

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-Sixth Session
May 27, 2011**

The Committee on Ways and Means was called to order by Chairwoman Debbie Smith at 8:14 a.m. on Friday, May 27, 2011, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/76th2011/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblywoman Debbie Smith, Chairwoman
Assemblyman Marcus Conklin, Vice Chair
Assemblyman Paul Aizley
Assemblyman Kelvin Atkinson
Assemblyman David P. Bobzien
Assemblywoman Maggie Carlton
Assemblyman Pete Goicoechea
Assemblyman Tom Grady
Assemblyman John Hambrick
Assemblyman Crescent Hardy
Assemblyman Pat Hickey
Assemblyman Joseph M. Hogan
Assemblyman Randy Kirner
Assemblywoman April Mastroluca
Assemblyman John Ocegüera

GUEST LEGISLATORS PRESENT:

Assemblywoman Lucy Flores, Clark County Assembly District No. 28
Senator James A. Settelmeyer, Capital Senatorial District

STAFF MEMBERS PRESENT:

Rick Combs, Assembly Fiscal Analyst
Mike Chapman, Principal Deputy Fiscal Analyst
Carol Thomsen, Committee Secretary
Cynthia Wyett, Committee Assistant

Chairwoman Smith opened the hearing on A. B. 92 (R1).

Assembly Bill 92 (1st Reprint): Provides for the waiver of fees for the issuance of certain forms of identifying information for certain persons released from prison. (BDR 40-598)

Assemblywoman Lucy Flores, Clark County Assembly District No. 28, stated that A.B. 92 (R1) had been submitted by the interim Advisory Commission on the Administration of Justice and would amend current law that waived fees associated with obtaining a copy of a birth certificate, a duplicate driver's license, or an identification (ID) card by homeless persons.

Currently, said Assemblywoman Flores, a person signed an affidavit that they were homeless to qualify for the waiver of fees. That policy also applied to ex-offenders released from the Department of Corrections (DOC). Assemblywoman Flores stated that the bill would amend the language in statute so that persons released from DOC would be eligible for a waiver of fees for duplicate driver's licenses and ID cards for three months from the date of release, provided they submitted documentation from DOC verifying their release date.

The purpose of the bill, said Assemblywoman Flores, was that corrections was the second fastest spending category for all states, trailing only Medicaid, and cost approximately \$50 billion annually; corrections accounted for \$1 of every \$14 discretionary dollars that were spent by a state. Assemblywoman Flores said policies that did not support a mechanism for inmates released from correctional centers created additional costs because of an increase in recidivism. It cost approximately \$22,500 a year to house an inmate in DOC, and states across the country were beginning to recognize the economic burden that the lack of policy had created. For example, said Assemblywoman Flores, South Carolina, Louisiana, Indiana, and Michigan were just a few of the states that were completely overhauling their judicial and correctional systems.

In 2007, said Assemblywoman Flores, Texas allocated \$241 million on treatment programs for nonviolent criminals, and in 2010 Texas funded 24 reentry transitional coordinator positions to assist inmates who were

returning to society in locating housing and securing jobs, among other reforms. Between 2007 and 2008, the incarceration rate in Texas fell 4.5 percent. Most striking was that Texas avoided building an additional 17,000 prison beds, which resulted in a savings of more than \$2 billion.

Assemblywoman Flores stated that giving a recently released inmate a waiver of fees for a copy of a birth certificate, a duplicate driver's license, or an ID card was nowhere near the level of reform undertaken by Texas, but she believed it would be a very small step in the right direction that would eliminate a very serious obstacle for many ex-offenders when trying to reintegrate into society. When an inmate left prison with "the clothes on his back" and nothing else, that inmate would have no way of identifying himself, which would prove difficult when attempting to secure housing and employment. Assemblywoman Flores believed the bill was a small step that Nevada could take to help ex-offenders reenter society and perhaps also lower the recidivism rates.

Assemblywoman Flores indicated that the Department of Motor Vehicles (DMV) had revised the fiscal note to A.B. 92 (R1). Initially, DMV estimated the cost at \$243,000 in lost revenue that it would have received from fees, but that amount had been revised down to \$161,000. There was also a fiscal note from the Department of Health and Human Services (DHHS) for approximately \$15,000 for lost revenue in fees associated with copies of birth certificates. However, said Assemblywoman Flores, it cost \$22,500 per year to house an inmate in DOC and approximately 5,000 to 6,000 inmates were released every year; therefore, if only eight of those inmates remained in the community and did not return to prison, the state would realize a cost savings.

Assemblyman Hambrick asked about the approximate number of requests per year for fee waivers for ID documents. He opined that many ex-offenders had family in the community who could help with reentry.

Assemblywoman Flores stated that she did not know how many requests would be submitted, but she noted that the bill applied to ex-offenders who already had a Nevada driver's license or ID card issued to them. Only those persons would be eligible for the fee waiver, and only Nevada residents would be eligible for a fee waiver for a copy of their birth certificate. In addition, there were summary reentry programs already in place within DOC that could assist inmates in securing ID documents prior to release. However, said Assemblywoman Flores, the reentry programs were limited and many ex-offenders were being released with no identification whatsoever.

Assemblywoman Carlton said it seemed that some type of fee waiver program should be built into the actual DOC release program; she noted that ID documents could take up to ten weeks to acquire. If an offender had an idea of his or her exact release date, perhaps including an ID component in the actual release program would be the best plan. Assemblywoman Carlton noted that ID documentation could not be requested without a permanent address.

