns into revenue.

Amendment 5383 comports S.B. 309 with A.B. 441 which addresses motorized bicycles. The Legislative Counsel Bureau Legal Staff identified a conflict that has been addressed in S.B. 309.

**ASSEMBLY BILL 441**: Revises provisions governing transportation.  
(BDR 43-840)

BRIAN O'CALLAGHAN (Representative, Las Vegas Metropolitan Police Department):  
The problems we are trying to address are the traffic collisions, property and injury costs that arise from the lack of registration and insurance on these vehicles.

SENATOR RAGGIO:

Does this bill require registration of mopeds?

SENATOR NOLAN:

Yes, it does. But it reclassifies mopeds as those vehicles which have a 50cc engine or more and have the capacity to reach speeds consistent with speeds on the State highways. These are not the electric or gas scooters driven around town. These are high-performance motorcycles designed to look like scooters.

SENATOR RAGGIO:

This may surprise you, but I own two electric scooters. What does S.B. 309 require of people who have these electric scooters?

SENATOR NOLAN:

If the engine is smaller than 50ccs and you are not able to reach speeds of 50 miles per hour, you are not impacted.

SENATOR RAGGIO:

Does the bill require registration of electric scooters?

SENATOR NOLAN:

The vehicles this bill specifically targets have gas-powered engines.

SENATOR RAGGIO:

I am asking because there is an industry in this State that produces these electric scooters. I know there will be some concern about the requirements to possess and operate these electric scooters. They are defined in S.B. 309 Section 1.1 subsection 2 as a "motor which produces not more than 1 gross brake horsepower."

SENATOR NOLAN:

To address part of your question, the retailers of these vehicles would be required to notify the purchasers whether the vehicle would fall under this law and if they would be required to register them. Anyone who drives any vehicle on the streets must license them, even the smallest scooters.

SENATOR RAGGIO:

Does a scooter with a little motor on it have to have a license on it?

MR. O'CALLAGHAN:

Currently, to operate one of those vehicles on the roadway, you must possess a Class C driver's license. You do not need a motorcycle endorsement.

SENATOR RAGGIO:

What do you need on the scooter? Do you need a license plate?

MR. O'CALLAGHAN:

Under current law, you do not need a license plate and registration on these small scooters. Currently, A.B. 441 clarifies the electric bicycle with pedals. You may be correct the definition of electric scooter may need to be clarified in S.B. 309.

SENATOR NOLAN:

Section 1.5 of S.B. 309 describes a moped as a "vehicle which looks and handles like a bicycle and is propelled by a small engine which produces not more than 2 gross brake horsepower and has a displacement of not more than 50ccs, is designed to travel on not more than 3 wheels ... is capable of a maximum speed of not more than 30 miles per hour ... ." The only way you would know most of that is by reading the manual or talking to the person who sold it to you.

SENATOR RAGGIO:

I am looking at proposed amendment 5383. Is that new language or is that comports language?

SENATOR NOLAN:

That is comports language.

SENATOR RAGGIO:

That language is in A.B. 441?

SENATOR NOLAN:

Yes, that is language that has already been enacted.

SENATOR COFFIN:

Does this include a Segway or something like it?

SENATOR NOLAN:

No, it does not affect the Segways.

SENATOR RHOADS:

Who will pay for the start-up costs?

SENATOR NOLAN:

The original enactment date would have required the DMV to reprogram the system in an off-cycle. By changing the enactment date to October 1, 2010 when the DMV will already be doing reprogramming, the start-up costs will be included in the regular change schedule.

SENATOR RHOADS:

I ask because the DMV had attached a fiscal note of \$450,000 for start-up costs for the Off Highway Vehicle bill we will be voting on soon.

SENATOR NOLAN:

Mr. Roberts, Director of the DMV, could address that better than I could.

COCHAIR MATHEWS:

Are there any further questions? I campaign on a moped with a helmet. I have had no accidents. I wonder if the government is trying to make money off the little guy who is trying to help the environment.

SENATOR NOLAN:

We would not think of taking your two-wheeled scooter away from you.

MR. O'CALLAGHAN:

The real issue is, when there is an accident, who pays? It is the motorist, not the cyclist since the cyclist is not required to carry insurance. If there are damages to the motor vehicle the motorist's insurance pays. If the uninsured driver of the scooter is injured it is the University Medical Center or other public hospital that pays for treatment.

