

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

**Seventy-Sixth Session
June 6, 2011**

The Committee on Ways and Means was called to order by Chairwoman Debbie Smith at 9:50 a.m. on Monday, June 6, 2011, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 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, Chair
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:

Senator John Lee, Clark County Senatorial District No. 1
Senator Sheila Leslie, Washoe County Senatorial District No. 1

STAFF MEMBERS PRESENT:

Rick Combs, Assembly Fiscal Analyst
Mike Chapman, Principal Deputy Fiscal Analyst
Sherie Silva, Committee Secretary
Cynthia Wyett, Committee Assistant

Chairwoman Smith announced the Committee would hear testimony on several bills and then work session bills, including some that were necessary to finalize the budget. The meeting would be recessed throughout the day to move bills forward as they were referred to the Committee. She opened the hearing on Senate Bill 227 (2nd Reprint).

Senate Bill 227 (2nd Reprint): Revises provisions governing the financial administration of the Real Estate Division of the Department of Business and Industry. (BDR 54-982)

Senator John Lee, Clark County Senatorial District No. 1, testified that the Real Estate Division, Department of Business and Industry, was one of the few licensing and regulatory agencies funded with General Funds. Of the fourteen agencies in the Department of Business and Industry, only three were General Fund agencies: the Labor Commission, the Athletic Commission, and the Real Estate Division. He said that for a number of years, the policy of the Legislature was to require existing and new licensing regulatory agencies' fee-based budgets to be supported by the industry and the licensees they regulated. Senator Lee stated the Real Estate Division should not be treated any differently.

Senator Lee explained the Real Estate Division's budget provided a net surplus to the General Fund and would continue to be net surplus, even in the current economy, but the Division's budget was continually being cut, making it more difficult to continue to protect the public. He said in the current housing market, more oversight of licensees was needed—not less.

Senator Lee said that based on the current General Fund budget proposals, the Real Estate Division would reduce its staff from 36 positions in 2008 to 16 positions in 2012. If the current budget proposals were approved, the licensing section of the northern Nevada area would be closed, leaving the licensing function in Las Vegas only; the number of Real Estate Commission meetings would be reduced; delays in compliance hearings and continuing education classes would result; and the number of investigators would be decreased. Senator Lee remarked that a staff of 16 employees for the

Real Estate Division was insufficient, and he was working with the Division and realtors on the bill to attempt to find a solution.

Senate Bill 227 (R2), Senator Lee continued, would allow the Real Estate Division to continue to operate in a manner that would provide protections to the public and ensure licensees were in compliance with *Nevada Revised Statutes* (NRS) Chapter 645.

Senator Lee added that the proposed amendment to the bill stated that the Real Estate Division would prepare an annual budget for review by the Executive Branch, which would include a request for the amount of funding necessary for the Division to function, without making reductions and closing the northern Nevada offices. Once the budgets were approved, funds would accumulate in the Division's account from fees and charges to defray certain costs and expenses of the Division. The Division would be authorized to maintain a reserve up to the amount the Division was authorized to expend in a year, after which additional fees would be deposited into the General Fund.

Assemblyman Goicoechea noted that \$500,000 would be held in the reserve account, and he asked how the 2011-2013 biennial budget would be affected.

Rocky Finseth, speaking on behalf of the Nevada Association of Realtors, responded that the amended version of the bill had an effective date of July 1, 2013. Therefore, the 2011-2013 biennial budget would not be affected.

Chairwoman Smith asked how the reserve account would affect the 2013-2015 biennial budget. Mr. Finseth explained the Real Estate Division provided a net \$1.2 million to \$1.5 million surplus in the General Fund, which would have to be taken into account in preparation of the 2013-2015 biennial budget.

Assemblywoman Carlton asked how the funding amounts would compare to the current budget amounts. She wanted to hear more details concerning the Division's current reserve, the amount of operating expenses, the effect on licensing fees, and how the plan would work overall.

Senator Lee replied the Division Administrator, Gail Anderson, would have to respond to questions concerning the budget, and she was not present. She had indicated that the provisions of the bill were workable for the Division. He added that the effective date of the bill was revised to 2013 to provide sufficient time for proper planning.

In response to Assemblywoman Carlton's concern about the licensing fees, Senator Lee assured her there would be no expense to the licensees. The bill had been drafted based on current fees: no new or increased fees would be involved.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, clarified the Real Estate Administration account currently did not have a reserve because it was a General Fund account. He understood the bill would establish a reserve, which was necessary when moving from a General Fund to a fee-funded budget.

Assemblyman Kirner asked whether the bill was good for Nevada.

Mr. Finseth replied the Real Estate Division had experienced several budget cuts, and there was frustration with the fact that it took three or four years to investigate and adjudicate a real estate licensee for bad behavior. He said it did not make sense for a real estate licensee to remain active for that length of time while being investigated. The proposed biennial budget included moving the real estate licensing activity for northern Nevada from Carson City to southern Nevada: one of the largest industries in the state would have to go to southern Nevada for licensing. Mr. Finseth said the fundamental question was whether the budget was sufficient to operate the Division, and he believed S.B. 227 (R2) would provide the Division with more control over its funding.

Senator Lee said the Real Estate Commission was similar to the Division of State Parks: the economy drove the amount of attention both agencies received, and their budgets were always fluctuating. He said the provisions of the bill would allow the Division to operate on a more consistent basis year-to-year.

