

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-fifth Session  
March 16, 2009**

The Senate Committee on Finance was called to order by Cochair Bernice Mathews at 8:08 a.m. on Monday, March 16, 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

**STAFF MEMBERS PRESENT:**

Brian Burke, Principal Deputy Fiscal Analyst  
Gary L. Ghiggeri, Senate Fiscal Analyst  
Lynn Hendricks, Committee Secretary

**OTHERS PRESENT:**

Andrew Clinger, Director, Department of Administration  
Tina Burke, Office Manager, Office of the Governor  
Howard Skolnik, Director, Department of Corrections  
Edgar J. Roberts, Director, Department of Motor Vehicles  
Debbie Wilson, Management Analyst, Research and Development Division,  
Department of Motor Vehicles  
Izzy Hernandez, Real ID Project Manager, Department of Motor Vehicles  
Dennis Colling, Chief of Administration, Administrative Services Division,  
Department of Motor Vehicles  
Lynn Chapman, Nevada Families  
David Schumann, Independent American Party  
Janine Hansen, Nevada Eagle Forum  
Rebecca Gasca, Public Advocate, American Civil Liberties Union of Nevada  
Crystal Jackson, Commission Secretary, Public Utilities Commission of Nevada  
Jo Ann Kelly, Chairman, Public Utilities Commission of Nevada  
Kirby Lampley, Director of Regulatory Operations, Public Utilities Commission of  
Nevada  
Joe Johnson, Sierra Club, Toiyabe Chapter  
Kyle Davis, Nevada Conservation League  
Allen Biaggi, Director, Department of Conservation and Natural Resources  
David E. Pulliam, Jr., Administrator, Division of Habitat, Nevada Department of  
Wildlife

GARY L. GHIGGERI (Senate Fiscal Analyst, Fiscal Analysis Division, Legislative  
Counsel Bureau):  
I have distributed a status report for the Committee ([Exhibit C](#)).

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COCHAIR MATHEWS:

I will open the Work Session on Senate Bill (S.B.) 41.

**SENATE BILL 41**: Makes various changes to provisions relating to public retirement systems. (BDR 23-308)

MR. GHIGGERI:

This bill is technical legislation recommended by the Public Employees' Retirement System (PERS). Section 1 is designed to assist participating public employees in providing timely information to the board. It also removes permissive language for liaison between the board and the agencies and instead makes it mandatory. It further clarifies the System is not responsible for inaccurate or misleading information provided by an officer or employee of a participating public agency.

The bill also revises a method of calculating the penalty for unpaid balances due from an employer based on payroll reports not being filed in a timely manner or being filed with inaccurate information. Currently, the penalty cannot be assessed until the report is filed with the System. The revision would allow the System to assess a penalty, prior to receipt of the delinquent report, using the most recent reported information. Finally, the bill amends the statutes governing the judicial retirement system to clarify the procedure for justices of the peace and municipal court judges to elect a transfer from the PERS to the judicial retirement system.

SENATOR COFFIN MOVED TO DO PASS S.B. 41.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION PASSED. (SENATOR HARDY WAS ABSENT FOR THE VOTE.)

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COCHAIR MATHEWS:

I will open the Work Session on S.B. 30.

**SENATE BILL 30**: Revises provisions governing the publication of the quarterly list of expenditures of school districts. (BDR 34-425)

MR. GHIGGERI:

I am distributing a memo ([Exhibit D](#)) answering some questions about S.B. 30 raised at the Committee hearing on March 2. As you can see, annual costs incurred by the school districts for publication of financial information in newspapers range from \$240 for Storey County to approximately \$3,300 for Clark County. This bill removes the requirement that this information be published in the newspaper.

COCHAIR MATHEWS:

It is a nominal fee, and there are people who can only get this information in the newspaper. I do not think it is a budget buster.

SENATOR COFFIN:

I do not support this bill. There is a difference between this kind of publishing and the publishing that has been forced on local governments by the Legislature. This is reasonable, and it is not something local governments are mandated to spend a fortune for. It is informative. School districts should post all the information they can on the Internet, not just the minimum based on the law.

COCHAIR MATHEWS:

We will hold the bill to give the school districts time to produce an amendment if they wish. We will move to the budget for the Office of the Governor.

#### ELECTED OFFICIALS

Office of the Governor – Budget Page ELECTED-1 (Volume I)  
Budget Account 101-1000

ANDREW CLINGER (Director, Department of Administration):

The Base Budget continues funding for 22.5 positions within the Office of the Governor. There are only two other decision units in this budget to speak of: E-710, replacement equipment, \$192 a year to fund antivirus software; and E-900, transferring office space from the Governor's Office to the High Level Nuclear Projects Office budget.

E-710 Replacement Equipment – Page ELECTED-4

E-900 Trans Ofc Space from Governor's Of to Nuclear Proj – Page ELECTED-5

COCHAIR MATHEWS:

Does this include the positions staffing the Office of the Governor?

MR. CLINGER:

Yes. We gave your staff a schedule showing the salaries for all the positions in the Office of the Governor over the biennium.

