

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-fifth Session
April 22, 2009**

The Senate Committee on Finance was called to order by Cochair Bernice Mathews at 8:01 a.m. on Wednesday, April 22, 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:

Senator John J. Lee, Clark County Senatorial District No. 1
Senator Valerie Wiener, Clark County Senatorial District No. 3
Senator Mike McGinness, Central Nevada Senatorial District

STAFF MEMBERS PRESENT:

Brian M. Burke, Principal Deputy Fiscal Analyst
Gary L. Ghiggeri, Senate Fiscal Analyst
Alex Haartz, Program Analyst
Michael Bohling, Committee Secretary

OTHERS PRESENT:

James R. Wells, CPA, Deputy Superintendent, Administrative and Fiscal Services, Department of Education
Jeffrey A. Fontaine, Executive Director, Nevada Association of Counties
Robert S. Hadfield, Nevada Association of Counties
Bjorn Selinder, Public Policy Innovations, LLC
Doug N. Johnson, Commissioner, Douglas County Board of Commissioners
Barbara Howe, Wellness Program Manager, Health Division, Department of Health and Human Services
Bill M. Welch, President/CEO, Nevada Hospital Association
Lynn O'Mara, M.B.A., Health Planning Program Manager, Health Division, Department of Health and Human Services
Mindy Martini, Senior Research Analyst, Research Division, Legislative Counsel Bureau
Carol M. Stonefield, Supervising Principal Research Analyst, Research Division, Legislative Counsel Bureau
Keith W. Rheault, Ph.D., Superintendent of Public Instruction, Department of Education
Bart Mangino, Legislative Representative, Clark County School District

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Michael E. Skaggs, Executive Director, Division of Economic Development,
Commission on Economic Development
Tray Abney, Director, Government Relations, Reno-Sparks Chamber of
Commerce
John A. Erwin, Director of Water Resource Planning and Development, Truckee
Meadows Water Authority
Steve K. Walker, Truckee Meadows Water Authority
Michael A.T. Pagni, Attorney, McDonald-Carano-Wilson, L.L.P.
Jeanette Belz, Nevada Dental Association
Joel Glover, D.D.S., President, Nevada Dental Association
Janine Hansen, Nevada Eagle Forum
Thomas S. Lee, NMD, APF, Naturopathic Physician
James Kroshus
Lynn Chapman, Nevada Eagle Forum
Juanita Cox, Citizens in Action
Gay Langham-McNally

COCHAIR MATHEWS:

We will open the meeting with discussion on Assembly Bill (A.B.) 533.

[ASSEMBLY BILL 533 \(1st Reprint\)](#): Makes a supplemental appropriation to the
State Distributive School Account for unanticipated shortfalls in Fiscal
Year 2008-2009 in certain tax revenue. (BDR S-1251)

JAMES R. WELLS, CPA (Deputy Superintendent, Administrative and Fiscal
Services, Department of Education):

Assembly Bill 533 requests a supplemental appropriation to the Distributive
School Account. The first revision of this bill decreases the appropriation in the
Governor's recommended budget by approximately \$6 million. This bill
addresses shortfalls in Local School Support Tax (LSST) and
property-tax revenues which contribute to the basic support guarantee. Passage
of A.B. 533 is necessary for us to make the payments due to the school
districts and charter schools on May 1, 2009.

COCHAIR MATHEWS:

What is the total amount of the revised figure in this bill?

MR. WELLS:

The revised figure is \$323,802,183.

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

The Governor's recommended budget included \$329 million as a supplemental
appropriation, however, the *Executive Budget* failed to incorporate the mineral
land lease and LSST in its revenue section. Had these revenues been included in
the supplemental appropriation recommended in the *Executive Budget*, rather
than being shown as General Fund sources of revenue, the amount would have
been approximately \$316.1 million. With the revision to this bill, it increases the
appropriation by approximately \$7.7 million.

SENATOR HORSFORD MOVED TO DO PASS A.B. 533.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

COCHAIR MATHEWS:
What is the status of Senate Bill (S.B.) 358?

[SENATE BILL 358 \(1st Reprint\)](#): Revises provisions related to energy.
(BDR 58-1146)

COCHAIR HORSFORD:
This bill still needs to be reviewed by the Committee on Energy, Infrastructure and Transportation.

SENATOR HORSFORD MOVED TO REREFER S.B. 358 TO THE COMMITTEE ON ENERGY, INFRASTRUCTURE AND TRANSPORTATION.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

COCHAIR HORSFORD:
Senate Bill 331 was introduced by the Senate Committee on Commerce and Labor and heard in the Senate Committee on Taxation. Senator Randolph Townsend has been working on this bill with the renewable energy industries concerning abatements of property, sales and use taxes. While the bill has a fiscal note, it requires additional review concerning policy.

[SENATE BILL 331 \(1st Reprint\)](#): Provides a partial abatement of property taxes and certain sales and use taxes imposed on facilities that use solar or wind energy to generate electricity or process heat. (BDR 58-289)

SENATOR HORSFORD MOVED TO REREFER S.B. 331 TO THE COMMITTEE ON ENERGY, INFRASTRUCTURE AND TRANSPORTATION.

SENATOR RHOADS SECONDED THE MOTION.

SENATOR COFFIN:
The Senate Committee on Taxation had a hearing on S.B. 331. The policy aspects of this bill concern taxation and energy. This is a tax abatement bill, but it also contains energy policy concerns.

THE MOTION CARRIED UNANIMOUSLY.

COCHAIR HORSFORD:
We will now hear testimony on S.B. 375.

SENATE BILL 375 (1st Reprint): Establishes the Nevada Advisory Commission on Intergovernmental Relations. (BDR 19-1160)

SENATOR JOHN J. LEE (Clark County Senatorial District No. 1):
Senate Bill 375 is designed to get members of the Legislative Branch, county commissioners, city councilmen and other affected entities together to discuss issues and problems in a manner in which everyone works in concert. We occasionally find ourselves dealing with problems which could have been solved before we bring them before the Legislature. This bill would establish the Nevada Advisory Committee on Intergovernmental Relations to streamline some of the situations which arise during the Legislative Session by enhancing communications between State and local governments. Senate Bill 375 brings Senators, Assembly members, county commissioners and city council members together to understand the needs of each entity before coming to the Legislature.

COCHAIR HORSFORD:

This bill is before the Senate Committee on Finance because of a nominal fiscal note attached to the bill. The Legislative Counsel Bureau (LCB) supports the coordination efforts by the Nevada Advisory Committee on Intergovernmental Relations.

JEFFREY A. FONTAINE (Executive Director, Nevada Association of Counties):
On behalf of the Nevada Association of Counties, we are in full support of S.B. 375. It will provide great benefits at a nominal cost. We request your consideration in the passage of this bill.

ROBERT S. HADFIELD (Nevada Association of Counties):
This bill will do much to save time during Legislative Sessions and will put an end to problems which tend to get people tense when discussing county rights. We can solve problems and propose policies to better serve the residents of the State of Nevada. We support S.B. 375.

BJORN SELINDER (Public Policy Innovations, LLC)
The passage of S.B. 375 will be an important tool to allow better understanding between State and local governments.

DOUG N. JOHNSON (Commissioner, Douglas County Board of Commissioners):
I would like to voice my support for S.B. 375.

COCHAIR HORSFORD:

If there are no further comments, we will close the hearing on S.B. 375 and open the hearing on S.B. 7.

SENATE BILL 7 (1st Reprint): Makes various changes to the Advisory Council on the State Program for Fitness and Wellness. (BDR 40-23)

SENATOR VALERIE WIENER (Clark County Senatorial District No. 3):
Senate Bill 7 addresses the need to adjust policy work for the Advisory Council on the State Program for Fitness and Wellness. We have completed the policy work in the Senate Committee on Health and Education.

This bill addresses the membership and selection of the chair and vice chair of the Advisory Council. This bill also addresses the ability to have subcommittees,

grant opportunities and the removal of nonLegislative members. Many of the provisions contained in S.B. 7 are necessary to improve the work of the State Program and the Advisory Council.