COCHAIR MATHEWS:

Is there anyone else who would like to testify on S.B. 309? We will close the hearing on S.B. 309.

We will open the hearing on 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 (Representative, Professional Firefighters of Nevada):

Concerns were expressed at previous hearings about the reduction in years of service for coverage from five years to two years. We are proposing an amendment ([Exhibit E](#)) to Section 1 of A.B. 521 to reinstate 5 years of service to be eligible for coverage. In addition, the way the bill is currently written requires volunteer firefighters to have an annual physical. That was not the intent of the bill. They are required to have physical exams every three years. This would remove the fiscal impact on the rural counties which have volunteer firefighters.

SENATOR RHOADS:

Is there a new fiscal note on A.B. 521?

MR. McALLISTER:

Initially, there was no fiscal note. The Division of Forestry attached a fiscal note to cover approximately 170 firefighters in its Division. They included the forester I, forester II and crew foremen positions in the fiscal note. Those positions are not full-time salaried firefighters. There are only approximately 16 full-time firefighters who work for the Division of Forestry in Nevada.

COCHAIR MATHEWS:

The Division of Forestry claims the fiscal note is still valid. Is there anyone here to testify from the Division of Forestry?

MR. McALLISTER:

I understand those who are not full-time firefighters are not covered under the provisions of heart, lung or cancer at this time.

COCHAIR MATHEWS:

Are there any questions for Mr. McAllister?

SENATOR HORSFORD MOVED TO AMEND AND DO PASS A.B. 521.

SENATOR WOODHOUSE SECONDED THE MOTION.

COCHAIR HORSFORD:

I request Staff to submit the amendment to the Division of Forestry with the information from Mr. McAllister indicating it is only the full-time salaried firefighters in the Division who are covered by these provisions.

SENATOR HARDY:

In previous hearings, I was concerned about the reduction from five years to two years for eligibility for coverage. I am not convinced there is a nexus between the activities of the firefighters and these cancers. However, our firefighters deserve the benefit of the doubt. With the move back to five years for eligibility, I will support the bill at this time.

COCHAIR MATHEWS:

For the record, I have a fireman in the family; one of my sons is a firefighter in Denver. He is covered for this in Denver.

THE MOTION CARRIED UNANIMOUSLY.

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COCHAIR MATHEWS:

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

We will open the hearing on S.B. 143.

**SENATE BILL 143**: Creates a subcommittee of the Interim Finance Committee to oversee the use of money allocated to the State from the Federal Government to stimulate the economy. (BDR S-1034)

SENATOR STEVEN A. HORSFORD (Clark County Senatorial District No. 4):

At previous hearings on S.B. 143 it was decided to make the committee proposed in this bill a stand-alone committee, rather than a subcommittee of the Interim Finance Committee (IFC). Leadership in both houses would make appointments as necessary for membership of this committee. Proposed amendment 5382 ([Exhibit F](#)) to S.B. 143 contains the language to make this change. The purpose of the committee created by S.B. 143 is to oversee the allocation of funds from the American Recovery and Reinvestment Act of 2009 (ARRA) to the State. Further, the committee will ensure the funds are being used in compliance with the intent of this Legislature and the accountability requirements of the federal administration.

COCHAIR MATHEWS:

Will the report created by this committee be reviewed by the IFC?

SENATOR HORSFORD:

There are a number of bills that require reporting directly to the IFC. There is nothing in S.B. 143 that changes those reports. However, when there are programs or funds that are specifically provided for by the ARRA, they would go to this committee for additional review. The processes that exist for the IFC or the Legislative Commission during the interim would continue.

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SENATOR COFFIN:

Amendment 5382 made S.B. 143 a better bill. There were concerns about creating a subcommittee of a committee during the interim. Where there are funds that are separate from the ARRA, will there be a parallel review process?

COCHAIR MATHEWS:

Yes, there will be. We did hear S.B. 143 on March 4. Are there any further questions? Is there anyone else here to testify on S.B. 143?

SENATOR COFFIN MOVED TO AMEND AND DO PASS S.B. 143.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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

The Committee will review S.B. 399 and S.B. 432 this afternoon. There may also be discussion on S.B. 427. In addition, there may be other bills coming from the Assembly.