COCHAIR MATHEWS:

It looks to me as if the salary for the Legislative Director will decrease in 2010. Is that right?

MR. CLINGER:

This is the same 6-percent pay cut every State employee is receiving.

COCHAIR MATHEWS:

Why then is the communications director's salary increasing by 28 percent in the same period? It seems to go from \$74,256 a year to \$103,770 a year.

MR. CLINGER:

This position turned over in the biennium, and it was filled at the higher level. As you know, under *Nevada Revised Statutes* (NRS) 223.085, the Office of the Governor has the authority to adjust the salaries of his staff as long as the Office does not exceed the total budget for salaries.

COCHAIR MATHEWS:

I am not questioning whether he has the authority to do it. However, he is asking every other division to reduce and bring employees in at the lowest

salary, and then he brings in a brand-new employee and starts them at 28.5 percent higher than their predecessor. I do not know how it looks to every other State employee, but it does not look good to me.

MR. CLINGER:

This person was hired in the middle of the biennium, so they were brought in at the higher level. That higher level carries over into fiscal year (FY) 2010-2011. It was not a vacant position where we decided to increase the salary.

COCHAIR MATHEWS:

Did the person who had the position before make \$103,000 a year?

MR. CLINGER:

Yes, currently.

COCHAIR MATHEWS:

The current person makes \$103,000. How much did the two or three people who held this position previously make?

MR. CLINGER:

I am not sure what the history of the salaries is. The person who was hired most recently was brought in at the higher level, and the salary was carried forward into FY 2010-2011.

COCHAIR MATHEWS:

How can we justify that when we are asking everyone else to take a cut?

TINA BURKE (Office Manager, Office of the Governor):

This was originally two positions, communications director and press secretary. When one of them left, the two positions were combined into one, director of communications/press secretary.

COCHAIR HORSFORD:

Please walk us through this again. You are saying this was a position previously funded at \$74,256, the budget approved by the Legislature for that salary amount. Now it is increased to \$103,770. We are trying to understand the justification for bringing that position in at that amount at this time.

MR. CLINGER:

What Ms. Burke is saying is this is basically two positions combined into one. They took the salary from the two positions and combined it into one, given that the director of communications would have a higher level of responsibility than previously approved by the Legislature.

COCHAIR MATHEWS:

Is one person able to do all the work?

MS. BURKE:

Yes.

SENATOR RAGGIO:

We need to remember that during the administration of Governor Kenny Guinn, we gave the Office of the Governor the flexibility to determine salaries within

the overall sum we appropriate for those budgets. By statute, we do not micromanage the salaries of the individuals within those offices.

COCHAIR MATHEWS:

As I said, I understand that the Governor has the authority to do this. My concern was that he seemed to be asking everyone else to do something different. There are other increases that catch my eye here: an increase of 12.1 percent for the assistant to counsel and an increase of 13.5 percent for the legislative assistant, Boards and Commissions. When everyone else is being asked to bite the bullet and three or four positions in this budget have been increased significantly, it jumps out at you.

MR. CLINGER:

I would point out that while some salaries have increased, some of the positions approved by the Legislature have been zeroed out. We are assuming more responsibilities with less positions.

COCHAIR HORSFORD:

Can you explain the function and purpose of the Minority Outreach position?

MS. BURKE:

This person communicates with minority groups in the community. She represents everyone within the constituency and does a lot of outreach, going to meetings and luncheons that the Governor cannot attend. She also helps with Legislative issues and provides backup for the front desk.

COCHAIR HORSFORD:

How does that compare with the functions of the Nevada Commission on Minority Affairs or the Ombudsman for Consumer Affairs for Minorities? Is this a duplication of function?

MS. BURKE:

I will get back to you on that.

MR. CLINGER:

Next, we have the budget for maintenance of the Governor's Mansion.

Governor's Mansion Maintenance – Budget Page ELECTED-7 (Volume I)  
Budget Account 101-1001

There are no decision units to speak of in this account. The account continues funding for 3.51 positions.

COCHAIR MATHEWS:

Who travels out of this budget? I notice there are budgets for both Out-Of-State Travel and In-State Travel.

MR. CLINGER:

This is primarily for the First Lady.

SENATOR COFFIN:

How often is the mansion occupied? Is anyone living there now?

MR. CLINGER:

As far as I know, it is occupied right now. It is the Governor's primary residence, and I believe the First Lady lives there. I am not the one to speak to about the living arrangements.

COCHAIR MATHEWS:

This is not unusual. A number of governors' mansions are not used as residences. I note Capital Improvement Project 09-M16 provides for upgrade of the security system in the amount of \$485,839. Can you tell us what these upgrades entail?

MR. CLINGER:

I am not an expert in the security system. I will get the details on that and get back to you.

COCHAIR MATHEWS:

Do they have security now?

MR. CLINGER:

Yes. There is an officer stationed at the mansion, and they have monitoring systems.

SENATOR COFFIN:

I need a breakdown of the \$500,000 in Capital Improvement Project 09-M16. Is there a schedule?