This program is important because of the groundwork it has provided as a clearinghouse for health and wellness measures. This is probably the only program in Nevada performing preventative health-care work in terms of collaboration and information sharing.

The provision bringing this bill to the Senate Committee on Finance is to obtain reverted funds which were provided to the Advisory Council. Any funds the Advisory Council receives will be of great assistance in capturing additional federal funding for the program.

BARBARA HOWE (Wellness Program Manager, Health Division, Department of Health and Human Services):

I am here to present information regarding S.B. 7. This Council is vital to the State's ability to secure federal health and wellness funding. It is not an uncommon requirement in receiving federal grants for the requesting states to have programs in place. The fact this Advisory Council is established in statute, and is an active functioning board, goes far in demonstrating to the federal government that Nevada has already invested its own resources and values wellness independent of federal funding grants. Quite simply, it makes us much more competitive for federal grants.

The General Fund appropriations associated with this Council allows the Health Division to meet typical fiscal match requirements for fitness and wellness grants which are programmatically similar. These appropriations recently helped the Health Division to secure a small grant from the Centers for Disease Control and Prevention (CDC) for a four-county region which will focus on policy and environmental change strategies. The Fitness and Wellness Advisory Council appropriations were used as a match for this grant.

SENATOR RAGGIO:

Will the \$100,000 appropriation in S.B. 7 be used as a match for federal grants?

Ms. HOWE:

Yes. The \$100,000 appropriation allows us to secure federal grant funding. For example, I wrote a proposal last spring to receive a grant for \$1 million. Equally important, we use these funds to promote fitness and wellness in Nevada. This Saturday, 90 school nurses from the National Association of School Nurses will be in Las Vegas to be trained in obesity prevention.

SENATOR RHOADS:

Is this \$100,000 appropriation in the Governor's budget?

MR. GHIGGERI:

This appropriation was provided by the 2007 Legislature. This Legislation seeks to make that appropriation nonreverting. Approximately \$67,000 of the appropriation is unspent.

COCHAIR HORSFORD:

If there are no further comments, we will close the hearing on S.B. 7 and open the hearing on S.B. 17.

SENATE BILL 17 (1st Reprint): Revises provisions governing health care records.
(BDR 54-607)

SENATOR WIENER:

Senate Bill 17 would change the length of time medical records must be retained before they can be destroyed from five to seven years. The bill also has a provision requiring health-care providers, as defined statutorily, to post information regarding the seven-year record retention requirement in a conspicuous place and provide written notice to the patients and customers they serve. This notice to customers can be included in any other written materials. There is also a provision requiring the licensing boards for these medical providers to have information regarding the retention of records on their Websites for the purpose of consumer information.

The language of the bill also indicates records cannot be destroyed before a patient is 28 years old. This age was chosen because people under the age of 21 would probably not consider the importance of medical records, and adding the required 7 years would take the age to 28. Mr. Bill M. Welch, President/CEO, Nevada Hospital Association, was concerned because the age of 28 exceeds federal requirements which call for the retention of medical records until 7 years after the patient's 18th birthday. I have no problem with an amendment changing the record retention requirement in this provision to be in agreement with federal requirements.

BILL M. WELCH (President/CEO, Nevada Hospital Association):

I am here to speak in support of S.B. 17. There were a number of versions of this bill and it was not until after it was processed by the Senate Committee on Health and Education we realized the age of 28 exceeded federal requirements for record retention. We appreciate Senator Wiener's willingness to amend the bill to correspond with federal law and enable us to work under one standard. I have presented the amendment (Exhibit C) and the only thing I have changed is the age requirement for record retention from 28 years old to 25.

SENATOR RAGGIO:

To which law does changing the age for record retention conform?

Mr. WELCH:

The federal law considers a person who reaches the age of 18 years old to be an emancipated adult with the ability to make decisions regarding medical records.

SENATOR RAGGIO:

Would this amendment be compatible with that policy?

Mr. WELCH:

Yes.

LYNN O'MARA, M.B.A. (Health Planning Program Manager, Health Division, Department of Health and Human Services)

The original version of S.B. 17 had a fiscal impact on the Health Division; however, the reprint of the bill removes those costs. Some costs would be required for the promulgation of necessary regulations by the State Board of Health, but the Health Division is reviewing and identifying opportunities to bundle rulemaking activities and disseminate regulations cost effectively and efficiently. We believe the adoption of these regulations, should S.B. 17 be passed, could be disseminated in this manner at no additional cost.

COCHAIR HORSFORD:

If there are no further comments, we will close the hearing on S.B. 17 and open the hearing on S.B. 20.

[SENATE BILL 20 \(1st Reprint\)](#): Revises provisions governing education.
(BDR 34-300)

MINDY MARTINI (Senior Research Analyst, Research Division, Legislative Counsel Bureau):

This measure was heard by the Senate Committee on Health and Education for policy aspects and has been rereferred to the Senate Committee on Finance. The primary reason for the rereferral is due to the new training program proposed in this bill for substitute teachers. One of the provisions of the training program is the Regional Professional Development Programs (RPDP) would provide the training to substitute teachers. The RPDPs are being considered through the budget hearings of this Committee.

CAROL M. STONEFIELD (Supervising Principal Research Analyst, Research Division, Legislative Counsel Bureau):

Senate Bill 20 proposes to establish a training program for long-term substitute teachers. These are substitutes who teach for 20 consecutive days or more. The training program is outlined in sections 7 and 8 of the bill. The substitute teachers are to receive training in State academic standards, curriculum and classroom management.

The training program is to be provided by the RPDPs. There is a provision which allows school districts and charter schools to opt out of the State program provided they create their own training programs in accordance with the program established by the Nevada Department of Education (NDE).

Beginning on July 1, 2011, all long-term substitute teachers must have participated in the training program. The bill includes a provision prohibiting school districts and charter schools from hiring long-term substitute teachers who have not completed the training program.

Exemptions to the training program requirements include teachers who hold current certificates to teach in Nevada and those who hold expired certificates and who left in good standing. Teachers who hold valid teaching certificates from other states with which Nevada has reciprocal agreements would not be required to complete the training program. The Senate Committee on Health and Education added a provision indicating individuals who have teaching experience in accredited post-secondary education institutions would also be exempt from completing the training program. Short-term substitute teachers are not required to complete the training program, although there is a provision indicating school

districts should encourage their short-term substitute teachers to complete the training.

Sections 2 and 4 of S.B. 20 require school districts and the State Board of Education to include the number of long-term substitute teachers who have completed the training program in their accountability reports. The other sections relate to licensing, reporting the ratios of pupils to school counselors and offering services to charter schools and the university school for profoundly gifted pupils through the RPDPs.

SENATOR RAGGIO:

Since I serve on the Legislative Committee on Education during the interim, I am familiar with S.B. 20 as it was introduced. What changes have been made since the original bill was recommended by the Legislative Committee on Education?

MS. MARTINI:

There were several components to the amendment from the Senate Committee on Health and Education. The amendment requires the NDE to establish the program for substitute teacher training rather than the Commission on Professional Standards in Education. It added a provision requiring the training program to include guidelines for school administrators concerning classroom materials and other information which would be helpful to substitute teachers. The amendment also diluted the requirement for short-term substitute teachers to go through the training program.

MS. STONEFIELD:

The definitions of short-term and long-term substitute teachers are made on page 37 of S.B. 20.

MS. MARTINI:

The amendment also requires the boards of trustees of the school districts to develop plans to comply with the requirements of the training program and increase the training of short-term substitute teachers. Finally, the amendment requires the NDE to submit a report regarding the number of short-term and long-term substitute teachers and notify the Legislature of how well the training program proceeds.

COCHAIR HORSFORD:

Were there discussions by the Legislative Committee on Education or the Senate Committee on Health and Education regarding the ratio of students to counselors and whether or not this will be a part of the policy?