Assemblywoman Flores said that the structure of the bill did not require an ID documentation component to be included in the release plan, but that issue had been discussed when the bill was heard by the Assembly Committee on Judiciary. Ideally, that was the type of structure that was needed so every inmate who was released would have identification. Assemblywoman Flores opined that it would be costly to establish a reentry and transitional program that included ID documentation; the current program was simply not sufficient to serve all inmates being released. She hoped that the state could work toward a reentry program that would help with the issue of ID documentation and recidivism.

Assemblywoman Carlton stated that the Religious Alliance in Nevada (RAIN), had collected contributions to help inmates with the cost of ID documents; however, there appeared to be a communication gap between the Department of Corrections (DOC) and RAIN, and she hoped that A.B. 92 (R1) would help with that communication issue.

Chairwoman Smith asked Mr. Froese to come forward and explain the fiscal note submitted by the Department of Motor Vehicles (DMV).

Mark Froese, Administrator, Management Services and Programs Division, DMV, stated that DMV had submitted an initial fiscal note for a much higher amount than the current fiscal note. The DMV had received additional information and was able to revise its fiscal note. Mr. Froese said DMV had received information from DOC that indicated approximately 78 percent of the inmates released had been residents of Nevada prior to incarceration. The DMV used that percentage to arrive at a revised fiscal note for A.B. 92 (R1). In addition, said Mr. Froese, the start date had been moved back, which would eliminate DMV's programming expenses for the program. Because the start date was February 2012, the fiscal expense and loss of revenue for fiscal year (FY) 2012 was estimated at \$33,571, and for FY 2013 the amount was estimated at \$80,571. The effect on future biennia was estimated at \$161,142.

Assemblyman Hambrick asked whether DMV believed that 100 percent of offenders released from DOC would seek a waiver of fees for ID documentation. Mr. Froese explained that DMV estimated that 78 percent of inmates being

released from DOC were Nevada residents who could possibly request a duplicate driver's license or ID card and were already in the DMV system. Mr. Froese pointed out that the fiscal note described both a revenue loss and an expense. The expense was the cost that DMV had to pay the vendor per card issued, and the revenue loss depicted the loss of fees paid by persons seeking duplicate ID documentation.

Chairwoman Smith asked for comments from the Department of Health and Human Services (DHHS).

Marla McDade Williams, Deputy Administrator, Health Division, DHHS, stated that the Health Division had also issued a fiscal note on A.B. 92 (R1). The Division charged a \$20 fee for copies of birth certificates, and the fiscal note depicted a rough estimate of potential loss of revenue. Ms. Williams said the Division estimated that the loss of revenue would be \$6,900 in the first year of the biennium and \$7,300 in the second year, for a total loss of \$14,200 over the biennium. The fiscal note for the Division would be based on the loss of revenue, but Ms. Williams was not able to provide the exact figures. There would be a General Fund impact and also an effect on the fees allocated to the Children's Trust Fund, which could suffer a loss of approximately \$1,000 per fiscal year.

Testifying next was Larry Struve, Advocate, Religious Alliance in Nevada (RAIN), who stated that RAIN was a coalition of five mainline denominations in Nevada. Mr. Struve stated that RAIN considered A.B. 92 (R1) its top legislative priority during the 2011 Session. He explained that for the past three years, RAIN had tried to convince the state to develop a comprehensive reentry system to reduce recidivism rates for persons released from incarceration who were unprepared to successfully reintegrate into society.

Mr. Struve said Senate Bill No. 236 of the 75th Session had been adopted by the 2009 Legislature and created a special revenue account within the Office of the State Treasurer to receive gifts, grants, and donations to help in the development of reentry programs. However, at that time there was no money in the budget to start the fund, and in 2010 RAIN commenced with a fundraising effort among its parishes and congregations throughout the state. Mr. Struve said he was happy to report that currently over \$16,000 had been contributed by parishioners through free-will offerings in congregations throughout the state to help pay the cost for identification (ID) documentation for ex-offenders. Mr. Struve emphasized that it had been a one-shot fundraising effort by RAIN to send a message to legislators about how those at the grassroots level felt about the importance of ensuring that ex-offenders had

valid ID documentation when they were released back into society and reentered the communities and places of worship.

Mr. Struve indicated that through its work with Justice James Hardesty and the interim Commission on the Administration of Justice, RAIN learned that persons released from the Department of Corrections (DOC) without proper ID were not able to secure housing, employment, or apply for services; therefore, the possibility of recidivism was quite high. Justice Hardesty had advised RAIN that when an ex-offender failed to secure ID documentation within three months of release, the chances of reoffending were as high as 70 percent.

Mr. Struve stated that RAIN had successfully completed the fundraising effort, and there were several hundred parishioners telling legislators, through their donations, that A.B. 92 (R1) was the type of legislation that should be supported. Mr. Struve noted that there might be concern about the fiscal note on the bill, but there was a provision included in the bill that would allow for continued fundraising efforts, albeit not necessarily by RAIN. He stated that section 3, subsection 4 of the bill read: "The Department may accept gifts, grants and donations of money to fund the provision of duplicate driver's licenses without a fee to persons" That provision had also been included in previous legislation to assist homeless persons. Mr. Struve stated he was not aware of past efforts to offset the fiscal effect of such legislation.

Mr. Struve said it appeared that with RAIN's success in bringing the message to everyday citizens about the importance of having ID documents for persons who had been incarcerated, there might be potential for DMV or DOC to continue fundraising efforts to offset the fiscal effect.