MR. GHIGGERI:

That information is included in your Capital Improvement Project (CIP) binder. That particular project will be reviewed by the CIP subcommittee on April 23.

SENATOR COFFIN:

We generally designate a member of the Committee to go see what the mansion needs, particularly in maintenance.

COCHAIR MATHEWS:

Someone will be appointed to do that.

COCHAIR HORSFORD:

Mr. Clinger, could you give us an update on whether the Governor will pursue a waiver for the stimulus package?

MR. CLINGER:

I believe we are going to apply for the waiver. One of the concerns we have is the ability to meet the Maintenance of Effort (MOE) requirements. Initially, we thought there would be enough funding freed up from the additional Medicaid dollars, but it does not appear there will be enough to meet the MOE requirements.

COCHAIR MATHEWS:

I will open the hearing on S.B. 44.

**SENATE BILL 44**: Designates certain employees of the Department of Corrections as category II peace officers. (BDR 23-304)

HOWARD SKOLNIK (Director, Department of Corrections):

This bill takes our inspector general's office investigators from category III to a category II peace officer status. There are 30 additional courses, roughly 2 weeks of additional training, required for category II. The head of our training division is certified in those courses, and we have spoken with Peace Officers' Standards and Training officials about having a two-year window to provide the training to existing staff. We intend to get our classes certified internally to our own academies, so there should be no additional cost to the Department of Corrections.

SENATOR RAGGIO:

How many people need this training?

MR. SKOLNIK:

I believe 13 of our people need the additional training.

COCHAIR MATHEWS:

Do I hear a motion on S.B. 44?

SENATOR HORSFORD MOVED TO DO PASS S.B. 44.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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COCHAIR MATHEWS:

I will open the hearing on S.B. 52.

**SENATE BILL 52**: Revises provisions relating to drivers' licenses and identification cards to facilitate implementation of the federal the Real ID Act of 2005. (BDR 43-391)

EDGAR J. ROBERTS (Director, Department of Motor Vehicles):

This bill gives the Department of Motor Vehicles (DMV) the authority to carry out the provisions of the Real ID Act of 2005.

DEBBIE WILSON (Management Analyst, Research and Development Division, Department of Motor Vehicles):

I have written testimony explaining the need for S.B. 52 and describing what it does and does not do ([Exhibit E](#)).

COCHAIR HORSFORD:

What does the Real ID Act require that we do not currently do? Where are we in compliance and not in compliance?

MS. WILSON:

We have that information at my office, but I do not have it with me. There are 18 requirements that must be met by the end of the year. We are currently in compliance with eight of them, in the technical-development phase of four and in the process of implementing the remainder through procedure. We are in good shape. It is just a matter of finishing up those requirements to meet the deadline of December 31, 2009.

COCHAIR MATHEWS:

What kind of fiscal shape are you in? Do you have enough money?

Ms. WILSON:

We are much better off than we have been in the past. The overall budget for the Real ID Act is just over \$5.1 million. We have received \$2.9 million in federal grants to date with a third grant application in progress. We are waiting for word on that, but we do not expect to receive it until September 30, 2009. The *Executive Budget* amount for this account is \$1.5 million, and that amount will allow us to fully reach complete compliance with the Real ID Act over the biennium.

COCHAIR MATHEWS:

I want to remind everyone we are not here to discuss policy. We will only be considering the bill's fiscal impact.

COCHAIR HORSFORD:

You said the *Executive Budget* gives this program \$1.5 million. How much is the grant you are applying for? Will it fund your need?

Ms. WILSON:

We have applied for all allowable funding under this grant application. There are some items not allowed under the grant rules. Based on information from the Federal Emergency Management Agency (FEMA), we should get at least \$750,000 if we meet the requirements of the grant. We could get less or more than that. Until the award is received, we will not know the amount.

COCHAIR HORSFORD:

Is that the only other funding source available? Have you exhausted all other avenues?

Ms. WILSON:

Yes. This is the only grant available for us to pursue for this purpose.

COCHAIR HORSFORD:

That means the Real ID Act is an unfunded mandate in the sense it is not fully funded.

Ms. WILSON:

It is not fully funded by the federal government, no. However, they have provided large sums of money to the states for this purpose. As I said, we have already been awarded \$2.9 million to date, roughly 60 percent of our overall budget for this project.

COCHAIR HORSFORD:

What do you need the money for? Are we sure you need to spend it all? It is problematic because we do not have this money. We are being asked to meet a federal requirement, and before I would support it, I need to know where the money is going to come from to pay for this. What does the \$5.1 million budget include, and are we sure you need all of that?



MS. WILSON:

That is for public education about the Real ID Act. We need to transition some of our processes from a photo-last to a photo-first process. Extensive computer programming needs to be done to meet some of these requirements.

IZZY HERNANDEZ (Real ID Project Manager, Department of Motor Vehicles):

We will also be making changes in process and customer flow. The extensive information technology changes include linking to the different agencies to verify documents. The amount we are requesting will cover all of that over the biennium.