MS. STONEFIELD:

In 2007, the Legislature enacted A.B. No. 212 of the 74th Session which included some provisions relating to school counselors. The Legislative Committee on Education continued its investigation into the role and responsibilities of school counselors. A number of counselors are assigned noncounseling duties. They are often primary test administrators and do everything from counting test booklets to ensuring answer sheets are properly returned.

The Legislative Committee on Education received information from the NDE indicating counselor-to-student ratios as high as 800 students per counselor. The recommended ratio from the American School Counselor

Association is 250-300 pupils per counselor. Rather than mandate a ratio, the Legislative Committee on Education requested the ratios be reported in the accountability reports from each of the school districts as well as a statewide ratio in the State Board of Education's report.

In addition to the reporting of ratios, section 13 of S.B. 20 adds a provision indicating school districts should identify the duties and responsibilities of counselors by grade level. This would pertain to how much time should be spent advising students about post-secondary education and career opportunities.

COCHAIR HORSFORD:

Does the accountability report completed at the school-district level show the counselor-to-student ratio of individual schools?

MS. STONEFIELD:

The bill only contains requirements for school-district level of counselor-to-student ratios in the accountability report. This would be aggregated from the levels in individual schools. In some school districts, particularly the rural districts, a counselor is shared among schools.

COCHAIR HORSFORD:

I am concerned, from a parent and community transparency perspective, what the counselor-to-student ratio is in a particular school.

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

I support any additional training long-term substitute teachers can receive. My concern is the requirement of which entity will provide the training and where the funding will come from. The NDE was added as the agency to design the training program. We can accomplish this by working with the school districts. By reviewing the requirements, I estimate this will be a minimum of a six- to eight-hour training program. This bill requires the RPDPs to provide the training and, at this time, there is no funding for the RPDPs in the budget. Even if the Legislature allocates funding for half of the RPDP's costs, they would still be required to maintain activities regarding academic standards. Adding this responsibility would be an additional burden with less funding.

When the school districts reviewed the bill, there was a varying degree of what they anticipated in the way of fiscal impacts. Some districts indicated they would have costs and others indicated no fiscal impact. The rural school districts indicated no fiscal impact because they were relying on the RPDPs to provide the training, which would be accurate if the RPDPs had funding. If S.B. 20 moves forward and the RPDPs are not funded properly, it would require either the individual schools or the school districts to provide their own training programs. This could place an unexpected burden on them.

My final concern is I am unsure if this is an employment bill or a licensing bill. Are we expecting substitute teachers to attend an eight-hour training session on their own time as a requirement for licensing or are the school districts, because they need long-term substitute teachers, required to pay the substitute teachers for a day of training before they can be certified and placed on a hiring list? Some school districts have an abundance of licensed substitute teachers who may be willing to go through the training on their own time, but other districts cannot even retain short-term substitute teachers, much less substitute teachers

willing to go through the training on their own time. This concern is not addressed in the fiscal note.

COCHAIR HORSFORD:

You raise some valid issues, Dr. Rheault. Is it true the NDE would develop the training program and the RPDPs would provide the training?

DR. RHEAULT:

Yes. We would work with the school districts to develop the criteria and which subject areas are to be taught in the training programs. We would then have them adopted into regulation.

COCHAIR HORSFORD:

Will the RPDPs be conducting the training because of the technical skills required or is it because the school districts have not been conducting as much professional development on their own?

DR. RHEAULT:

The RPDP should be the group to perform the training. They have the academic standards and discipline, and have taught these courses before. It will be a good match as long as they are properly funded to perform the training.

SENATOR COFFIN:

Generally speaking, the NDE does not pay for professional development and skill advancement. People move on their own volition to other levels. It is not unusual to require people to pay their own way if they wish to advance in their profession. I am not sure this should be considered a fiscal cost in the bill or one for which we should pay.

DR. RHEAULT:

Teachers who are fully licensed are expected to pay for their own professional development. Substitute teachers are different because they get paid daily and do not receive benefits. They are here to help the school districts when teachers are sick or away from the workplace. Because substitute teachers are paid daily, they would expect to be paid by the school district for their service in the future.

SENATOR COFFIN:

Most substitute teachers are in this profession because they enjoy the work and some want to become full-time teachers.

DR. RHEAULT:

There could be enough demand. If substitute teachers qualify to be placed on the long-term substitute teacher's list, it is better than working day-to-day.

COCHAIR HORSFORD:

I agree with Senator Coffin. It is incumbent upon individuals to pursue personal development.

SENATOR RAGGIO:

I would not want talk of a lack of funding to diminish the policy expressed in this bill. We have to do a better job of training and preparing long-term substitute teachers because we have had to rely on them due to the shortage of qualified teachers in Nevada. We need to send the message appropriate training

is available and required for these positions. Without it, the students will not receive the benefit of having the best-trained teachers.

DR. RHEAULT:

Through the funding we appropriate to the KLVX Communications Group, which composes training videos for teacher training, we could have some experts from the RPDP create an eight-hour training film to make available to the school districts. This way, we can provide the training without the associated costs of having an in-person trainer present. I have not spoken to anyone about this, but it could be an economical means of accomplishing the needed training in rural areas.

SENATOR RAGGIO:

Any ideas to reduce costs until we can provide funding, to the extent we would prefer, are helpful.

BART MANGINO (Legislative Representative, Clark County School District):

I am neutral on S.B. 20. To answer Senator Horsford's question, the Clark County School District lists the ratio of counselors to students, by school, in their accountability report. The Clark County School District has a mandatory substitute teacher training program for long- and short-term substitutes. We have also utilized the Sub-Hub Professional Development for School Employees to provide ongoing comprehensive training for substitute teachers coming into the Clark County School District. The Sub-Hub has five training modules substitute teachers can take online in addition to the mandatory face-to-face training the school district provides.

SENATOR RAGGIO:

What is the extent of the Sub-Hub program in Clark County?

MR. MANGINO:

There are five training modules. One module is called "Substitute Training 101." This module covers policies, regulations, legal compliances, blood-borne pathogens, classroom management, sexual harassment, child abuse and other subjects. Additionally, we have instructional strategies which address pedagogy in teaching. Participants take part in different learning styles and multiple intelligence concepts mapping in curriculum.

SENATOR RAGGIO:

How long does this training take and when is it available?

MR. MANGINO:

The Sub-Hub training program is available online and substitute teachers work at their own pace. They are tested at the end of each training module and must earn an 80-percent grade before moving on to the next module.

SENATOR RAGGIO:

Have other school districts emulated Clark County in utilizing this program?

MR. MANGINO:

I am not aware of any other school districts using the program.

SENATOR RAGGIO:

It sounds like an economical way for substitute teachers to receive training. Other school districts should utilize this training program.

COCHAIR HORSFORD:

What is the policy for assigning long-term substitute teachers, based on the NDE's equity plan, to Title I schools and schools which need improvement?

MR. MANGINO:

Placing a long-term substitute teacher into a classroom is used as a last resort. We would rather have full-time licensed teachers. Substitute teachers assigned to Title I and regular schools have had the opportunity for mentorship in some of our elementary schools. Unfortunately, the mentoring programs have been eliminated due to budget reductions. Substitute teachers assigned to work full time participate in every staff development activity the schools offer in their school improvement plans.

COCHAIR HORSFORD:

The State equity plan requires highly qualified teachers, particularly in Title I and schools which need improvement. What is the school district doing to ensure every means necessary are being pursued to retain highly qualified teachers in those schools?

MR. MANGINO:

There is an early transfer period for schools identified as Title I and/or at risk. These schools have the first opportunity to receive transferring teachers as well as the first opportunity to review and interview newly hired, highly qualified or licensed teachers.

COCHAIR HORSFORD:

If the individual schools have these opportunities, why can they not retain highly qualified teachers?

MR. MANGINO:

I cannot speak for specific schools. For the schools in content areas in which hiring is difficult, we have a shortage of math and science teachers. A school principal's priority is to hire the best qualified teachers available.