COCHAIR MATHEWS:

The Finance Committee will be recessed until 4:00 p.m.

The Finance Committee will come back to order. We will open the hearing on S.B. 427.

**SENATE BILL 427**: Revises provisions governing the Public Employees' Retirement System. (BDR 23-1290)

SENATOR COFFIN:

I have distributed copies of a mock-up of proposed amendment 5408 to S.B. 427 ([Exhibit G](#), original is on file in the Research Library). The Public Employees' Retirement System (PERS) staff had some suggestions for S.B. 427.

DANA BILYEU (Executive Officer, Public Employees' Retirement System):

I can walk through Section 1 through Section 7 of the bill. The mock-up of proposed amendment 5408 to S.B. 427 makes fairly significant changes to the Public Employees Retirement Act. These changes do not affect current retirees or current members; they are for future hires only, beginning on January 1, 2010. Section 1.8, which begins on page 4 of [Exhibit G](#), reduces the cost-of-living adjustments from a maximum of 5 percent in year 15 to a maximum of 4 percent in year 12. Section 2 revises the definition of callback. Prior to this revision there had not been a definition of callback pay. Callback pay is required to be used for emergency purposes only. Section 3 of S.B. 427 requires the PERS to post on its Website employer certifications of how the cost-sharing mechanism works for employees when there is a contribution rate change. Section 4 modifies the police and fire committee members' terms. Currently they are not set by statute; the Retirement Board has set them by policy at three-year terms. Senate Bill 427 sets four-year terms for the police and fire committee. The Retirement Board may remove members of the police and fire committee for cause.



Section 4.3 of the bill makes changes to the rounding mechanism for the contribution rate. Currently, the statutory rounding mechanism requires the PERS to make an evaluation in even-numbered years to set the contribution rate for the beginning rate for the next odd-numbered year's biennium. If the actuarial contribution rate would drop by as much as 2 percent the contribution rate would not be reduced. The PERS would use the difference between the actuarially required contribution and the statutory contribution to assist in retiring the unfunded liability over a shorter period of time. A provision in Section 5 makes the public employer responsible to its employees for the impact to a benefit calculation if it is determined that erroneous reporting had occurred in that individual's account.

Section 6 increases the retirement age for regular members to 62 with 10 years of service. It leaves in place retirement at any age with 30 years of service and the retirement eligibility provisions for police and fire, with the exception of 25 years and out. Fire and police are eligible to retire with 30 years of service at any age and with 20 years of service at age 50. Section 6 also raises the early retirement penalties. They are currently 4 percent per year. The penalties will be increased to 6 percent per year to capture the full actuarial cost of early retirement. Section 7 reduces the service time multiplier from 2.67-percent of pay to 2.5-percent of pay. It also provides for anti-spiking language around the average compensation period. The system uses the highest 36-month average compensation period. The language in the bill is intended to modify that to prevent any changes in pay from one year to the next that would exceed 10 percent.

SENATOR COFFIN:

Are there any technical corrections that should be made to S.B. 427 to enable the PERS to administer this program?

MS. BILYEU:

The one area that may present a difficulty is the anti-spiking language. But the PERS will be able to adopt some policies to ensure the intent of the Legislature is fully enforced.

SENATOR COFFIN:

Do you need any statements on the record from the Committee to reinforce that?

MS. BILYEU:

I always appreciate those kinds of comments from the Senators on the record. My understanding of the anti-spiking language is that the PERS will retain the highest 36-month average compensation period, but that the beginning of that average compensation period can be no more than 10 percent above the previous year. The language describes a 60-month period, but the highest 36 months is what will be used for calculating the average.

COCHAIR MATHEWS:

Are there any other questions?

LESLIE JOHNSTONE (Executive Officer, Public Employee Benefits Program):

First, I would like to make two disclaimers: I have taken a quick look at this amended language involving chapter 287 of the *Nevada Revised Statutes* (NRS) and I am not a lawyer. I will explain my understanding of the intent of S.B. 427.