COCHAIR HORSFORD:

Please provide a breakdown of the \$1.5 million, including where it will be applied and what your priorities are. We need to know what is actually needed based on the federal requirements versus what you think would help support the process.

MR. ROBERTS:

We anticipate we will receive the money from the grant, but it is never guaranteed. To continue the project and move it forward from July 2009 to January 2010, until we are assured of some amount of money from the grant, we need \$506,000.

COCHAIR HORSFORD:

Are you talking about the \$750,000 from FEMA or from the other funding source?

MR. HERNANDEZ:

We expect to have an award letter some time in September, and we would not be able to bring that money in until January. The \$506,000 is what we need to continue moving forward from July 1, 2009, through January 2010.

SENATOR HARDY:

As I understand it, we have received \$2.9 million in federal grants to date. Has that been spent on implementation so far?

MS. WILSON:

Part of it has been expended, yes. Those grants are good for a three-year period, so those grant monies will take us through the life of the project.

SENATOR HARDY:

If we do not fully implement the Real ID program, are we mandated to return that money?

MS. WILSON:

No.

SENATOR RAGGIO:

This bill represents a situation in which we must comply. If we do not, our citizens who want to travel will not have the documents they need. I do not think we have a choice on the policy. Beyond that, I want to commend the DMV for their efforts on this overall project. When the Real ID Act was first presented to us, we were told the price tag was going to be around \$30 million. You have done a tremendous job getting us to the point where we are looking

at a substantially lower amount. We are now looking at full implementation, and we did not think it possible a few years ago.

COCHAIR MATHEWS:

How many states will not be in compliance with the Real ID Act?

DENNIS COLLING (Chief of Administration, Administrative Services Division, Department of Motor Vehicles):

I am informed 11 states will not be in compliance. Of the 55 states and territories that applied for grants for this, Nevada ranks seventh in the dollar amount of money received. We have probably received more than our fair share.

For the upcoming biennium, \$1.5 million is what it will cost to bring us into full compliance. Of that amount, we request \$500,000 be made available to the DMV as of July 1, 2009, so we can continue implementation until we know how much money we will be receiving in the grant. The remaining \$1 million could be put in reserve. If you do not wish to encumber it, you could give us access through the Interim Finance Committee (IFC) to the Highway Fund to ask for that money. We will know how much we will be receiving in late September.

SENATOR COFFIN:

I have received a lot of e-mails opposing this bill. The Real ID Act was first proposed as an aid to national security. What will it do to preserve national security? I realize there is a potential for privacy intrusion, but to what degree? Will the Real ID Act help us defend our country against people who assume false identification to attack us? Will it help us identify people who should not be in the country at the borders and within the borders?

MS. WILSON:

The requirements of the Real ID Act set strict standards for security and privacy. Section 37.41 of the Real ID Act identifies certain security and privacy standards the states must meet. It does not create a national database of information that can be accessed by the federal government. In fact, it actually makes that information much more private. We have to ensure we have certain security measures, even for our staff, to get into that information. Additionally, we have to verify with the issuing agencies that the documents are valid and were actually issued by them. We will verify every piece of immigration document with the U.S. Department of Homeland Security (DHS) to ensure it was issued by them. We will be taking big steps to make sure the person to whom we issue the document is who they say they are. We will verify birth certificates and social security numbers. We will be looking for evidence of identity theft and fraud, and this will help tighten the security standards.

MR. ROBERTS:

On February 26, 2009, the Federal Trade Commission released a list of top consumer complaints received by the agency in 2008. The list showed identity theft was the number one consumer complaint for the ninth year in a row. A more secure driver's license is in Nevada's best interests.

SENATOR COFFIN:

What about undocumented individuals? I am not worried so much about illegal immigration as I am about those who would illegally enter the country to engage in criminal activity. We are on the edge of a horrible drug war, and it is coming

to Nevada. Will the Real ID Act do anything to help us stop those kinds of people?

MS. WILSON:

I cannot speak to what the U.S. Citizenship and Immigration Services is doing on the country's borders. What we have been tasked to do is comply with the requirements of the Real ID Act which provides for a much more secure driver's license. We do not knowingly issue driver's licenses to illegal immigrants, and this will tighten that even more. The documentation we currently require for a standard Nevada driver's license to prove identity and date of birth for someone born outside of the United States is the same documentation required by the Real ID Act. This means that although we are not technically a lawful presence state right now, by policy we have been, just by the documentation we require. We have taken great steps to ensure that process.

SENATOR COFFIN:

Two of the states on our borders, Arizona and Idaho, will not be complying with the Real ID Act. Will we not inherit their bad security by accepting their drivers' licenses?

MS. WILSON:

No. We have not accepted other states' licenses at face value for nearly three years because their standards are far less stringent than ours, and we wanted to ensure we were issuing a secure card. We have always required additional documentation, such as a birth certificate, a passport or a military ID, to evidence name and date of birth.