COCHAIR HORSFORD:

We are not retaining an adequate number of highly qualified teachers in our Title I schools or in the schools needing the most improvement. If we recruit ten teachers qualified in math, science and special education, and none of those teachers are recruited to work in the Title I schools and schools needing improvement, we have a problem. Based on information I have from schools in my district, they are not retaining highly qualified teachers at the same rate as other schools.

If there are no further comments, we will close the hearing on S.B. 20 and open the hearing on S.B. 155.

SENATE BILL 155 (1st Reprint): Provides for possible funding for the Commission on Economic Development for certain purposes related to military installations. (BDR 18-721)

SENATOR MIKE MCGINNESS (Central Nevada Senatorial District):

I represent Churchill, Mineral, Esmeralda, and parts of Lyon, Douglas, Nye and Clark Counties. I also represent the Indian Springs area, the Hawthorne Army Ammunition Depot and the Fallon Naval Air Station. I have provided the Committee a letter ([Exhibit D](#)) from the Mineral County Economic Authority which indicates their support for S.B. 155.

Following the Base Realignment and Closure Commission (BRAC) recommendation to close the Hawthorne Army Ammunition Depot and the Nevada National Guard base in Reno, I became aware some states have committees in place to advocate and support their military installations. This is the purpose of S.B. 155.

This bill has a fiscal note indicating a cost of \$55,894 for a full-time equivalent (FTE) grants project analyst position. I was requested to ask for an appropriation, but given the State's financial situation, I decided asking for an appropriation would not be wise. If we could accept grants, gifts and donations, and have an account in which to deposit them, we will only need an individual to write an occasional check rather than a full-time grants project analyst.

After a trip to Clovis, New Mexico, to testify before the BRAC, former U.S. Congressman Jim Bilbray was instrumental in securing a visit to Hawthorne by a BRAC commissioner. In the end, we were successful in keeping the facilities open. We would like to be proactive in trying to keep these facilities open in the future.

SENATOR RHOADS:

How many people are presently working at the Hawthorne Army Ammunition Depot?

SENATOR MCGINNESS:

I do not have an exact number, but maintaining the facility is vital to that community.

COCHAIR MATHEWS:

Is the Hawthorne Army Ammunition Depot currently operated by a private contractor?

SENATOR MCGINNESS:

Yes.

COCHAIR MATHEWS:

What is the relationship between the contractor and the U.S. Army?

SENATOR MCGINNESS:

The Army has a small staff at the facility, possibly only two or three people, overseeing the contractor's operations.

COCHAIR MATHEWS:

I support your position of the Hawthorne Army Ammunition Depot as vital to that community. We were pleased the BRAC decided to leave the facility open.

SENATOR MCGINNESS:

The community was instrumental in keeping the facility open. When the BRAC commissioner visited Hawthorne, it seemed like the population of the entire town was in the gymnasium to make their case for their community.

SENATOR COFFIN:

There is real national defense interest involved in making these decisions and the BRAC serves to ensure there is a proper alignment of defense needs.

SENATOR MCGINNESS:

Hawthorne is not only important to Mineral County, but important to the Nation for ammunition storage as well.

MR. SELINDER:

I am in favor of S.B. 155. During this BRAC's processes, I served with a number of distinguished Nevadans on the Nevada Military Advocacy Commission. This group met at a number of military facilities in the State to deliberate on the issues facing military bases and to ensure we were heard in the BRAC's processes. I am pleased to say there was relative success in retaining the various military bases throughout Nevada, but I cannot be certain we will have success in the future. In the future, the BRAC will be measuring the economic value of various military bases throughout the country, and Nevada will again be examined.

Our military bases in Nevada serve as an economic engine for the areas in which they are located and for the entire State. Military bases provide contributions in jobs and revenues to the overall economy. As became evident during the last BRAC process, we need resources to promote our facilities and their importance to the State and the Nation. We will require resources to promote the retention and enhancement of our military bases in the future.

The Nevada Military Advocacy Commission could have done better in providing presentations and studies to give greater emphasis to the value and worth of these facilities. Therefore, I urge your support of S.B. 155. This bill provides a mechanism for which grants and donations can be accumulated and provided to organizations to promote Nevada's military bases.

MICHAEL E. SKAGGS (Executive Director, Division of Economic Development, Commission on Economic Development):

We support S.B. 155 because it is a proactive step to protect the military missions in the State of Nevada from the next round of BRAC reductions.

COCHAIR HORSFORD:

If there are no further comments, we will close the hearing on S.B. 155 and open the hearing on S.B. 275.

SENATE BILL 275: Creates the Commission on Spending, Government Efficiency and Educational Equity. (BDR 31-170)

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

Senate Bill 275 proposes a commission on spending, government efficiency in educational equity and adequacy. The goal of this commission is to identify areas of spending in which the State can save money, reduce inefficiency and improve services in our education system.

This bill specifically asks the commission to examine the equity of educational opportunities across the State and to identify areas for savings and increased efficiency in the Nevada System of Higher Education (NSHE). This bill has a nominal fiscal note due to the LCB's support of the commission. The \$4,050 fiscal impact can be outweighed by the recommendations for cost savings which could come out of this commission in the future. I understand the challenges we face with our budget, but it is evident we will have to continue to tighten our belts in years to come and ensure every part of State government is working efficiently.

The people of our State work hard and they want our government to work just as hard. As public servants, we should constantly work toward the goal of providing the best services for the least cost, and do so in a way which provides quality education, an accessible health-care system and safe public areas. The last provision of S.B. 275 sunsets this commission in 2011 so there are no ongoing costs once the commission has done its work.

COCHAIR MATHEWS:

We realize there is a minimal fiscal note on this bill, but we have to delay it due to the number of bills the director of the LCB must review.

SENATOR HORSFORD:

The LCB has an incredible staff and we ask much of them. I hope this bill receives consideration.

TRAY ABNEY (Director, Government Relations, Reno-Sparks Chamber of Commerce):

We support S.B. 275 and see this as a Spending and Government Efficiency Commission for education. The school boards and the Board of Regents should constantly do this type of work and we believe this bill will be helpful to them.

COCHAIR MATHEWS:

If there are no further comments, we will close the hearing on S.B. 275 and open the hearing on S.B. 311. This bill is being heard in the Senate Committee on Finance because of a possible fiscal note from Washoe County. The bill has no fiscal note from the State and this is not a policy hearing. The policy hearing on this bill was held in the Senate Committee on Health and Education on April 8, 2009. We only need to discuss the possible funding involved.

SENATE BILL 311: Requires the fluoridation of water provided by certain public water systems and water authorities in certain counties. (BDR 40-924)

JOHN A. ERWIN (Director of Water Resource Planning and Development, Truckee Meadows Water Authority):

We have provided the Committee with a graphic illustration showing fluoride concentrations at our surface-water plants and a table indicating the potential financial impact to the customers of the Truckee Meadows Water Authority (TMWA) ([Exhibit E](#)).

Nevada Revised Statutes (NRS) 445A.055, as shown in section 2, subsection 2, paragraph (a), subparagraphs (1) and (2) of S.B. 311, indicates the minimum permissible concentration of fluoride must not be less than 0.7 parts per million (ppm) and the maximum concentration must not exceed 1.2 ppm. The graphic you have received illustrates if the TMWA were to install

water treatment facilities at its two surface plants, we would be in compliance with the existing statute.

Section 2, subsection 3 of S.B. 311, as I interpret it, indicates we would not be required to install treatment facilities on our 33 production wells because they meet the groundwater exemptions of the State Board of Health. Installing treatment plants only at the surface-water plants would bring us into compliance with the proposed statute. The table on page 2 of your handout indicates an up-front capital cost of \$1.4 million and \$473,000 in annual operating costs for water treatment facilities at our two surface-water plants. The average monthly customer cost would be 50 cents to 70 cents per service connection.

COCHAIR MATHEWS:

Would this be a 50 cent to 70 cent cost for each household?

MR. ERWIN:

Yes. This includes commercial connections as well. We service a population of approximately 320,000 people. This does not include the populations in wholesale areas.