According to Mr. Struve, A.B. 92 (R1) had been thoroughly vetted when considered by the Assembly Committee on Judiciary and had received strong bipartisan support. Everyone appeared very pleased that RAIN had tackled an issue that could present a tremendous fiscal burden on the state. Mr. Struve said the investment would be relatively small compared to the effect of continuing to ignore ex-offenders who were released into society without benefit of ID documentation and, therefore, were set up to reoffend. Mr. Struve urged the Committee to pass A.B. 92 (R1).

Mr. Struve submitted [Exhibit C](#), "Passport to a New Life," for the Committee's review.

Testifying next before the Committee was John Cracchiolo, Executive Director, Nevada Catholic Conference, who represented the diocese of Las Vegas and the diocese of Reno. Mr. Cracchiolo said the Nevada Catholic Conference strongly

supported the passage of A.B. 92 (R1), and he thanked Assemblywoman Flores for highlighting a very significant matter. Leaving correctional facilities without proper ID documentation put ex-offenders at an immediate disadvantage. Mr. Cracchiolo said the Nevada Catholic Conference was concerned about recidivism for public safety reasons and the cost to the state to again incarcerate the same offenders.

Ms. Cracchiolo agreed with previous testimony about the difficulty for ex-offenders in securing housing, employment, or cashing a check upon leaving prison. The inability to take the first steps toward reentering communities because of the lack of ID would immediately push ex-offenders to the fringes of society. Mr. Cracchiolo said many persons were puzzled about how a person leaving prison was not provided ID documents, and there appeared to be common sense agreement that there was a need and a requirement to help ex-offenders with reentry by waiving the fees for ID documentation.

Mr. Cracchiolo said there was also the “dreaded” fiscal note, which seemed to stop most conversations around the Legislature. He appreciated the fact that DMV had lowered its fiscal note, and pointed out that DMV indicated that 78 percent of offenders released from DOC would be eligible for duplicate ID documentation because they were Nevada residents when incarcerated. The DMV assumed 100 percent of that percentage would require duplicate ID, which Mr. Cracchiolo believed was exaggerated. He opined it would be difficult to estimate the costs or the loss of revenue.

Mr. Cracchiolo noted that Assemblywoman Flores had stated that if only eight offenders were able to successfully reenter society with the help of proper ID documentation, it would clearly pay the cost of the fiscal note. The bill contained good, common sense policy and would provide a good public and safety policy for the state. Mr. Cracchiolo indicated that the Nevada Catholic Conference would urge the Committee to pass A.B. 92 (R1).

Chairwoman Smith asked Mr. Froese for clarification regarding the fiscal note from DMV.

Mark Froese, Administrator, Management Services and Programs Division, DMV, confirmed that the revised fiscal note was based on 78 percent of those offenders released from DOC being eligible for duplicate ID documentation.

Testifying next before the Committee was Orrin J. H. Johnson, Deputy Public Defender, Washoe County Public Defender’s Office, who stated that from the perspective of repeat offenders, one of the main differences between success and failure was the ability to secure employment, which was one of the reasons

the specialty court programs in Washoe County were so successful. Mr. Johnson said inmates who were released without the benefit of a reentry program often found reentry very difficult, perhaps because of substance abuse problems, and providing offenders with ID documentation was the first step in helping them secure employment. Identification documentation would eliminate a significant barrier to employment, and once an ex-offender was employed, he was far less likely to reoffend and require the services of the Public Defender's Office. Mr. Johnson urged the Committee to pass A.B. 92 (R1) and save everyone a great deal of money.

Chairwoman Smith asked whether Assemblywoman Flores would like to make further comments regarding the bill.

Assemblywoman Flores noted there had been much discussion about the fiscal merit of the bill, and she emphasized that the fee-waiver program would assist only those offenders who were eligible for duplicate driver's licenses or ID cards in Nevada. Not every offender would be eligible for the waiver of fees, and Assemblywoman Flores did not believe that the loss in revenue would be significant.

Chairwoman Smith asked whether there were further questions or testimony to come before the Committee regarding A.B. 92 (R1), and there being none, the Chairwoman closed the hearing. Chairwoman Smith opened the hearing on A.B. 402 (R1).

Assembly Bill 402 (1st Reprint): Requires a state agency to enter into or participate in a contract to allow it to accept credit cards, debit cards or electronic transfers of money to the agency unless it is impracticable for the agency to do so. (BDR 31-968)

Assemblyman John Ocegüera, Clark County Assembly District No. 16, stated that the law currently allowed state agencies to enter into contracts to accept credit cards, debit cards, or other forms of electronic payment. However, many agencies failed to accept electronic payment or credit cards, and A.B. 402 (R1) would require state agencies to enter into contracts for electronic payment unless it would be impracticable for the agency to do so.

Assemblyman Ocegüera said the bill would require state agencies to coordinate the administration of the contract with the Office of the State Treasurer, and if a state agency was not able to enter into such a contract on its own, it could participate in a contract entered into by the Department of Administration. If it was infeasible for an agency to enter into a contract for electronic payments,

the agency would be required to report the reasons it had failed to enter into or participate in such a contract to the Interim Finance Committee (IFC).

Assemblyman Oceguera said that the bill was self-explanatory and would create ease of access to state agencies for businesses and citizens. He believed the bill would increase compliance with fee collections and would streamline the process through the use of the Nevada Business Portal. Customers could access various state services on the Internet without the necessity of visiting a state agency. Assemblyman Oceguera believed that would eliminate the "red tape" for some procedures, would reduce the wait times in agency offices, and would shorten the timelines.