The first basic change is that anyone hired on or after January 1, 2010 would need 15 years of service to qualify for a subsidy, but the subsidy formula would remain unchanged for years 15 through 20 and more. Employees who retire with a disability would be eligible for the subsidy based on the formula we currently use which begins at 5 years of employment and goes through 20 plus years. The second change I see is the reinstatement provision. Currently, retirees may leave the Public Employees' Benefit Plan (PEBP) and choose to return to the PEBP plan in every even numbered year. My interpretation of S.B. 427 is that those hired after January 1, 2010, would not be eligible for the subsidy if there was a break in coverage. They would be eligible to return to the PEBP, but they would forfeit the subsidy.

SENATOR COFFIN:

Can you point out the sections you think should be clarified?

Ms. JOHNSTONE:

Yes, I can do that. The intent of what is meant by hire date is important to the program. The PEBP counts all public service years worked to calculate subsidy eligibility. Does the January 1, 2010, hire date refer to the State of Nevada, or any public employer? For example, if someone worked for the County and City of Carson City for 18 years and after January 1, 2010, became employed for the State and worked 5 years, is their hire date before or after January 2010?

What constitutes a disability retirement for the new hires? In Section 9, dealing with local employees and their plans, disability is limited to PERS disability. In Section 10 regarding the State years-of-service eligibility, disability is more comprehensive. Section 9, in the original version of S.B. 427, states that the subsidy for retirees on the plan will be the same as what the State pays for its retirees. That has worked well. Section 11 defines a base subsidy amount and the adjustments that are made to the base amount depending upon date of hire and years of service. Subsection 4 describes the adjustments for people who are hired on or after January 1, 2010, who retire with at least 15 years of service credit. The intent appears to be that there will be no subsidy for persons who retire before attaining 15 years of service. I am not sure that is clearly stated.

SENATOR COFFIN:

The inconsistencies can be solved with technical adjustments. But, I have a fundamental disagreement with this portion of the bill. The 15-year requirement to vest at any level in the retiree health insurance seems extreme. This may be a policy issue rather than a technical issue. An individual who retires with 14 years and 11 months of service would get no subsidy. That lacks common sense. I would like us to adopt any technical changes Ms. Johnstone recommends to make it easier for the PEBP to administer the program. The proposal is to increase the years of service to qualify for the subsidy from 5 to 15. If the years of service were raised to 10 years, would it cost any more?

Ms. JOHNSTONE:

It would, but I do not know how much. Currently, the average person on PEBP has 17 years of service. I do not know how many of those individuals below the average also have fewer than 15 years of service.

SENATOR COFFIN:

There is a price that can be assigned to the difference.

MS. JOHNSTONE:

That would require a lot of assumptions. These provisions only apply to individuals hired after January 2010. It would be a minimum 10- or 15-year projection.

SENATOR COFFIN:

How do you price it now?

MS. JOHNSTONE:

We only price one year at a time. There are a lot of assumptions that go into the GASB calculations. The actuaries use the turnover history and the demographic information from PERS. It is possible, but there are a lot of assumptions that would be required.

SENATOR COFFIN:

Would it be correct to say there would be savings if the years of service were increased from five years to ten years?

MS. JOHNSTONE:

There would be a savings at ten years versus five years. It would be less of a savings than if the years of service were increased to 15.

COCHAIR HORSFORD:

Ms. Johnstone, we would like you to consult with our legal counsel on those technical areas so they can be included when the bill is processed.

BRENDA J. ERDOES (Legal Counsel, Legal Division, Legislative Counsel Bureau):

I will walk through the provisions of proposed amendment 5408 to S.B. 427 relating to collective bargaining. Section 13 adds a new section to NRS 288 requiring "any new, extended or modified collective bargaining agreement" to be approved by the governing body of the local government employer at a public hearing. It also requires the Chief Financial Officer (CFO) of the local government to provide a report on the fiscal impact of the agreement reached.

Section 14 amends NRS 288.200 to require at least 6 meetings between the parties of a local government collective bargaining dispute before they can submit the dispute to a fact finder. This also deletes the option for a dispute involving a bargaining unit of less than 30 persons to submit a dispute without going to mediation. Additionally, the local government must hold a public meeting within 45 days of receipt of a report from the fact finder to discuss the report and the overall fiscal impact of the decision. The fact finder must not be asked to discuss the decision during the meeting. After determining the financial ability of the local government to grant monetary benefits the fact finder must consider compensation of other government employees, both in-State and out-of-State. The fact finder must consider funding for the current year being negotiated and for multi-year contracts. The CFO has to report on the fiscal impact of this agreement as well.