STEVE K. WALKER (Legislative Representative for the Truckee Meadows Water Authority):

The figures given by Mr. Erwin assume the bill will be amended in section 3, subsection 3, to exclude the groundwater system as it is excluded in Clark County. Excluding the groundwater system would reduce capital costs by 25 percent and reduce operation and maintenance costs forever. Checking the fluoride content and injection systems at all of our production wells would result in a high cost. In California, where fluoride is mandated by the state, the state has to pay for fluoride. They have typically avoided injecting fluoride into the production groundwater systems because of the costs and inefficiencies involved.

MICHAEL A.T. PAGNI (Attorney, McDonald-Carano-Wilson):

The TMWA is an enterprise fund. This means the costs of water fluoridation would be borne by its customers. It is important to understand the origins of chapter 445A of the NRS and fluoridation statutes when considering fiscal impacts.

The issue of water fluoridation first came to the Legislature in 1967. At that time, the Legislature's judgment was to leave the decision to the discretion of the people. This judgment held for 22 years until the issue of fluoridating the water came back to the Legislature in 1999. In this case, the Legislature addressed whether or not water fluoridation would be required for Clark County. In 1999, the Legislature, consistent with the historic policy and practice of the State, again chose to let the people decide whether or not they wanted to bear these costs.

Assembly Bill No. 689 of the 70th Session specifically required the question of water fluoridation to be put on the ballot for the people of Clark County. The bill also provided it would expire by limitation and become null and void if the people of Clark County voted against water fluoridation. The issue was placed on the ballot in the 2000 election and 56 percent of the voters of Clark County voted yes. The only reason the water is fluoridated in Clark County today is

because the people voted they were willing to bear the associated costs. This is the only reason the statute at issue in S.B. 311 and chapter 445A of the NRS remains on the books.

In 2001, the same question was posed to the residents of Washoe County and 58 percent of the voters in Washoe County rejected the initiative. They felt, in their discretion, the benefits of water fluoridation did not outweigh the costs. Pursuant to the 1967 law, the effect of that decision is it remains illegal in Washoe County for a supplier to fluoridate the water supply.

Concerning S.B. 311, there are two fiscal impacts which concern the TMWA Board of Directors, and both relate to the unique history of Washoe County and the provisions in the 1967 law. The first fiscal impact relates to whether or not the bill could be feasibly implemented, what the potential costs could be from litigation and other issues which could arise. Section 2 of S.B. 311 requires all water delivered by the TMWA to be fluoridated. This means we will have two different rules which apply in Washoe County. The TMWA will be required to fluoridate its water, but all other water purveyors will not.

COCHAIR HORSFORD:

Did you testify to this in the Senate Committee on Health and Education?

MR. PAGNI:

No.

COCHAIR HORSFORD:

In the Senate Committee on Finance, we are reviewing the fiscal implications of this bill. Please limit your testimony to the fiscal implications of the bill.

MR. PAGNI:

I am trying to address the fiscal impact. There are potential litigation and uncertain costs to the TMWA with this bill as drafted. I am trying to convey what those fiscal impacts are and how they relate to S.B. 311.

Section 2 of S.B. 311 requires all water delivered by the TMWA be fluoridated and singles out the TMWA for this requirement. Because of the 1967 act and the 2002 election, all other water purveyors are prohibited from delivering fluoridated water. The TMWA has a number of wholesale customers including Washoe County, the Sun Valley General Improvement District and Panther Valley Water Users Association, just to name a few. The result is the TMWA would be required by S.B. 311 to deliver fluoridated water to purveyors who are prohibited by the same law from delivering fluoridated water.

COCHAIR MATHEWS:

The TMWA has told us in previous testimony they will not be going online to everyone and the whole system will not go online at once. Do you want to amend this bill?

MR. PAGNI:

The question to which you refer is whether or not the TMWA will be required to fluoridate groundwater supplies versus surface-water supplies. That is a different issue. Section 2 of S.B. 311 requires all water delivered for human consumption to be fluoridated. Whether or not the TMWA will have to fluoridate supplies from groundwater and surface-water sources to achieve the blend

necessary to meet concentration levels required by statute is a different question.

COCHAIR MATHEWS:

If this is the TMWA's concern, we need an amendment to correct the problem. As the makers of this bill, we will get together with you to write an amendment before the bill goes to the Assembly. This bill is before the Senate Committee on Finance to hear issues with its fiscal impacts. We can correct policy issues when the bill goes before the Assembly.

MR. PAGNI:

We welcome the opportunity to discuss this with you. We wanted to be sure the record shows the fiscal impact should include the potential of litigation. The second issue concerning the fiscal impact of S.B. 311 is the cost of this bill will be borne by the TMWA's customers.

By adopting this bill, the Legislature would be saying the people of Clark County are capable of making reasonable decisions about their water, but the people of Washoe County are not. By retaining the 1967 law, the Legislature is saying the voices of people in Carson, Storey, Douglas, Elko and White Pine Counties will be respected when they evaluate whether or not they want to have these fiscal impacts, but the Legislature will not give the same deference to the people in Washoe County. That disparity is a concern for the TMWA.

COCHAIR HORSFORD:

I suggest you bring us something in writing showing these potential cost impacts. That is all this Committee is evaluating. If there are fiscal impacts, with or without the amendment, we would like to see your projections in writing.

MR. PAGNI:

We will provide you with the projected fiscal impacts.

SENATOR COFFIN:

I would like to have the ability to ask questions concerning policy because many bills which are referred to the Senate Committee on Finance are not thoroughly vetted in the policy committees.

COCHAIR HORSFORD:

The Committee can ask any question it wants. Because there has already been a vetting of the public policy concerning these bills, I do not want to rehash the same issues and policy discussions.

SENATOR COFFIN:

My question concerns Mr. Pagni's testimony. I really did not consider the implications of mixing groundwater and surface water. I do not know to what extent Clark County blends water from its supplies, but understand it may be more difficult for Washoe County because they rely on a tremendous amount of reservoir water. We need to pay close attention to the potential fiscal cost.

MR. WALKER:

In the existing law, groundwater supplies are excluded from fluoridation in the Las Vegas Valley Water District. They do not fluoridate the groundwater because 90 percent of their water comes from Lake Mead. The TMWA gets

85 percent of its water from the Truckee River and another 4 percent comes from fluoridated groundwater.

SENATOR RAGGIO:

Respectfully, I tend to disagree with the limits you are placing on this bill because it is important to ask about our concerns regarding policy. I have received a lot of information on this bill and did not have the benefit of sitting on the policy committee. I know our time is limited, but I would like to hear the risks and benefits of this fluoridation program since this bill affects the county I represent. I have not made a decision on this bill, and if I base my decision solely on the bill's fiscal impact, it will not be an informed or helpful decision. Over the 20 years I chaired this Committee, we did not preclude testimony on policy if the Committee members felt it was of importance.

COCHAIR HORSFORD:

If there are any questions members of the Committee have regarding the policy of any bill we hear, they are welcome to ask those questions.

MR. ERWIN:

Another issue is fluoridated water ultimately ends up in the sewer treatment plant. It is then discharged into the Truckee River which is home to some threatened and endangered species. There were studies conducted in the 1980s and 1990s which examined the effects of effluent discharges and the sensitivity of salmonid and macroinvertebrate species in cold river systems. Increasing the concentrations of fluoride discharges into a cold water fishery system may have a potential impact on our ability to meet current discharge requirements. We have not had the time to study what the impacts will be or translate those impacts into a fiscal amount.

COCHAIR HORSFORD:

It is my understanding the proponents of S.B. 311 will work with the TMWA on an amendment which may change some of the Legislation.

JEANETTE BELZ (Nevada Dental Association):

I would like to address the fiscal notes. If we need to have more policy discussion, we could bring in a representative from the CDC. In 2006, a publication by the Nevada State Health Division, Bureau of Family Health Services, entitled *The Burden of Oral Health Disease*, estimated the cost of providing community water fluoridation in Clark County was approximately 19 cents per person and the estimated savings in averted dental disease was nearly \$13 million.