Assemblyman Oceguera noted there were several fiscal notes attached to the bill, and he believed there had been a misunderstanding of the instructions from the Budget Division. The instructions from the Budget Division indicated that each agency would be required to accept all forms of electronic payments and assumed 100 percent participation. Assemblyman Oceguera pointed out that the bill stated "unless it is impracticable for the agency to do so."

Chairwoman Smith asked whether there was a representative present from the Budget Division or the Office of the State Treasurer who could clarify the fiscal note.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, stated that he had contacted the Office of the State Treasurer and the Budget Division to ascertain whether persons would be present today to testify regarding the fiscal note attached to A.B. 402 (R1). Mr. Combs indicated that Mr. Winebarger was present at the hearing.

Mark Winebarger, Chief Deputy Treasurer, Office of the State Treasurer, indicated that the Office of the State Treasurer had submitted a fiscal note on the bill, but it could not determine the impact. As indicated in the fiscal note, the amount depended on the volume that would come through the Office of the State Treasurer in the reconciliation process with deposits. For example, said Mr. Winebarger, the Office of the State Treasurer would identify merchant identification (ID) to determine the number of individual deposits from each agency. The Department of Motor Vehicles (DMV) had 210 merchant IDs throughout the state, and the Office of the State Treasurer had 3 merchant IDs. Mr. Winebarger reiterated that the actual amount could not be determined, but it had been determined that for each additional 460 merchant IDs that were added to the state system, the Office of the State Treasurer would require one additional employee to reconcile the deposits and other transactions related to electronic payments.

Chairwoman Smith asked about transaction or convenience fees and whether the agency would benefit from those fees.

Mr. Winebarger said the transaction fee could be charged back to the customer by the agencies, which would help reduce costs. Agencies could charge a convenience fee for some transactions, but not all. The transaction fees under consideration were the fees charged by the credit card companies and processors, which represented the majority of the costs in the fiscal notes.

Assemblyman Kirner asked about the state's discount fee rate for electronic payments.

Mr. Winebarger said that each card had different rates, and the rate would depend upon the holder. The average fee throughout the state was approximately 2.5 percent for each credit card transaction. In addition, there was a 20-cent charge for each item processed through an online portal.

Assemblyman Kirner said when reviewing the fiscal note on the bill, the numbers would be 2.5 percent plus a 20-cent charge per item online. Mr. Winebarger said there could be additional charges for hardware, but those would be one-time costs.

Assemblyman Hambrick asked whether the fee for electronic transactions could be offset by a reduction in labor costs for processing the checks through the system.

Mr. Winebarger said the Office of the State Treasurer had not looked at any type of offset, and he did not know whether the agencies had reviewed possible cost savings in the fiscal notes.

Assemblyman Hambrick believed there had to be some type of offset for staff time because of the electronic transactions, and perhaps that aspect could be verified over the upcoming biennium.

Mr. Winebarger said that offset would be based on how each agency operated. He noted that some agencies might have one or two staff involved in processing payments, and perhaps there could be a savings of staff time.

After reviewing the fiscal notes submitted by the agencies, Mr. Combs did not think a possible savings of staff time had been taken into consideration. He believed the question asked by Assemblyman Hambrick was valid because any time an agency changed the manner in which it conducted business, there might be savings on one end that would offset the costs on the other end.

However, said Mr. Combs, it might be very difficult for an agency to determine what the savings in staff time would be by switching to another method of conducting business. Most of the costs included in agency fiscal notes were because the agencies were uncertain about the convenience fee that agencies would be allowed to charge and whether that would be sufficient to cover the costs that would be incurred by the agencies as a result of accepting credit card transactions.

Mr. Combs noted that the current statute regarding convenience fees indicated that a state agency might require the cardholder or the person requesting the electronic transfer of money to pay a convenience fee "when appropriate and authorized." Mr. Combs believed most transactions would be appropriate and authorized, but perhaps that language had been included in statute because there might be cases where a fee would not be appropriate, such as an agreement between the credit card company and the cardholder.

Chairwoman Smith opined that use of credit cards or electronic payments appeared to be quite difficult, even though that was the way the state should be trending in the future.

Assemblyman Grady said he would like to see the offset regarding checks with nonsufficient funds received by state agencies, and the number of staff hours required to process those checks. He pointed out that state agencies would be guaranteed payment with credit cards or electronic payments. Assemblyman Grady opined that the fiscal notes attached to A.B. 402 (R1) had been greatly "stretched."

Mr. Winebarger said he could provide information about "bounced" checks, the majority of which had been issued to the Department of Motor Vehicles (DMV). Assemblyman Grady believed that the entire program needed to be reassessed.

Chairwoman Smith said, in all fairness, most of the fiscal notes were from individual agencies or boards and commissions rather than the Office of the State Treasurer.

Assemblywoman Carlton said she had encountered the credit card fee issue when working on other legislation for the 2011 Session. The issue involved the larger banks and entities such as MasterCard and American Express. One issue was the contract between the consumer and the bank that issued the credit card, which could affect the ability of the state to recoup a portion of the fees. Assemblywoman Carlton believed that issue would have to be addressed in the future because DMV had testified that it spent approximately \$5.6 million in

credit card fees. Those fees were for the convenience of customers using credit cards for transactions.