Sections 15 and 16 amend NRS 288.215 and 288.217 respectively. The same requirements as listed in Section 14 are applied to disputes between police and firefighters and their employers and school district employees and their employers respectively.

COCHAIR MATHEWS:

Are there any questions from the Committee?

SENATOR HARDY:

Regarding the section that requires the fact finder to look at other governmental agencies, does that include State government?

MS. ERDOES:

Yes, that is the intent.

COCHAIR MATHEWS:

Ms. Erdoes, Ms. Johnstone and Ms. Bilyeu will meet to work out the technical issues in S.B. 427. We will close the hearing on S.B. 427 until they return.

We will open the hearing on S.B. 418. We heard this bill on May 13.

**SENATE BILL 418**: Temporarily suspends the requirement to transfer money from the Abandoned Property Trust Account in the State General Fund to the Millennium Scholarship Trust Fund. (BDR S-1302)

COCHAIR HORSFORD:

The provisions of S.B. 418 were adopted in another bill. As written it is not necessary, but an amendment has been requested that is germane to S.B. 418.

MICHAEL ALONSO (Representative, International Game Technology):

We have worked with the Treasurer's Office regarding unclaimed property. As Senator Horsford pointed out, A.B. 549 passed through both houses. The 74th Legislative Session passed the Model Act for Unclaimed Property which gave the Treasurer's Office the ability to audit unclaimed property. Since that time International Game Technology (IGT) has been under an audit. Between the IGT and the Treasurer's Office we have discovered some problems with the language as written in statute. Some of these problems will be addressed through regulations, but the proposed amendment to S.B. 418 ([Exhibit H](#)) reduces the statute of limitations for records of unclaimed property from ten to seven years. The Treasurer's Office has agreed to this change. Mr. Ghiggeri has the letter from the Treasurer's Office.

COCHAIR MATHEWS:

Mr. Ghiggeri, do you have a copy of that letter?

MR. GHIGGERI:

I do not have it with me.

MR. ALONSO:

The Treasurer makes two commitments: the first is to reduce the statute of limitations defined in NRS 128.680 from 10 years to 7 years; and to promulgate regulations to allow for positive confirmation of business-to-business relationships.

SENATOR COFFIN:

What does it mean? Does it affect the status of people with abandoned property?

MR. ALONSO:

What it does for a company like IGT is to bring the reporting requirements and record retention policy in line with Internal Revenue Service regulations. There is still a three-year dormancy period with respect to unclaimed property; therefore, reducing the statute of limitations to seven years means records must be maintained for ten years.

SENATOR COFFIN:

I am still trying to figure out what it means for ordinary people. What is the property or the money that is being unclaimed? Is this slot machine proceeds?

MR. ALONSO:

Many of the gaming issues are specifically excluded from unclaimed property. This would apply to a situation where an employee leaves and does not cash his final paycheck. That money is on IGT's books and IGT is required to report it. International Game Technology would also have to keep the record just in case they are audited. While it does not relieve them of the obligation to report unclaimed property within the prescribed period of time; it does shorten the period to align with record-retention policies.

SENATOR HARDY:

I am still bothered by the fact that the State's unclaimed property program does not seem to be designed to reunite people with their own unclaimed property. It is a revenue source. This amendment does not do much for the general public, but it sounds as though the regulations being considered would. I encourage all who are involved to do that in regulation. I would be inclined to return next Session and enact a statute that would achieve the goal of uniting people with their unclaimed property.

SENATOR RAGGIO:

Under Rule 23, I need to disclose that Mr. Alonso and I are members of same law firm. I will abstain from voting on this measure.

CECILIA G. COLLING (Chief of Staff, Office of the State Treasurer):

The Treasurer is in agreement with the proposed amendment to change the reporting delivery or payment period for property from ten years to seven years. We believe there is an exception in the language that will allow us to go back further if an individual has never reported their unclaimed property. The Treasurer has also agreed to work with Mr. Alonso and others to identify further revisions for the next Legislative Session. I would like to assure you all that the Treasurer's Office makes a concerted effort to return property to the rightful owners. That is the primary focus of our office. It just so happens that some of these revenues have been used to support the General Fund. However, these funds are on loan. At any time the owners come forward, they are entitled to the property regardless of when they come in and ask for it.