In conversations I have had with the TMWA and the CDC, removing the requirement of fluoridating groundwater supplies would be acceptable and within the parameters of the CDC requirements. There are a number of grants available to improve accessibility to oral health in underserved geographic areas including community-based prevention services such as water-fluoridation and dental-sealant programs. There are opportunities in Washoe County to offset the costs which have been articulated by the TMWA.

SENATOR COFFIN:

Can you provide the Committee with information on the cavities and/or other dental health issues in Washoe County versus the Nation and southern Nevada? I would like to know if there is a variation of any kind.

MS. BELZ:

I was not prepared to engage in a discussion on policy today, but I have some statistics with me. In 2007, the rate of cavities experienced by children enrolled in Head Start in Washoe County was 15-percent higher than those in Clark County. When testifying before the Senate Committee on Health and Education, a representative from the University of Nevada, Las Vegas Dental School presented an analysis of what transpired in Clark County after the County began fluoridating its water. Dentists who worked in clinics which serve underprivileged children also testified on behalf of S.B. 311. One dentist said the state of dental health of some Clark County children in 1999 was similar to the dental health in third world countries and he has seen vast improvements since Clark County began fluoridating its water.

JOEL T. GLOVER, D.D.S. (President, Nevada Dental Association):

We see this potential savings of \$13 million in Clark County as a tremendous fiscal impact for the health of children and adults in Washoe County. The money saved could be used for more prevention and less for restorative treatment. This will further lower the amount of dental disease present in our community. I urge the Committee to look favorably on the passage of S.B. 311.

COCHAIR MATHEWS:

I would request the representatives from the TMWA, Ms. Belz and Dr. Glover form a working group and write an amendment to which you can all agree. Bring it to this Committee as soon as possible.

JANINE HANSEN (Nevada Eagle Forum):

When I served on the Washoe County Ballot Committee in 2002 for those opposing the fluoridation of our water, I found dentists make 17 percent more money in areas in which the water is fluoridated. It is probably because of some of the problems created by fluoride, particularly dental fluorosis.

The cost of treating dental fluorosis is significant. Dental fluorosis can be cosmetically treated by a dentist. The cost and success varies depending on the treatment. Tooth bleaching, micro abrasion, conservative composite restorations and porcelain veneers are commonly used as treatment modalities. The information I have provided from the CDC ([Exhibit F](#)) shows 41 percent of 12- to 15-year-old children and 36 percent of 16- to 19-year-olds have dental fluorosis. This represents a significant cost in treatment according to the CDC's statistics.

In 2006, the American Dental Association reversed its policy regarding babies consuming fluoridated water. They have said babies up to 12 months old should not have fluoridated water and should have purified, distilled or deionized water produced through reverse osmosis instead. Purchasing a reverse osmosis system for a home is a significant personal cost and purchasing bottled water costs even more.

If we force water fluoridation on Washoe County, after three votes against it, we need to calculate the cost of warning people this water will harm their babies. We also need to calculate the cost of bone cancer, bone fractures and funerals caused by water fluoridation. The greatest cost of this bill will be the Legislature ignoring the will of the people if S.B. 311 is adopted.

I would suggest amending this bill indicating the Legislature acknowledges the people of Washoe County have voted against water fluoridation and have the right to vote again. If you choose not to amend the bill to require a vote of the people, you need to have an amendment prohibiting a vote by the people because a vote by the people means nothing.

THOMAS S. LEE, N.M.D., APF (Naturopathic Physician):

This bill proposes mandated levels of fluoridated products be put into the water supposedly to benefit the health of the people in Washoe County. Since the time this measure was defeated by vote, has new peer-reviewed science and information become available to the people of Washoe County suggesting there are health benefits from fluoride? As a professional, I am unaware of any scientific-based information suggesting a halogen, such as fluorine, can be beneficial for the human body upon consumption. Most literature suggests fluorine and chlorine taken internally over time by a human body has a detrimental effect in the form of enzyme inhibition. This is why fluoridated products are primarily popular as rat poisons.

The medical consequences and legal liabilities to this State are not being addressed in the substance of S.B. 311. If there is some information the State Board of Health is making available to the Legislature indicating the ingestion of fluoridated products is healthy, I would suggest to you it be made public.

SENATOR RAGGIO:

Most toothpastes have fluoride and are approved by the Food and Drug Administration.

DR. LEE:

The appropriate federal agencies are not referencing any peer-reviewed literature, of which I am aware, suggesting this has been reviewed. The fluoride industry has not made public any human experimentation on young adults and children which I consider as valid science. It is business, which represents the interests of the monopoly, to sell fluoride in the American food industry. It is not surprising the American food industry has not been completely transparent with viable scientific validation for the benefit of all of those chemicals.

JAMES KROSHUS:

I am representing my family. In 2005, the National Association of Nutrition Professionals claimed 98 percent of Western Europe has rejected water fluoridation. If people want fluoride in their water systems, they can purchase fluoride pills. I choose to purchase nonfluoridated toothpaste at approximately double the cost of regular toothpaste. How can fluoride be good for the human body? I have installed a \$3,000 water-filtration system in my home and, if S.B. 311 passes, I will do the same thing for my children's and grandchildren's homes.

Sodium fluoride is in all rat poisons and is the most toxic ionic molecule other than potassium dichromate. It may kill rats, but I notice none of them have teeth problems. How can fluoride kill rats and other organisms and be good for humans? It amazes me how every money-driven organization is all of a sudden interested in our children's teeth when money is at such a premium.

LYNN CHAPMAN (Nevada Eagle Forum)

I am opposed to S.B. 311. Segments of the population are unusually susceptible to the toxic affects of fluoride. They include post-menopausal women, elderly men, pregnant women and their fetuses, people with deficiencies of calcium, magnesium and vitamin C and people with cardiovascular and kidney problems. This information comes from a U.S. Public Health Service report.

The cost of disease is very high. In 1996, there were approximately 340,000 hospital admissions for hip fractures in the United States. Women sustained 75-to-80 percent of all hip fractures. Medicare costs for the hip fractures were estimated to be \$2.9 billion in 1991. Hundreds of millions of dollars may be wasted annually on children's fluoride treatments by dentists.

JUANITA COX (Citizens in Action):

I am opposed to S.B. 311. To keep my comments brief, I would like to have my written testimony ([Exhibit G](#)) submitted for the record.

GAY LANGHAM-MCNALLY:

I have been a certified clinical nutritionist for 35 years. The Institute of Medicine recommends 0.05 milligrams (mg) of fluoride per kilogram each day. If a developing child weighs 30 pounds, that child would need 0.681 mg of fluoride each day. If you brush your teeth with fluoridated toothpastes twice a day, you receive 0.66 mg of fluoride. You also find fluoride in canned foods, soft drinks, juices, salt and chicken. If a developing 60-pound child needs 1.362 mg of fluoride each day, it would be provided by brushing teeth twice a day and eating the foods I have mentioned. There is a study by the *Journal of the American Dental Association* indicating the discovery of fluorosis in children who eat too much chicken.

COCHAIR HORSFORD:

I will now close the hearing on S.B. 311 and open the hearing on the budget account (B/A) of the Office of the State Treasurer.

ELECTED OFFICIALS

State Treasurer – Budget Page ELECTED-156 (Volume I)
Budget Account 101-1080

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

There are two major closing issues in B/A 101-1080 for the Committee to consider, as shown on page 5 of the closing document titled "Senate Committee on Finance Closing List #2", ([Exhibit H](#), original is on file in the Research Library). The first is a revision to the Office of the State Treasurer's cost allocation. In decision unit E-251, the *Executive Budget* recommends a revision to the main funding for seven administrative positions decreasing General Fund appropriations by \$519,115 in fiscal year (FY) 2009-2010 and \$616,589 in FY 2010-2011 and increasing other revenue sources.

E-251 Working Environment and Wage – Page ELECTED-158

The main intent is to align the funding streams with the workload being performed. Based upon that review, the proposed changes appear reasonable.