Assemblywoman Carlton stated that had she known about the fees, she would have written a check to pay for her transactions at DMV. That \$5.6 million at DMV alone could have been used to address part of the budget shortfall and the many cuts to programs. Until the Legislature could address the fact that the credit card companies had a stranglehold on the consumer and the state in negotiating those fees, then Assemblywoman Carlton agreed that state agencies should have the option to approach the Interim Finance Committee (IFC) and explain that the fees would cost more than the benefit of accepting credit cards. That issue should be weighed carefully before handing over \$5.6 million in fees to credit card companies in one year from DMV alone.

Assemblyman Kirner conceded that the fiscal note on A.B. 402 (R1) was overstated, and he wondered whether there was any idea of the amount of the actual fiscal note.

Assemblyman Ocegüera said he could not address the amount of the actual fiscal note on the bill, but he believed that the assumption of 100 percent participation was overstated.

Assemblyman Aizley opined that there were benefits to using credit cards, and if an analysis was conducted regarding the costs, there should also be an analysis regarding the benefits.

Chairwoman Smith requested information from the Office of the State Treasurer about returned checks, which she believed would be helpful to the Committee.

Chairwoman Smith asked whether there was further testimony or comments to come before the Committee regarding A.B. 402 (R1), and there being none, the Chairwoman closed the hearing. Chairwoman Smith opened the hearing on A.B. 404 (R1).

Assembly Bill 404 (1st Reprint): Revises provisions regarding properties leased for use by the State. (BDR 27-381)

Assemblyman John Ocegüera, Clark County Assembly District No. 16, said that under existing law the Chief of the Buildings and Grounds Division was authorized to lease and equip office rooms outside of state buildings for the use of certain state officers and employees. Exempt agencies included the State Gaming Control Board, the Department of Public Safety (DPS), and the Department of Motor Vehicles (DMV).

Assemblyman Ocegüera stated that A.B. 404 (R1) would authorize the Chief of the Buildings and Grounds Division to negotiate and execute all leasing agreements from all General Fund agencies. That would allow for centralization of oversight, provide greater efficiency, increase transparency, and result in a savings in lease costs. Assemblyman Ocegüera pointed out that there was no current inventory of the real property owned by the state, and the bill would require that the Chief of the Buildings and Grounds Division post those reports regarding leases and ownership of real property for state use on an Internet website. Each list would include a brief description of the location, size, and current use of the property and the terms of the lease, including, without limitation, the cost to the state.

Assemblyman Ocegüera stated that was important because agencies often either upsized or downsized, and often those agencies were not aware of available space within other agencies at the same location. For example, there might be an agency with ten vacant offices and another agency in the same location that was attempting to rent additional space at a different location. Assemblyman Ocegüera stated that even though space might be available at the same location, quite often agencies were not aware of that possibility.

According to Assemblyman Ocegüera, the public posting of leases and property would allow for more transparency and accountability and would allow businesses to potentially make an offer on unused property owned by the state. It would also allow an owner of office rooms to prepare a better offer to the state at the end of a lease and would identify the person to contact. It would allow for greater coordination and oversight between agencies, leading to efficiency and savings in leasing.

With regard to the fiscal note, said Assemblyman Ocegüera, with the exception of the Department of Motor Vehicles (DMV) Management Services and Programs Division, there were no other fiscal notes attached to the bill. He believed that the DMV fiscal note should be much lower because DMV was currently paying staff to manage its lease agreements, and that cost should be deducted from the fiscal note. The bill stipulated that the Chief of the Buildings and Grounds Division would negotiate and execute all lease agreements for all General Fund agencies.

Chairwoman Smith believed that A.B. 404 (R1) would compliment other legislation currently under consideration such as Assembly Bill 474, which would create the Sunset Subcommittee of the Legislative Commission to review certain boards and commissions.

Assemblywoman Carlton asked whether there had been consideration about the security of some locations because there were officers who worked undercover in various areas from certain locations, and if those locations were posted on the Internet, there would be concern about the possibility of identifying those officers.

Assemblyman Ocegüera said that was a valid point, and it had not been discussed. He could also think of examples where locations should not be disclosed, and he believed that issue should be addressed.

Deb Cook, Administrator, Administrative Services Division, DMV, indicated that the fiscal note for A.B. 404 (R1) was \$6,551 in the first year and \$6,878 in the second year of the biennium. She explained that the fiscal note represented a cost allocation that DMV would be required to pay to the Buildings and Grounds Division for their services.

Chairwoman Smith asked for clarification regarding the cost-allocation issue.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, opined that it would be helpful if Ms. Edwards from the Buildings and Grounds Division explained the process for assessing agencies for lease services.

Chairwoman Smith said it appeared that DMV was the only agency that had submitted a fiscal note regarding cost allocation for services by the Buildings and Grounds Division.

Cindy Edwards, Administrator, Buildings and Grounds Division, explained that the Division charged each agency for lease assessments, which was 0.0085 times the annual cost of the lease for the 2011-2013 biennium. Ms. Edwards stated that DMV had submitted a fiscal note for the \$6,000 fee for its lease assessments, but in the negotiations of the leases, that savings could be achieved in the lease rate, which would offset those costs.

Chairwoman Smith said it appeared that there were some leases that were unknown to the Division, and A.B. 404 (R1) might involve agencies that did not currently work with the Division for lease negotiations.

Ms. Edwards said those agencies included DMV, DPS, and the Gaming Control Board; however, she noted that the Division had been negotiating leases for the Gaming Control Board, and that agency paid the lease assessment fee. The law had been changed during the 2009 Session allowing those agencies to enter into independent lease agreements. The proposal in A.B. 404 (R1) would bring

those agencies back under the Division's umbrella; Ms. Edwards noted that those agencies had paid lease assessment fees in the past.