SENATOR COFFIN:

The only problem, then, is the fact that if we do not comply with the Real ID Act, our citizens will not be able to travel after the end of this year unless they use a passport.

MS. WILSON:

The Real ID does not take the place of a passport. What it will do is allow a Nevada citizen to get on a commercially regulated aircraft without having to present a passport or other acceptable documentation. The Real ID is not required; we are giving Nevadans the option as to whether they want a Real ID driver's license or the standard license we currently issue. If someone does not want to meet those requirements, they have the option to spend \$115 to get a U.S. passport to board an aircraft.

SENATOR RHOADS:

What ongoing costs are involved in this?

MS. WILSON:

There will be an ongoing cost because we must electronically verify documents with federal agencies. We are estimating an annual cost of about \$75,000 a year.

SENATOR HORSFORD:

If individual participation is optional, does that not negate the State's compliance?

MS. WILSON:

No. We will give people the option to have a driver's license or identification card that complies with the Real ID Act to be used for what the Real ID Act calls "official federal purposes." At this point, that includes boarding a commercial aircraft, entering federal facilities and entering nuclear power plants. If you have a passport or military ID and you do not wish to upgrade to a Real ID-compliant license, you have that option. Many people choose to travel with a passport regardless of their other ID. It is the citizen's choice as to whether they want to get a Real ID or not. We do not wish to force it down their throats.

SENATOR HORSFORD:

If that is the case, why do we need this? What additional benefits does the Real ID Act offer?

MR. HERNANDEZ:

One of the things the Real ID Act does is provide the DMV a secure way to identify the people we issue driver's licenses to. An applicant will present documents to us; we will verify them to make sure they were actually issued by the appropriate agency. When we issue a Real ID card, it will mean the documents have been vetted. It will also allow people who fly to continue to use their driver's license to board an aircraft instead of having to acquire and carry a passport. If we do not implement the Real ID Act, citizens who fly will be forced to acquire a passport. Because it costs \$115 to get a passport, this will cost Nevada citizens approximately \$188 million. By contrast, a Real ID driver's license will cost each person \$22.

COCHAIR MATHEWS:

If you work in a federal facility, will you need a Real ID or passport to enter?

MS. WILSON:

The rule states a Real ID-compliant driver's license will be needed to enter federal facilities and nuclear power plants.

LYNN CHAPMAN (Nevada Families):

I am opposed to S.B. 52. The Real ID Act imposes an enormous administrative burden on the State. They would have to copy, store and verify as many as four different documents on each driver's license. The DMV would also have to change the composition of the license. If the DHS changes its mind and wants something else done, the cost will increase again. Identity theft is a massive cost to the individual who is a victim. In the United Kingdom, records of 25 million people were lost in a transfer from one governmental department to another. Government is not foolproof. No matter what protections we take, people are still able to steal identities, computers are hacked and information is lost. I would also like to note that people in the 11 states not participating in the Real ID Act have received exemptions from the DHS.

DAVID SCHUMANN (Independent American Party):

We are opposed to this bill. The Real ID Act is an unfunded mandate. The U.S. Constitution does not give the federal government the right to tell the states what should be on their driver's licenses. The addition of the social security number to the database is ridiculous. You do not need a social security number to drive a car. We are going down a slippery slope that will end with a radio frequency identification (RFID) chip on the driver's license. It is all for

nothing because al-Qaeda has the resources to print fake IDs. We should stick with the 11 states who have rejected the Real ID Act. I am sure the airlines will still fly to Phoenix, and people in Phoenix will still board airplanes. The airlines are not going to get themselves into a situation where they are giving up the right to take passengers in 11 states.

JANINE HANSEN (Nevada Eagle Forum):

We are opposed to this bill. I have written testimony explaining my opposition to the Real ID Act and S.B. 52 ([Exhibit F](#)). We ask you: is a federal database just linked to the states not indeed a de facto national ID card? It is just a matter of semantics. It violates our privacy. I do not think the Real ID Act will stop terrorists at the border. I am willing to get a passport to fly on a plane, but I am not willing to participate in the Real ID Act. It is going to be a huge expense in terms of money, liberty and surrendering our rights as Americans. According to Governor Mark Sanford of South Carolina, the grants from the federal government are being taken from funds that would have been used to fight terrorism. Is that a good trade-off? South Carolina has now implemented 90 percent of the safety requirements of the Real ID Act, but the state voted not to participate. We hope you will not force this unfunded mandate on us.

I would like to know what has changed since 2007 to change the cost of implementation from \$30 million to \$5 million. Apparently, there are some hidden costs we may not be hearing about from the DMV.

MR. ROBERTS:

Since 2007, the Real ID Act has been revised and Nevada has looked at other ways of funding implementation through grants.

MS. WILSON:

The \$30 million figure was based on rules that were not final. The final rules gave the State flexibility. Our overall budget for implementation now is \$5.1 million. We have received \$2.9 million in grants and received \$800,000 via the IFC process. Our current budget for full implementation is \$1.5 million, and we are expecting to receive another grant after the close of the Legislative Session to further reduce that amount.