SENATOR HORSFORD MOVED TO APPROVE DECISION UNIT E-251 OF B/A 101-1080 AS RECOMMENDED BY FISCAL STAFF.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MR. HAARTZ:

Decision unit E-806 recommends increased Treasurer Assessment charges of \$32,207 in FY 2009-2010 and \$32,131 in FY 2010-2011 to increase the annual salary and benefits for the unclassified Deputy Treasurer, Investments position to \$126,033. No action is required by the Committee at this time. The Legislature will decide the correct salary level during the process of deciding unclassified salaries.

E-806 Unclassified Position Salary Increases – Page ELECTED-162

Several minor closing items are shown beginning on Page 8 of [Exhibit H](#).

In decision unit E-255, the Governor recommends a net decrease of \$1,915 in photocopier charges in each year of the biennium based upon this account's projected copier utilization.

E-255 Working Environment and Wage – Page ELECTED-159

Decision unit E-674 is for the deferral of salary increase for the State Treasurer, as recommended for all elected officials.

E-674 Temporarily Defer Elected Official Salary Increase – Page ELECTED-161

In decision units E-710 and E-711, the *Executive Budget* recommends General Fund appropriation for computer equipment replacement. As all equipment identified to be replaced will meet or exceed the Department of Information Technology's (DoIT) recommended replacement schedule, this recommendation appears reasonable to Staff.

E-710 Replacement Equipment – Page ELECTED-161

E-711 Replacement Equipment – Page ELECTED-162

Does the Committee wish to approve a General Fund appropriation of \$16,222 in FY 2009-2010 and \$4,616 in FY 2010-2011 as recommended in the *Executive Budget*? Additionally, Staff requests approval to make technical adjustments to the decision unit as updated equipment costs become known during closing.

Item 4, on page 9 of [Exhibit H](#), concerns the Treasurer's Office information Technology (IT) Cost Allocation. This centralized allocation methodology appears reasonable. Cost allocation payments to this account appear as the revenue line "IT Cost Allocation."

The Committee will note in the Prepaid Tuition, Millennium, Nevada College Savings, and Unclaimed Property budgets, the *Executive Budget* has included nominal maintenance and enhancement decision modules to adjust payer account expenditure authority to match the cost allocation charges. The table on page 9 depicts the IT cost allocation adjustments.

Staff requests the Committee's permission to handle these as technical adjustments in each of the accounts as final salary and fringe rates as adjustments become known. As a result, Staff has not individually addressed each decision unit in the payer accounts.

Fiscal Staff requests authority to make any necessary adjustments to employee salaries and fringe benefits based on decisions made by the 2009 Legislature. Additionally, Fiscal Staff requests authority to make necessary technical adjustments for final cost allocations and assessments including, but not limited to, the Attorney General, the DoIT, Purchasing, the Statewide Cost Allocation Plan (SWCAP) and other similar items.

SENATOR HORSFORD MOVED TO APPROVE DECISION UNITS E-255, E-674, E-710, AND E-711 OF B/A 101-1080 AS RECOMMENDED BY THE GOVERNOR; TO APPROVE FISCAL STAFF'S RECOMMENDATIONS AS NOTED IN ITEMS 1 THROUGH 4 ON PAGE 9 OF [EXHIBIT H](#) REGARDING A CENTRALIZED ALLOCATION METHODOLOGY; AND TO GIVE FISCAL STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. HAARTZ:

Budget account 603-1081 has no major closing issues. The Committee has discussed and previously heard testimony regarding the General Fund loan payback. The Treasurer's Office made the final payment of \$1,183,709 in February 2009, which completes the repayment of the original loan.

Treasurer Higher Education Tuition Administration – Budget Page ELECTED-165
(Volume I)

Budget Account 603-1081

In decision unit E-250, the Treasurer's Office is proposing six in-state trips to promote the Prepaid Tuition Program. In FY 2007-2008, seven in-state trips occurred for this purpose. Does the Committee wish to approve \$3,820 in additional in-state travel in FY 2009-2010 and FY 2010-2011 as recommended in the *Executive Budget*?

E-250 Working Environment and Wage – Page ELECTED-167

SENATOR RHOADS MOVED TO APPROVE DECISION UNIT E-250 OF B/A 603-1081 AS RECOMMENDED BY THE GOVERNOR.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

MR. HAARTZ:

The next issue is the office copier allocation as shown in decision unit E-255. This is a nominal decrease in funding of \$723 in each year of the biennium based upon the program's projected prorated share of photocopier charges.

E-255 Working Environment and Wage – Page ELECTED-167

SENATOR RHOADS MOVED TO APPROVE DECISION UNIT E-255 OF B/A 603-1081 AS RECOMMENDED BY THE GOVERNOR.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

MR. HAARTZ:

The final issue in this account is for replacement computer equipment in decision unit E-710. The Governor recommends \$4,062 in FY 2010-2011.

E-710 Replacement Equipment – Page ELECTED-169

SENATOR RHOADS MOVED TO APPROVE DECISION UNIT E-710 OF B/A 603-1081 AS RECOMMENDED BY THE GOVERNOR.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

MR. HAARTZ:

The next account is for the Millennium Scholarship Administration. This account has one major closing issue.

Millennium Scholarship Administration – Budget Page ELECTED-171 (Volume I)
Budget Account 261-1088

Decision unit E-251 proposes to substitute funding earned from the college savings plans pursuant to 26 *United States Code* § 529 in the Endowment Account (529 College Savings Plans) to pay the administrative costs which have historically been paid by the tobacco settlement funds. If the Committee approves this decision unit, it would restore approximately \$400,000 in each year of the biennium to the Millennium Scholarship Trust Fund. This decision unit appears reasonable to Staff.

E-251 Working Environment and Wage – Page ELECTED-173

Does the Committee wish to approve the change in funding for the administrative costs incurred by the Treasurer's Office in managing the Millennium Scholarship as recommended in the *Executive Budget*?

COCHAIR MATHEWS:

Will we need a bill draft request (BDR) for this?

MR. GHIGGERI:

Based on what the LCB has advised, the language in the current statute is broad enough to permit this change. However, the LCB suggests legislation be processed to specifically indicate the funds would be available for this purpose.

SENATOR COFFIN MOVED TO APPROVE DECISION UNIT E-251 IN B/A 261-1088 AND TO REQUEST A BDR FOR THE PURPOSE OF CHANGING THE FUNDING SOURCES FOR ADMINISTRATIVE COSTS.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. HAARTZ:

As a result of the Committee's approval of decision unit E-251, the remaining decision units for discussion will be paid from the Endowment Account rather than the Millennium Trust Fund.

In decision unit E-250, the *Executive Budget* recommends increased in-state travel of \$3,820 in each year of the biennium for "new outreach programs." In FY 2008, four in-state trips requiring airfare and overnight travel occurred for this purpose. This combined marketing approach, and the request for increased in-state travel, appears reasonable to Staff.

E-250 Working Environment and Wage – Page ELECTED-173

Does the Committee wish to approve \$3,820 in additional in-state travel in both FY 2009-2010 and FY 2010-2011 as recommended in the *Executive Budget*?

SENATOR HORSFORD MOVED TO APPROVE DECISION UNIT E-250; TO CLOSE B/A 261-1088 AS RECOMMENDED BY THE GOVERNOR; AND TO GIVE FISCAL STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. HAARTZ:

Page 19 of [Exhibit H](#) contains the closing sheets for the Unclaimed Property account.

Unclaimed Property – Budget Page ELECTED-178 (Volume I)
Budget Account 101-3815

This account has no major closing issues. In decision unit E-250, the *Executive Budget* recommends an annual increase of \$3,246 in operating expenses each year of the biennium attributed to the increased costs of notifying individuals the State is holding unclaimed property in their names. This amount reflects the combined cost of printing and postage. The increased costs appear reasonable to Staff.

E-250 Working Environment and Wage – Page ELECTED-180

COCHAIR MATHEWS:
Will this information still be available online?

MR. HAARTZ:
Yes, the information is still available online. We will still have newspaper advertising as well. This is an additional outreach by the Treasurer's Office.