Ms. Edwards explained that the Division did not have an existing inventory of leases for boards and commissions, but she believed that would include approximately 60 leases. The Division had the lease log for both DMV and DPS, which included approximately 47 leases.

Ms. Edwards said the Division had not submitted a fiscal note for A.B. 404 (R1) because the bill originally did not include boards and commissions; however, the Division had submitted a fiscal note for the cost of a position at \$96,000 over the biennium to help with the recording of the approximately 100 additional leases. She wanted to make sure that fiscal note was listed with the bill.

Mr. Combs was not sure whether the Division's fiscal note had been attached to the bill, and he would work with the Buildings and Grounds Division to ensure that the proper fiscal information was attached to the bill. He believed there would be an offset between the assessment that the agencies would pay and the fees collected by the Division, which would go against the cost of the additional position. The Fiscal Analysis Division would determine which agencies would be paying an assessment and whether those agencies had positions that were dedicated to the same functions that would now be performed by the Division. Mr. Combs opined that there might also be contract savings if agencies had contracted out those services.

Because the Buildings and Grounds Division was funded through transfers from other state agencies primarily for rent and fee assessments, Mr. Combs stated that if the Committee decided to move the bill, it would not be necessary to address the fiscal note on the bill itself because the Division could approach the Interim Finance Committee (IFC) with a work program to request the addition of a new position using assessment revenues and reserves. That would be the most logical process because of prior budget closings for the agencies.

Chairwoman Smith asked whether there were further questions or testimony regarding A.B. 404 (R1), and there being none, the Chairwoman closed the hearing.

Chairwoman Smith opened the work session on A.B. 307 (R1). She noted that a second proposed amendment to the bill was posted on the Nevada Electronic Legislative Information System (NELIS), [Exhibit D](#).

Assembly Bill 307 (1st Reprint): Requires the monitoring of the effects of certain energy development projects on wildlife. (BDR 45-872)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, stated that the Committee had originally heard A.B. 307 (R1) on May 14, 2011, and at that time there was an indication that the bill would again be amended. Correspondence had been received by the Fiscal Analysis Division from the Office of Energy that indicated because of the amendments made by the policy committee, the Office would remove its fiscal note. Mr. Combs said he had transmitted a copy of the mock-up of the amendment ([Exhibit D](#)) to the State Department of Wildlife (NDOW), and Mr. Cates was present to testify regarding how the change in statute would affect NDOW.

Assemblyman David Bobzien, Washoe County Assembly District No. 24, explained that the bill would ensure that the costs for reports to energy developers incurred by the NDOW would be more appropriately accounted for. He stated that he had worked with the Governor's Office in arriving at the cost-recovery solution. Assemblyman Bobzien indicated that section 7, subsection 4, paragraph (a) of the proposed amended bill ([Exhibit D](#)) stated, "Provisions setting forth the requirements for making reasonable deposits and reimbursing the Department of Wildlife for the actual costs, not to exceed \$100,000, incurred by the Department of Wildlife for providing to the Federal Government, Public Utilities Commission of Nevada, applicant or any county in this State any information relating to any wildlife or wildlife habitat based on the location of the energy development project for which a notice is filed pursuant to subsection 1."

Assemblyman Bobzien indicated that NDOW was charged with plan review activities that currently did not include a funding source. The plan was to mirror the action of the Bureau of Land Management (BLM) in such instances, and under A.B. 307 (R1) at the same time a developer filed paperwork with other jurisdictions, the developer would also file with NDOW. It was hoped that the regulations created for cost recovery would provide that an initial project scope was not necessarily what would be reviewed by NDOW. Assemblyman Bobzien said the BLM process included recognition that as the project application moved forward, there would be a scope determination of the size of the development, and once that was agreed upon, the cost recovery would be established.

Assemblyman Bobzien pointed out that section 7, subsection 4, paragraph (b) stated, "Provisions setting forth the requirements for allowing a developer of an energy development project or a local government in a county in which an energy development project is proposed to be located to request Director of the Office of Energy to coordinate discussions, not required by any existing

regulatory agency, with interested parties, concerning any potential effect of the energy development project.”

That was a new idea that had been proposed by Senator John Lee, and Assemblyman Bobzien said it was his understanding that the Director of the Office of Energy was comfortable with that provision. The idea was to proactively facilitate some conversations with the community at either the request of the local government or the developer to better vet a project’s effect on local communities. Assemblyman Bobzien said that section had been designed to alleviate the stress in rural Nevada brought on by energy projects.

Assemblyman Bobzien referred to section 9, subsection 4, which addressed accountability, that would make it clear that the Energy Planning and Conservation Fund must be used in accordance with the State Wildlife Action Plan. Assemblyman Bobzien said the State Wildlife Action Plan highlighted species of concern—either currently threatened species, endangered species, or species that were on the brink of extinction. The NDOW was currently required to provide a State Wildlife Action Plan to the federal government, and the bill would ensure the appropriate use of those funds.

Assemblyman Bobzien said the bill created the Energy Planning and Conservation Fund in section 9, which was more of a placeholder because there was no funding available for that Fund. Assemblyman Bobzien explained that the Fund for the Recovery of Costs created in section 9.5, subsection 1, would be used for the cost recovery funds. He noted that section 9.5, subsection 6, paragraph (a) made it clear that the money would be used, “To provide to the Federal Government, Public Utilities Commission of Nevada or any person any information relating to wildlife or wildlife habitat based on the location of an energy development project;” and paragraph (b) stated, “To match any federal money for a project or program for the conservation of any species of wildlife.”