COCHAIR MATHEWS:

What is the statute of limitations?

MS. COLLING:

There is no statute of limitations on reclaiming your property.

COCHAIR MATHEWS:

Are there any questions from the Committee? Is there any further testimony?  
Seeing none, I will entertain a motion.

SENATOR HORSFORD MOVED TO AMEND AND DO PASS S.B. 418.

SENATOR WOODHOUSE SECONDED THE MOTION.

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

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MR. GHIGGERI:

Senate Bill 286 was referred to the Senate Committee on Finance a month ago. The Health Division indicates the fiscal note has been removed due to the amendment placed on the bill. This bill has not been heard by the Committee.

SENATE BILL 286: Establishes provisions relating to early intervention services. (BDR 40-637)

SENATOR HORSFORD MOVED TO REREFER S.B. 286 TO THE FLOOR WITH NO RECOMMENDATION.

SENATOR RHOADS SECONDED THE MOTION.

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

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MR. GHIGGERI:

For anyone who is waiting to hear testimony on S.B. 399 and S.B. 432, these bills will be heard tomorrow morning.

SENATE BILL 399: Makes an appropriation to the Interim Finance Committee to contract for a comprehensive independent study of existing taxes and their allocation among the levels of government and governmental agencies in Nevada. (BDR S-59)

SENATE BILL 432: Provides for the creation of the Nevada Stabilization and Advancement Commission to address the economic, fiscal and long-term needs of the State of Nevada. (BDR S-1321)

COCHAIR MATHEWS:

We will resume the hearing on S.B. 427.

MS. ERDOES:

I will walk through the technical changes. They will be put into the bill to be voted upon on the Senate Floor. Section 10, subsection 4(b)(2)(II) of Exhibit G, will be changed with the addition of the language "or a retirement program for professional employees offered by or through the Nevada System of Higher Education(NSHE)."

Section 11 amends NRS 287.046. In subsection 4(b), clarification would be added by inserting the words "by the State" in the sentence beginning "For persons who are initially hired ... ." The same language would be added to Section 11, subsection 4(c). The first sentence in both sections will begin "For persons who are initially hired by the State on or after January 1, 2010 ... ." Section 12 amends NRS 287.0475. Subsection (2) will be amended by removing the language "paragraph (b) or (c) of subsection 4 of ..." The sentence will now begin: "Except as otherwise provided in NRS 287.046, paying any portion of the premiums or contributions of the public employer's program or plan of insurance ... ."

Section 17 currently states, "This act becomes effective on January 1, 2010." This section will be changed with the addition of two subsections. Subsection 1 will state that "This section and Section 5 of this act become effective upon passage and approval." Subsection 2 will state "Sections 1 through 4 and 6 through 16 become effective on January 1, 2010." There are also some places in the bill where the phrase "fact finder" will be replaced with "arbitrator."

SENATOR COFFIN:

If a person works for a local government and is in the PERS and PEBP systems, and then goes to work for the State, would he have to start over?

MS. ERDOES:

If you are talking about the subsidy for health care that is in PEBP.

SENATOR COFFIN:

No, I am talking about active employees who had a reason to switch from one branch of government to another. I thought it would be a technical adjustment but have been informed it is substantive; it might be a disincentive for someone to work for the State. I believe it is in the PEBP.

MS. ERDOES:

The part that would be in the PEBP is the 15 years for subsidy.

SENATOR HARDY:

That is not a benefit that is available to employees of local governments or some other participants in the PEBP. They would not be eligible for the subsidy until they became State employees. The employee would not be starting over; it would be a new benefit of State employment.

SENATOR COFFIN:

Would a person who has worked for a county or city and is currently vested in the retirement plan, be eligible at all?

SENATOR HARDY:

No.

SENATOR COFFIN:

Are some of those local governments in the PEBP?

SENATOR HARDY:

Yes, but they are not eligible for the health-care subsidy.

MS. JOHNSTONE:

Someone who works for a local jurisdiction and has vested in PERS, and then comes to PEBP would be eligible for the benefits offered through PEBP. However, they would not be eligible for the subsidy unless they worked 15 years for the State.

SENATOR COFFIN:

That is a substantial problem.