COCHAIR MATHEWS:

I notice the current driver's license has changed. Has the cost to obtain a regular driver's license increased?

MS. WILSON:

The DMV initiated what they call a central-issuance driver's license process between October 2008 and January 2009. It increased the security features from 5 on the old card to 15 on the new card. The cost increased by 75 cents. We do not anticipate the cost of the card increasing with the Real ID Act.

COCHAIR MATHEWS:

When the Real ID-compliant card comes in, the card will be the same but with more information in the database. Is that correct?

MS. WILSON:

No. The card will be the same, and there will be no additional information stored in the DMV application. The information we collect today is the same information required by the Real ID Act. We are not expanding that information.

We are simply verifying more of that information. If you want to upgrade to a Real ID-compliant driver's license, you will need to bring in the appropriate documents one time. Those documents are not required at every renewal.

MR. ROBERTS:

There are no exemptions to the Real ID Act. States like Montana that have refused to implement the Real ID Act have been granted extensions to give them until January 1, 2010, to comply.

COCHAIR MATHEWS:

How long was the extension?

MS. WILSON:

The original implementation date was May 2008. Because the rules did not come out until recently, all the states were given an extension to implement the requirements. They had to meet a certain number of the requirements by December 31, 2009, and the remainder by May 2011. There are no exemptions granted to the Real ID Act.

SENATOR RAGGIO:

I appreciate that information. I am concerned about misinformation being provided to this Committee. No exemptions have been granted to Montana or South Carolina or any other state, but those states have been granted extensions. The law still requires the Real ID Act to be implemented if these states' driver's licenses are going to be acceptable for the purposes you indicated. Is that correct?

MS. WILSON:

That is correct. There are two extensions. The first extension gives the states till the end of 2009 to reach material compliance, and that covers the first 18 requirements. When they meet the first 18 requirements, they can apply for a second extension to have until May 2011 to reach full compliance.

REBECCA GASCA (Public Advocate, American Civil Liberties Union of Nevada):

We are opposed to S.B. 52. I have written testimony ([Exhibit G](#)) listing the myriad reasons why the Real ID Act should not be implemented in Nevada, and they include its substantial fiscal burden, privacy concerns and the Legislature's opposition to this unfunded federal mandate.

More than any other bill you may hear, this bill is inextricably linked to policy decisions. Eleven states, including Washington, Idaho, Montana, Arizona, Alaska, Oklahoma, Louisiana, Georgia, New Hampshire and Maine, have passed laws prohibiting them from coming into compliance with the Real ID Act. It is therefore irrelevant whether the federal government has granted them extensions or not. In Arizona, the governor who signed the bill into law was Janet Napolitano, and she now serves as the Secretary of the DHS. On March 3, 2009, she was quoted as saying her office is currently in a working group with the National Governors Association to address the Real ID Act. She said they are looking at the fiscal impact of the Real ID Act and stated: "I would expect that over the course of the spring, we will be rolling something out." This implies changes in the statute and the federal guidelines for implementation. If Nevada passes S.B. 52, we will be one of the only states that has made laws to come into compliance with the Real ID Act. When the federal guidelines change later in the year, we will have laws mandating federal

guidelines that are no longer applicable. Two years is a long time for Nevada to be implementing guidelines that no longer apply.

COCHAIR MATHEWS:

Are you saying it will cost us additional money to redo whatever we do?

Ms. GASCA:

Certainly. If we go forward and implement the Real ID Act as proposed, and then in September 2009 they change it all around, all the money we have spent and all the DMV's efforts will have been for naught.

SENATOR RAGGIO:

Why do you think they will change the Real ID Act if 38 states are already in compliance and we are that close to compliance? Those states are in compliance, and the heavens have not fallen and privacy has not disappeared in those states. Since the bill makes the Real ID Act an individual option, why does your organization feel we should not make this effort? Incidentally, the cost is not \$30 million; we now know the cost is far less than that.

Ms. GASCA:

From what I understand, those 38 states are not in compliance. Eleven states have prohibited themselves from coming into compliance.

SENATOR RAGGIO:

What did they do in those states? How can they prohibit themselves from complying? If the Real ID law is not changed, their driver's licenses are not going to be acceptable. Their citizens will have to apply for passports or use some other document for those federal purposes. Is that not the result?

Ms. GASCA:

The 9 other states, besides the 11 that have passed laws prohibiting them from coming into compliance, have passed resolutions either denouncing the Real ID Act or encouraging Congress to repeal the Real ID Act completely. Nevada was one of those. In 7 other states, there is legislation pending either denouncing the Real ID Act or prohibiting additional states from coming into compliance.

With regard to the cost issue, I understand the costs were not clear in 2007. There had been no exception given to those individuals who might want to use a passport to travel from state to state. However, there are some hidden ongoing costs that have not been mentioned today in the area of data storage. The federal government has not yet provided any guidelines on how the data is to be stored and shared. They have basically said the states will decide what to do. They also said it would be the American Association of Motor Vehicle Administrators who would operate the database. This is a private association with no accountability. It is not bound by the Privacy Act applying to federal agencies or by the Driver's Privacy Protection Act of 1994. Those are additional administrative costs that have not been made clear.