Chairwoman Smith asked Mr. Cates to comment regarding the fiscal note on A.B. 307 (R1).

Patrick Cates, Deputy Director, NDOW, stated that NDOW had provided input for the amendment ([Exhibit D](#)) and believed it was workable. The amendment would not affect the fiscal note, which was approximately \$280,000 per year based on the actual cost for NDOW for energy project review in fiscal year (FY) 2010. Mr. Cates said the bill would provide NDOW with the mechanism to recover those costs from the industry. Those costs were currently being paid by Nevada sportsman via license fees. He reiterated that NDOW was pleased with the amendment and believed it was workable; the fiscal note would stand as written.

Assemblyman Bobzien indicated that there were two industry representatives present who would like to present testimony, Mr. Gordon and Ms. Conaboy.

Garrett Gordon, representing the Large Scale Solar Association and First Solar, thanked Assemblyman Bobzien for allowing the creation of a working group over the course of the past seven days to fine-tune A.B. 307 (R1). Mr. Gordon believed it was a very good bill that would provide NDOW with the opportunity to recover costs, and the Large Scale Solar Association and First Solar were fully supportive of that concept.

Kathleen Conaboy, representing LS Power and GA Solar, also thanked Assemblyman Bobzien for bringing forward the legislation because it put Nevada on the map along with other Western states in addressing conservation issues, which the industry believed were very important. Ms. Conaboy said after reading the amendment she had met with Assemblyman Bobzien to discuss section 7, subsection 1, which required that applications be filed concurrently with NDOW when the developer filed applications to other public entities, and Assemblyman Bobzien had clarified that his intent was that the project's scope be fully defined before the fee schedule took effect. With that clarification, Ms. Conaboy said LS Power and GA Solar would support the bill.

Stacey Crowley, Director, Office of Energy, said the Office had removed the fiscal note on A.B. 307 (R1) and the amended version of the bill ([Exhibit D](#)) added a section regarding the Office of Energy facilitating meetings as necessary. Ms. Crowley said the Office was supportive of that mandate.

Chairwoman Smith asked whether there was further testimony or questions to come before the Committee regarding A.B. 307 (R1), and there being none, the Chairwoman stated she would entertain a motion.

ASSEMBLYWOMAN MASTROLUCA MOVED TO AMEND AND DO
PASS ASSEMBLY BILL 307 (R1).

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Atkinson and Conklin were not present for the vote.)

Chairwoman Smith opened the hearing on Senate Bill 154.

Senate Bill 154: Provides for the issuance of special license plates for family members of persons who died as a result of injuries sustained while on active duty in the Armed Forces of the United States. (BDR 43-700)

Senator James Settelmeyer, Capital Senatorial District, stated that S.B. 154 would create a license plate designed for a narrow category of individuals, the family members of persons who died as a result of injuries sustained while on active duty in the military. There was no fiscal note on the bill, because the license plate would be similar to the current Gold Star license plate.

Senator Settelmeyer said he had talked to a mother whose son had passed away when he was no longer in the service of the military, and even though he had died of war-related injuries, his mother was not eligible for the Gold Star license plate. After investigating the issue, Senator Settelmeyer said the State of Nevada had long ago adopted the rules for the Gold Star license plate from the national American Gold Star Mothers organization. Those rules were quite clear that if a person was not actively enrolled in the military and died of a war injury, the family of that person was not eligible for the Gold Star license plate.

The feeling was that those individuals had the opportunity to return home after leaving the military prior to their death, something that had not been available to families eligible for the current Gold Star license plates. Senator Settelmeyer said there was a very narrow category of individuals who would be eligible for the special license plates created by the bill. Currently Nevada had issued only 113 Gold Star license plates, and S.B. 154 would mirror the language regarding the special license plates for families of persons who had died as a result of injuries sustained while on active duty. Senator Settelmeyer believed there would only be three or four license plates issued in Nevada.

Chairwoman Smith said she wanted to address the bill because there would be a separate license plate developed for those eligible under S.B. 154, and she believed there should be a fiscal note on the bill. Chairwoman Smith said she was frustrated because some fiscal notes went to the maximum possible, while for other bills where it appeared there should be a fiscal note, there was none.

Rhonda Bavaro, Administrator, Division of Central Services and Records, Department of Motor Vehicles (DMV), stated that Chairwoman Smith was correct. The DMV had not originally submitted a fiscal note on S.B. 154 because of the assumption that the bill referred to the current Gold Star license plate. However, after meeting with Senator Settelmeyer, DMV understood that the bill would create a new plate with one design, and DMV believed the cost

would be minimal. Ms. Bavaro also believed there would be a minimal number of plates issued, and the cost to the state would be below the threshold required for a fiscal note.

Assemblyman Bobzien asked whether the cost would be zero or whether the cost was minimal, and DMV did not want to bother with a fiscal note. He believed there was a difference between zero costs versus minimal costs.

Ms. Bavaro said the fiscal note would be a minimal amount; it would not be a zero impact, but would be under the threshold of the \$2,000 amount for a fiscal note. The DMV would do the regulation and computer programming in conjunction with other plates and regulations to absorb the costs.

Chairwoman Smith said her preference was that costs be included as a fiscal note, and the Department could then testify regarding whether or not the fiscal note was necessary. There were many examples of the opposite, when no fiscal note was attached to a bill and then the agency determined that there was a cost involved. Chairwoman Smith said for future reference, she would prefer that a fiscal note be included with the bill. She appreciated the testimony by DMV that the costs for the proposed license plate in S.B. 154 would be minimal. Chairwoman Smith asked about the costs involved in the design of the new license plate.