MS. JOHNSTONE:

I am sorry, I think I misspoke. If they worked for a local jurisdiction and then came to work for the State after January 1, 2010, and retired with at least 15 years of service, they would receive a subsidy. The 15 years would include the time worked for the local jurisdiction, but the State would only pay the portion of the subsidy corresponding to the time worked for the State. The supporting language is in Section 11 subsection 4(b) of [Exhibit G](#): "For persons who are initially hired on or after January 1, 2010, and who retire with at least 15 years of service credit, which must include state service and may include local governmental service ..." are eligible for the subsidy.

COCHAIR MATHEWS:

Are there any other questions from the Committee?

SENATOR HARDY:

The crafting of this bill has been very hard work. I will indicate for the record that Mr. Hill, who is a member of my Board of Directors, worked on this bill. However, I will participate in the vote.

SENATOR HARDY MOVED TO AMEND S.B. 427 WITH PROPOSED AMENDMENT 5408 AND THE TECHNICAL ADJUSTMENTS AS DETAILED BY MS. ERDOES.

SENATOR RAGGIO SECONDED THE MOTION.

SENATOR COFFIN:

There are more than two parties, not just business groups and legislators. I am concerned about what I perceive as inflexibility to go along with changes. One of the parties left out is the NSHE. They have repeatedly stated that the 15-year requirement to qualify for the health-care subsidy is bad for them. There are sound accounting principles applied here that will benefit the State. Elimination of the unfunded liability is a necessity. There has been a rush in closing this deal to make everyone the same, but not everyone is the same. I support 90 percent of this bill. The universities try to hire people of all ages, seasoned professionals in their 40s and 50s, who are crucial to the development of world-class academic programs. While the NSHE may not be able to offer the same salary levels as other systems of higher education, there has been the benefit of a five-year vesting period for the health-care subsidy. In the process of compromise and negotiation, the subsidy has been saved from elimination but the years of service have been increased to 15. While that may be fine for all other branches of the government, it is not enough for the university. It is a strategic mistake. This is not a public policy I can support. I cannot support this as it is written.



SENATOR COFFIN MOVED TO AMEND S.B. 427 BY CHANGING THE YEARS OF SERVICE REQUIRED FOR THE HEALTH-CARE SUBSIDY FROM 15 TO 10 FOR THE NSHE.

THE MOTION FAILED FOR LACK OF A SECOND.

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SENATOR HARDY:

I appreciate Senator Coffin's comments. That might be an issue recruiting within the State; it will not be a question outside of the State because the health-care subsidy is not offered in any other state. Every single meeting and negotiation I was involved with was full of public employee representatives. People have the right to petition their government. I am confident what we have done is in the best interests of the people of Nevada in the long term. This solution was not easy. It is a good compromise. It protects the system long-term and protects current employees.

COCHAIR MATHEWS:

The Spending and Government Efficiency (SAGE) Commission had some impact on the reform of the PERS and the PEBP. For the record, several members of the SAGE Commission are retired military. They are the people recommending the reduction of benefits and the increase in years of service eligibility for retirement. They are also recipients of full health insurance coverage and full retirement benefits after 20 years of service. Sometimes the people who want you to accept less are not willing to accept less themselves.

COCHAIR HORSFORD:

I will support the motion, and I support S.B. 427. I would like to add some context for my support. We have inherited a number of issues this Session, including the PERS and PEBP. The provisions in this bill are a major shift for new employees going forward. It is important to say thank you to those people who choose to serve State and local governments through their public employment. There has been some denigration of the role of the public sector employee in this debate. That is an unfortunate result. All public employees deserve our thanks. They provide education, case management, services to keep our communities clean and every other type of service necessary to run our local and State governments. They deserve respect for and dignity in that work.

I have learned a lot through the deliberation that has occurred. I would like to thank the administrators of these programs, Ms. Bilyeu with PERS and Ms. Johnstone with PEBP. We have a good system. The PERS is prefunded at a strong level. Compared to private-sector retirement programs it works. The changes we are making are improvements that will help support it into the future. It is important the systems are secure for future generations. We protected the program for active employees and current retirees. For new employees, there is a major shift. We will have to be creative to continue to attract and inspire our young people to choose public service, but the provisions in S.B. 427 ensure these systems will continue to exist even if the benefit levels are decreased or adjusted.