SENATOR RAGGIO:

That is something I would like to hear more about.

MR. SCHUMANN:

The information I provided was not false. The airlines will continue to fly into Phoenix when there is no Real ID in Arizona. They are in the business of making

money, and they will waive this regulation. The federal government has no ability to micromanage them. The whole thing is a waste of effort. The terrorists are educated people and can manufacture fake IDs easily. The federal government is silly to think they can force a document to be created that al-Qaeda cannot copy.

SENATOR COFFIN:

Are you under the impression the airlines control who gets on board? They do not. That is handled by the Transportation Security Administration, a branch of the DHS. It is a federal agency.

MR. SCHUMANN:

I believe if Arizona does not come into compliance with the Real ID Act, the airlines will continue to land in Phoenix.

MS. HANSEN:

I extracted the information on exemptions from a letter from the governor of South Carolina in which he states he is requesting an exemption like the one Montana received. I will provide that letter to the Committee. I would also like to point out that the courts will allow anyone to get on board an airplane as long as they are patted down. You can get on a plane without an ID if you are willing to go through that process.

COCHAIR MATHEWS:

I will close the hearing on S.B. 52. We will move on to the budget for the Public Utilities Commission of Nevada (PUCN).

## COMMERCE AND INDUSTRY

### PUBLIC UTILITIES COMMISSION

#### Public Utilities Commission – Budget Page PUBLIC UTILITIES COM-1 (Volume II) Budget Account 224-3920

CRYSTAL JACKSON (Commission Secretary, Public Utilities Commission of Nevada):

I have a handout ([Exhibit H](#)) describing the PUCN's mission, revenues and expenditure requests. There are some changes to the requested budget. On page 8 of [Exhibit H](#), the budget request includes approximately \$220,000 over the biennium for expert consultants. For FY 2009-2010, we are requesting \$135,000, of which \$75,000 is requested to assist regulatory operations staff with general rate case support. However, Assembly Bill No. 103 of the 74th Session changed the cycle for general rate cases and depreciation cases. As a result, we are not expecting any filings during this period. We are therefore requesting to withdraw this \$75,000 in FY 2009-2010.

In FY 2009-2010, \$50,000 was requested for a financial consultant for the Ely Energy Center. The PUCN had directed the regulatory operations staff to engage the services of an outside consultant to analyze the ability of the companies to adequately finance the proposed Ely Energy Center coal plants. NV Energy recently announced the Center would be postponed indefinitely. At this time, the PUCN is withdrawing its request for \$50,000 for this consultant.



JO ANN KELLY (Chairman, Public Utilities Commission of Nevada):

I have some further explanation about that matter. Originally, we were going to need outside consultants for two major issues with the Ely Energy Center: the coal plants and the transmission line. One of those was going to be part of our budget, and the other was going to be funded by a different mechanism through the company with the oversight of both the Bureau of Consumer Affairs and staff. The PUCN received the application to postpone the coal plants last Monday afternoon. We have done a preliminary review of that application. I asked Mr. Kirby Lampley, our Director of Regulatory Operations, if there would be a need for any consulting money to review the tie line. For the first time, this would be a connection of the northern system to the southern system. We have a prehearing conference in April 2009 in which we will discuss the timing of the study of the tie line. Therefore, we are asking to remove the \$50,000 from our budget.

However, based on Mr. Lampley's calculations and the projected timing of this case, I would expect we will come back to the IFC to ask for about \$25,000 for a study of the ramifications of the interconnection of the two systems: how the system will operate and how the costs will be allocated between northern and southern customers.

MS. JACKSON:

For FY 2009-2010, we are requesting \$10,000 for additional technical support in educating contractors and the general public regarding the One Call Program. Based on these changes for FY 2009-2010, the amount should be reduced by \$125,000. For FY 2010-2011, we are requesting \$85,000 for expert consultants. Of that, \$75,000 would be for general rate case support and \$10,000 for the One Call Program.

Referring to page 9, for information services, we are requesting \$440,000 over the biennium for new and replacement computer hardware and software. That includes approximately \$42,000 for a new telephone system for the Las Vegas office. The new system would allow them to be connected to the State telephone system, thus allowing 5-digit dialing to all State agencies and reducing toll charges to Carson City. It will also improve service reliability. Last week, we received a new quote for that system that is \$6,000 less than anticipated. Thus, decision unit E-251 should be reduced from \$41,816 to \$35,586.

E-251 Working Environment and Wage – Page PUBLIC UTILITIES COM-3

SENATOR RAGGIO:

With regard to the rail safety program, there are also federal rail inspectors who cover the rail lines throughout Nevada. How many state rail inspectors do we have?

KIRBY LAMPLEY (Director of Regulatory Operations, Public Utilities Commission of Nevada):

We have four inspectors in Nevada who are overseen by the Federal Railroad Administration. The federal railroad people do not actively inspect in Nevada; that is up to our own inspectors. We look at four areas: the quality of the rail, operating procedures, mode of power and equipment and hazardous materials.