SENATOR HORSFORD MOVED TO APPROVE DECISION UNIT E-250; TO CLOSE B/A 101-3815 AS RECOMMENDED BY THE GOVERNOR; AND TO GIVE FISCAL STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. GHIGGERI:
During the 24th Special Session, there was an agreement to withhold a transfer of \$7.6 million from the Unclaimed Property Fund to the Millennium Scholarship Fund in FY 2008-2009 as part of the budget reductions scenario approved at that time. Legislation will be required to eliminate the transfer from the Unclaimed Property Fund to the Millennium Scholarship Fund. Staff would suggest initiating a Committee BDR to facilitate this legislation.

SENATOR RAGGIO MOVED TO INITIATE A COMMITTEE BDR TO ELIMINATE THE TRANSFER OF \$7.6 MILLION FROM THE UNCLAIMED PROPERTY FUND TO THE MILLENNIUM SCHOLARSHIP FUND.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. HAARTZ:
The review of the Nevada College Savings Trust account begins on page 22 of [Exhibit H](#). There are no major closing issues in this budget.

Nevada College Savings Trust – Budget Page ELECTED-185 (Volume I)
Budget Account 605-1092

Decision unit E-251 makes a revision to the existing cost allocation the Committee already approved in B/A 101-1080. Fiscal Staff has made some adjustments because the *Executive Budget* is overstated in each year of the biennium.

E-251 Working Environment and Wage – Page ELECTED-187

Decision unit E-252 is for new outreach programs to provide funding for six in-state trips, as discussed in the other accounts, to jointly promote 529 College Savings Plans.

E-252 Working Environment and Wage – Page ELECTED-187

Decision unit E-253 recommends allocating \$2,629 in each year of the biennium for out-of-state travel to allow Treasurer's Office representatives to meet annually in the Boston area with the Board of Trustees of the College Savings Plans of Nevada program manager.

E-253 Working Environment and Wage – Page ELECTED-188

Decision unit E-255 is for the office copier allocation of \$1,279 in each year of the biennium based upon the program's projected, prorated share of photocopier charges.

E-255 Working Environment and Wage – Page ELECTED-188

COCHAIR MATHEWS:

The three out-of-state trips for national meetings described in decision unit E-253 seem to be excessive.

SENATOR HORSFORD MOVED TO APPROVE DECISION UNITS E-251, E-252 AND E-255 AS RECOMMENDED BY FISCAL STAFF; TO APPROVE 50 PERCENT OF THE GOVERNOR'S RECOMMENDED FUNDING FOR OUT-OF-STATE TRIPS IN DECISION UNIT E-253; AND TO GIVE FISCAL STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. HAARTZ:

Page 25 of [Exhibit H](#) contains the closing sheets for the Endowment Account, B/A 605-1094. Fiscal Staff would note this account is not currently included in the *Executive Budget* and is a part of the discussion related to the Millennium Scholarship Administration account. Fiscal Staff recommends the Committee move this account into the *Executive Budget* to provide Legislative oversight over these funds which are program fees earned from the 529 College Savings Plans. This action is in conjunction with the LCB Audit Division's recommendation and has the support of the Fiscal Analysis Division.

SENATOR RHOADS MOVED TO ESTABLISH B/A 605-1094 IN THE *EXECUTIVE BUDGET*; AND TO CLOSE THE BUDGET AS RECOMMENDED BY FISCAL STAFF.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

MR. HAARTZ:

Page 27 of [Exhibit H](#) contains the closing sheets for the Municipal Bond Bank Revenue budget.

Municipal Bond Bank Revenue – Budget Page ELECTED-195 (Volume I)
Budget Account 745-1086

This is the account in which local entities transfer funding to the State to pay for the bonds the State has issued on behalf of the local entities. Staff recommends that this account be closed as recommended by the Governor.

SENATOR HORSFORD MOVED TO CLOSE B/A 745-1086 AS RECOMMENDED BY THE GOVERNOR.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

MR. HAARTZ:

Page 28 of [Exhibit H](#) contains the closing sheets for the Municipal Bond Bank Debt Service budget.

Municipal Bond Bank Debt Service – Budget Page ELECTED-197 (Volume I)
Budget Account 395-1087

After receiving payments from local entities into B/A 745-1086, this account makes payments to the bond holders. Staff recommends that this account be closed as recommended by the Governor.

SENATOR COFFIN MOVED TO CLOSE B/A 395-1087 AS RECOMMENDED BY THE GOVERNOR.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

MR. GHIGGERI:

Senate Bill 17 was heard by the Committee this morning and the only fiscal impact identified for that bill was approximately \$8,000 for the preparation to adopt regulations to implement the bill. There is a suggested amendment to

change the age from 28 years old to 25 for the retention of records. The Health Division testified they could bundle the regulations and achieve economy to perhaps remove the fiscal note to this legislation.

SENATOR RAGGIO MOVED TO AMEND AND DO PASS S.B. 17.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. GHIGGERI:

Some bills have been referred to this Committee based on the timing of the bills being heard on the floor of the Senate and the time Fiscal Staff has had to review the fiscal notes. Subsequent to referral to the Committee, it has been determined the fiscal impact no longer exists on some of those bills.

Senate Bill 60 revises provisions governing buildings and other properties which have been used in crimes involving methamphetamines or certain other substances. We have been advised by the agencies which had the fiscal notes that the fiscal notes have been removed from the bill based on the amendment.

[SENATE BILL 60 \(1st Reprint\)](#): Revises provisions governing buildings and other property that has been used in crimes involving methamphetamine or certain other substances. (BDR 40-542)

SENATOR HORSFORD MOVED TO DO PASS AS AMENDED S.B. 60.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. GHIGGERI:

Senate Bill 78 Authorizes the Division of Mental Health and Developmental Services (MHDS) to regulate the provision of certain services to persons with mental retardation and persons with related conditions. The MHDS indicated the fiscal note is no longer valid on this bill.

[SENATE BILL 78 \(1st Reprint\)](#): Authorizes the Division of Mental Health and Developmental Services of the Department of Health and Human Services to regulate the provision of certain services to persons with mental retardation and persons with related conditions. (BDR 39-338)

SENATOR HORSFORD MOVED TO DO PASS AS AMENDED S.B. 78.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. GHIGGERI:

Senate Bill 400 was heard by the Committee on April 8, 2009, and makes an appropriation to the NSHE for stale claims owed to the Public Employees' Benefits Program. Staff would suggest making an amendment to this bill to provide for a reversion of any unspent funds by June 30, 2009.

SENATE BILL 400: Makes an appropriation to the Nevada System of Higher Education for stale claims owed to the Public Employees' Benefits Program. (BDR S-1252)

SENATOR HORSFORD MOVED TO AMEND AND DO PASS AS AMENDED S.B. 400 BY PROVIDING FOR A REVERSION OF UNSPENT FUNDS TO THE GENERAL FUND ON OR BEFORE JUNE 30, 2009.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

MR. GHIGGERI:

Senate Bill 401 was heard by the Committee on April 8, 2009. Testimony provided at that time indicated the amount included in the bill should be reduced to \$6,898. Language should be included in the bill to indicate the cause of the appropriation includes licensing and fees, and a reversion of any unspent funds by June 30, 2009.

SENATE BILL 401: Makes an appropriation to the State Fire Marshal Division of the Department of Public Safety for refunds of certain fees. (BDR S-1262)

SENATOR RAGGIO MOVED TO AMEND AND DO PASS AS AMENDED S.B. 400 BY INCLUDING LANGUAGE INDICATING THE CAUSE OF THE APPROPRIATION INCLUDES LICENSING AND FEES AND TO PROVIDE FOR A REVERSION OF UNSPENT FUNDS TO THE GENERAL FUND ON OR BEFORE JUNE 30, 2009.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

COCHAIR MATHEWS:
There being no further business before the Committee, the meeting is adjourned at 10:31 a.m.

RESPECTFULLY SUBMITTED:

Michael Bohling,
Committee Secretary

APPROVED BY:

Senator Bernice Mathews, Cochair

DATE:_____