SENATOR RAGGIO:

I also want to thank everyone who was involved in creating this compromise regarding the PERS and the PEBP systems over the period of this Legislative

Session. I agree with the statements of my colleagues about the service of public employees in this State. I respect the dedication and pride of the public servants of our State; we are all fortunate to have such fine public employees. Nevada is 50th in the country for public employees per capita. Our public servants are first-rate. Even though changes are being made, we are protecting the privileges and rights of the active employees and current retirees regarding health benefits and retirement. The Nevada PERS is probably the best retirement system in the nation, and the health-care subsidy the State offers is one of the few available in the country. New employees will know what the changes are; these are therapeutic rather than punitive changes. I assure you of our dedication to ensuring these programs are financially sound as well as rewarding.

SENATOR COFFIN:

There have been discussions in previous meetings about some of the benefit changes for active employees. I do not see the expiration dates for any of these temporary changes. Ms. Erdoes, is there anything of a temporary nature in this bill?

MS. ERDOES:

The changes encompassed by this bill only apply to employees who are hired after January 1, 2010. There is nothing that goes away.

SENATOR COFFIN:

I was thinking of the removal of the benefit for neurotherapy and psychotherapy and other benefits as well as the increase in the deductible.

MS. JOHNSTONE:

Those changes were made by the PEBP Board to match the funding available from the State. We make plan design changes in accordance with changing circumstances. They are not in statute. They are subject to the PEBP Board determination each year.

SENATOR COFFIN:

We are putting it in transitory language that will become part of the Session Law which will become, for two years, part of the statutes.

MS. JOHNSTONE:

I do not interpret that as part of the requirement of the PEBP Board.

SENATOR COFFIN:

What is Section 1 about then?

COCHAIR MATHEWS:

There is nothing temporary about that language as I understand it.

MS. JOHNSTONE:

At this point, the plan can modify its design so long as it lives within the funding provided by the State.

SENATOR COFFIN:

The funding we have provided will prevent the PEBP from changing the benefit.

MS. ERDOES:

There may be some misunderstanding of Section 1. Basically, Section 1 is a declaration explaining the changes the PEBP Board made to the plan as a result of the current economic conditions. Those could be changed in the future. They are listed here for your benefit.

SENATOR COFFIN:

I endorse the changes in the retirement plan, but there is nothing to be proud of in the reduction of health-care benefits.

COCHAIR MATHEWS:

Before we take a vote on the motion, Ms. Erdoes has one more technical adjustment to share with us.

MS. ERDOES:

Subsection 4 of section 7 will be changed to include the following language at the end of the first sentence: "based on a 60 month period that commences 24 months immediately preceding the 36 consecutive months of highest compensation." This fixes the five-year period for anti-spiking to the highest three years of compensation.

COCHAIR MATHEWS:

Are there any questions from the Committee? Do the maker of the motion and the second agree to include that in the motion?

SENATOR HARDY:

Yes.

SENATOR RAGGIO:

Yes.

SENATOR WOODHOUSE:

In light of disclosure, I am a retiree within the PERS. I am not a member of PEBP. I served as a Board member of PERS for 16 years. It has been difficult to see some of the benefits we worked to bring to the public employees changed, but, under the current circumstances they were necessary. I too concur with my colleagues in expressing appreciation for the value of public employees. This State would not exist without its public employees.

SENATOR RAGGIO:

I am a retiree under PERS and I pay into the PEBP. I do not think either of these precludes me from voting on this measure.

SENATOR COFFIN:

I am married to the best teacher in the University system. She is fairly compensated for her efforts. She subscribes to a defined contribution plan; she is not a member of the PERS. We are covered under the health insurance plan.

COCHAIR HORSFORD:

I would also like to disclose my wife is an employee of the NSHE but she does not participate in either the PERS or the PEBP program.

COCHAIR MATHEWS:

I am a retired public employee. I will call for the vote.

THE MOTION CARRIED. (SENATOR COFFIN VOTED NO.)

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COCHAIR MATHEWS:  
As there is no further business to come before this Committee, we will adjourn this meeting at 6:18 p.m.

RESPECTFULLY SUBMITTED:

\_\_\_\_\_  
Patricia O'Flinn,  
Committee Secretary

APPROVED BY:

\_\_\_\_\_  
Senator Bernice Mathews, Cochair

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