SENATOR RAGGIO:

Do these inspectors also inspect gas pipelines?

MR. LAMPLEY:

No. The gas pipelines are inspected by gas engineers.

COCHAIR MATHEWS:

What training are you doing that requires \$154,000? That number seems high, even if it is over the biennium.

MS. JACKSON:

The PUCN's training program has not actually changed. This is a base number in our budget for ongoing professional training.

COCHAIR MATHEWS:

I will open the hearing on S.B. 146.

[SENATE BILL 146](#): Provides funding to the Department of Wildlife for certain projects. (BDR S-652)

JOE JOHNSON (Sierra Club, Toiyabe Chapter):

This bill provides funding for a position to coordinate the activities of the rehabilitation of fire and the establishment of a more permanent program in the Nevada Department of Wildlife (NDOW). We have an amendment ([Exhibit I](#)) that was worked out between the NDOW and the Department of Conservation and Natural Resources.

Cheatgrass is a non-native annual grass that has become widely distributed throughout the western United States. It is an opportunistic grass that crowds out native plants in part because it is a prolific seed-producer able to germinate in the autumn or spring, giving it a competitive advantage over native grasses. It is also tolerant of grazing, and it increases with frequent fire. The main problem we are seeking to address is the impact of the increasing number of fires, as well as the impact of cheatgrass on game species, particularly the sage grouse. If sagebrush habitats are damaged to the point that the sage grouse becomes endangered, this could have a negative impact on renewable energy, mining, grazing, recreation and other activities on public lands.

KYLE DAVIS (Nevada Conservation League):

This is a bill to try to get at the problem of cheatgrass throughout our landscape, especially in northern and central Nevada. Cheatgrass is an invasive species that can cause huge wildfires and crowd out habitat for important species such as the sage grouse. We need to do everything we can to promote their habitat so we do not end up with an endangered species listing, since that would grind a lot of development to a halt throughout the State.

This bill is supported by 18 groups across Nevada representing interests such as energy, wildlife, public land and sportsmen's issues. This is a broad and diverse coalition. As it originally came out, the bill was not quite what we were hoping for, but we were able to meet with the NDOW and the Department of Conservation and Natural Resources and agree on the amendment in [Exhibit I](#).

ALLEN BIAGGI (Director, Department of Conservation and Natural Resources):  
We support S.B. 146. We thank the conservation community for working together to make some amendments to allow us to fund this program out of the Nevada Conservation and Resource Protection Grant Program Question 1 (Q1) money. The Q1 program has been highly successful, and all but two counties have participated in it. Our intent is to put all \$200 million of this program onto the ground for trails, recreational access, vegetation management and conservation easements.

As it is currently written, this bill will allocate \$225,000 out of the Natural Resource account, which is a set-aside account for administrative purposes for Q1, and will provide it to the NDOW for the war on cheatgrass. We are supportive of this primarily because of our interest through the Division of Forestry, which is a division within the Department of Conservation and Natural Resources, the firefighting arm of the State of Nevada.

SENATOR RAGGIO:

The bill allocates \$225,000 of Q1 money to create and fund a coordinator. Is that right?

MR. BIAGGI:

Yes. This is to coordinate the efforts of local, state and federal agencies for the war on cheatgrass.

SENATOR RHOADS:

Which two counties have not participated?

MR. BIAGGI:

Esmeralda and Eureka Counties. We are working with them to get some projects going in those jurisdictions. One of the problems we have encountered is the match requirements. Those two Counties sometimes have difficulties making the match.

DAVID E. PULLIAM, JR. (Administrator, Division of Habitat, Nevada Department of Wildlife):

We support S.B. 146. We have been charged with being the lead agency for the war on cheatgrass. We are in the middle of developing a partnership with federal and State agencies involved in resource management. We will be having a workshop on that in April 2009 to get everybody together. From the perspective of wildlife and other rangeland uses, the cheatgrass problem is hugely significant. We in the western states cannot sit back and continue to lose rangeland productivity at the levels we have. We have been coordinating with Utah; they have a similar program under way, and it has been very successful. The position being created by this bill is integral to coordinating the overall program.

COCHAIR MATHEWS:

I note we are allocating \$225,000 for this coordinator position. This means the position will be eliminated when the money runs out. Will you be back in 2011 asking for an extension?

MR. BIAGGI:

Like many wars, the war on cheatgrass will not be won within one biennium. We may be back in the next Legislative Session to seek additional funding. That

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remains to be seen, but it will certainly help for this Session to have this position created and funded.

COCHAIR MATHEWS:

I wanted to be sure you were aware it would not be automatically renewed at the end of this period.

Is there any further business to come before the Committee? Hearing none, I will adjourn the meeting at 10:01 a.m.

RESPECTFULLY SUBMITTED:

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Lynn Hendricks,  
Committee Secretary

APPROVED BY:

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Senator Bernice Mathews, Cochair

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