Ms. Bavaro said the design of the plate could be accomplished with current staff via a computer program and there would be minimal cost.

Rick Combs, Assembly Fiscal Analyst, clarified that the \$2,000 minimal amount for fiscal notes was the amount considered by the Fiscal Analysis Division in determining whether to send a request for a fiscal note to an agency. Once a request had been sent, the fiscal note should reflect the fiscal impact on the agency, even if the amount was less than \$2,000. Mr. Combs reiterated that the \$2,000 threshold was used by the Fiscal Analysis Division to determine whether or not to request a fiscal note.

Assemblywoman Carlton said it appeared the fiscal note for DMV would be under \$2,000. She asked whether the new plate would resemble the current Gold Star license plate, because she had received a passionate telephone call from a Gold Star mother and had assured that mother that the bill would not change the current Gold Star license plate. Assemblywoman Carlton pointed out that the license plate was a very passionate issue with Gold Star mothers, and she hoped the new license plate would not be similar in design and would be distinctive in its representation. She asked whether the new plate would be subject to the same process and reviews as other plates.

Senator Settlemeyer agreed that Gold Star mothers were very passionate about the license plate, and the proposed new plate would not resemble the current Gold Star license plate. He had researched license plates from other states, and Colorado issued a license plate for "departed soldiers." Colorado also offered the Gold Star license plate. Senator Settlemeyer noted that other states had addressed the same issue, and he hoped that Nevada would also offer some solace to family members of persons who had died because of war-related injuries, and that was the reason he had authored S.B. 154.

Assemblywoman Carlton asked whether the new license plate would comply with the same process that had been established for other plates.

Ms. Bavaro stated that was correct: the new license plate would go through the same design and approval process through the Nevada Highway Patrol for visibility as all other plates.

Chairwoman Smith asked whether there were further questions or comments to come before the Committee regarding S.B. 154, and there being none, the Chairwoman closed the hearing.

Assembly Bill 469 (1st Reprint): Revises provisions governing public property and purchasing. (BDR 27-678)

Chairwoman Smith announced that A.B. 469 (R1) would be rescheduled for hearing at a later date.

Chairwoman Smith opened the work session on A.B. 497.

Assembly Bill 497: Makes a supplemental appropriation to the Real Estate Division of the Department of Business and Industry for an unanticipated shortfall in Fiscal Year 2010-2011. (BDR S-1226)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, stated that the Committee had previously reviewed A.B. 497 on April 13, 2011. The bill would make a supplemental appropriation to the Real Estate Division of the Department of Business and Industry. Mr. Combs explained that the supplemental appropriation was required because of an unanticipated shortfall in the Division's non-General Fund revenue sources; those were primarily fees charged to persons regulated by the Division. It appeared that the shortfall had occurred because of the decline in the housing market.

Mr. Combs stated that the amount of the original supplemental request as recommended by the Governor was \$317,092, but the Division indicated that the amount could be reduced by \$113,514, for a revised supplemental of \$203,578. However, there had been a request from the Division during the previous hearing on the bill for an additional supplemental appropriation because the Department was consolidating some fiscal and personnel functions into the Director's Office. Because of that consolidation, the Department was relocating and would require funding for the move and additional office space. Mr. Combs stated that the Fiscal Analysis Division had received a 15-day expeditious action work program regarding the move of the Director's Office; however, the supplemental appropriation addressed the General Fund portion of the moving costs.

Mr. Combs indicated that the move, the work program, and the revised supplemental requests were consistent with the Committee's closing action regarding the budget for the Department of Business and Industry. Fiscal Analysis Division staff would recommend that in addition to the new reduced amount of \$203,578 to address the shortfall in revenues, that an additional supplemental appropriation be added in the amount of \$10,021 for the Real Estate Division's share of the moving costs, and \$6,157 to the Director's Office of the Department of Business and Industry for its share of the moving costs. Together, said Mr. Combs, the new amount in total would be reduced from \$317,092 to \$219,756. Those amounts would be listed as three separate supplemental appropriations in the amended version of A.B. 497.

Assemblyman Kirner asked whether the entire amount of \$219,756 would be included in The Executive Budget. Mr. Combs explained that the original request included in The Executive Budget was for \$317,092, and the bill would amend that amount to a total of \$219,756, which would result in a savings.

Chairwoman Smith said she would entertain a motion to amend and do pass A.B. 497.

ASSEMBLYMAN KIRNER MOVED THAT THE COMMITTEE AMEND
AND DO PASS ASSEMBLY BILL 497.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Atkinson and Conklin were
not present for the vote.)

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Chairwoman Smith asked whether there was further business or comment to come before the Committee, and there being none, the Chairwoman declared the Committee in recess at the Call of the Chair. Because of time constraints, the meeting was not reconvened and was adjourned at the May 28, 2011, meeting.

RESPECTFULLY SUBMITTED:

Carol Thomsen
Committee Secretary

APPROVED BY:



Assemblywoman Debbie Smith, Chairwoman

DATE: _____

EXHIBITS

Committee Name: Committee on Ways and Means

Date: May 27, 2011

Time of Meeting: 8:14 a.m.

Bill	Exhibit	Witness / Agency	Description
	A	*****	Agenda
	B	*****	Attendance Roster
AB 555	C	Larry Struve, RAIN	Passport to a New Life
AB 307	D	Assemblyman Bobzien	Amendment to AB 307