Assemblywoman Carlton asked whether there was a prohibition against licensees paying more for the cost of investigations and personnel. Mr. Finseth replied he did not believe there were prohibitions, but the Division had always struggled with technological and staffing problems. The trade association had offered to augment and supplement the Division in those areas, but that was determined to not be an option; he did not know the reason.

Assemblywoman Carlton observed the reason could be the perception of impropriety if the regulated supported the regulator.

Chairwoman Smith asked for testimony in support of or in opposition to S.B. 227 (R2); there was no testimony, and she closed the hearing on Senate Bill 227 (R2).

Chairwoman Smith opened the hearing on Assembly Bill 581, which related to the Account for Foreclosure Mediation. Action on the bill was necessary to finalize the biennial budget.

Assembly Bill 581: Revises provisions relating to the Account for Foreclosure Mediation. (BDR 9-1303)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that A.B. 581 was requested by the Committee on Ways and Means when closing the budget for the Supreme Court of the State of Nevada. He recalled the Supreme Court's budget was reduced by the amount of personnel adjustments that applied to other state agencies. The General Government Joint Subcommittee and the full finance committees agreed that some amount of restoration could occur from the Account for Foreclosure Mediation to help the Court through the upcoming biennium.

Mr. Combs said A.B. 581 effectuated a transfer in the upcoming biennium. Section 1, subsection 10, paragraph (b), stated that currently the notice of default fee could only be used for the Foreclosure Mediation Program. He explained the bill would be amended to add the language "or for any other purpose authorized by the Legislature." Section 2 of the bill provided that the Court Administrator may transfer from the Account for Foreclosure Mediation to the operating budget for the Supreme Court not more than \$300,000 in each fiscal year of the upcoming biennium. The provision would allow the Court to draw the funds as needed during the fiscal year. Mr. Combs added that the Court's operating budget was funded partially with court administrative assessments and partially with General Funds. If the administrative funds came in higher, the Court would be required to revert General Funds, and the bill would ensure that the Court would not be penalized if it did not draw down the funds from the Account for Foreclosure Mediation.

Mr. Combs said the bill would become effective on July 1, 2011, and the amended provisions in section 1 would expire by limitation on June 30, 2013. This was a one-biennium-only authorization.

Assemblyman Goicoechea asked how much was in the reserve account. Mr. Combs replied there had been an ample reserve at the beginning of the legislative session, and the balance was sufficient for a year of operations.

Ben Graham, representing the Administrative Office of the Courts, testified that the matter was discussed extensively in the General Government Joint Subcommittee, and he encouraged passage of the bill. He said some revenues

were declining, and the bill would ensure essential needs could be met over the 2011-2013 biennium.

Deanna Bjork, Manager of Budgets, Supreme Court, agreed with Mr. Graham's statements. She wanted to reaffirm Mr. Combs' statement that there were sufficient foreclosure remediation reserves to allow for the transfer. The transfer would allow the Supreme Court to recover should administrative assessment revenue continue to decline creating another shortage in the budget in the next biennium.

Chairwoman Smith called for testimony in support of or in opposition to A.B. 581; there was none. She closed the hearing on Assembly Bill 581 and called for a motion.

ASSEMBLYMAN CONKLIN MOVED TO DO PASS
ASSEMBLY BILL 581.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywoman Mastroluca was not present for the vote.)

Chairwoman Smith opened the hearing on Senate Bill 11 (1st Reprint).

Senate Bill 11 (1st Reprint): Directs the Legislative Commission to appoint a committee to conduct an interim study concerning the development of a new method for funding public schools. (BDR 34-304)

Joyce Haldeman, representing the Clark County School District, explained that S.B. 11 (R1) would provide for an interim study concerning the development of a new method for funding public schools in the State of Nevada. She recalled that *The Nevada Plan* was developed in 1967 following two years of studies conducted by the Legislature. There were approximately 100,000 students across the state in 1967, and 95 percent of them were white. The demographics collected by the U.S. Census at that time only had three ethnic categories: white, black, and other. Ms. Haldeman said in 2011, there were students with diverse demographics that were not even contemplated in *The Nevada Plan*; there were 135 languages spoken in the Clark County School District alone.

Ms. Haldeman quoted from *The Nevada Plan* when it was submitted to the Legislature in 1967:

The proposed formula is purely the result of Nevada people. It was not spun in an ivory tower, it is not perfection, but it does seek to recognize the realities of Nevada school districts. If the formula is adopted, future experience may dictate necessary changes not indicated by today's conditions. The Subcommittee had the temerity to label it *The Nevada Plan*.

Ms. Haldeman suggested the conditions that existed today were completely different than the conditions that existed at the time of the creation of *The Nevada Plan*. The primary concern at the time was geographic diversity, and much of the original plan was based on the number of pupils per square mile and the economies of scale that could be attained.

Ms. Haldeman said it was time to again study how the students of Nevada should be adequately funded and review *The Nevada Plan* to determine whether it was still valid or if a new method of weighted per-pupil funding should be adopted based on the specific needs of the students.

Chairwoman Smith noted the fiscal note appeared to be based on the original version of the bill. Ms. Haldeman replied that section 22, subsection 6, stated that the study would be carried out "to the extent that money is available to do so from sources including, without limitation, gifts, grants, and donations." She said the Superintendent of Clark County School District, Dr. Dwight Jones, recently came from Colorado, where a similar study was conducted. Dr. Jones said it had been fairly easy to raise private funding to conduct such a study, and he was looking forward to assisting in the effort to find funding in Nevada.

Ms. Haldeman clarified that the fiscal note on the original bill had a suggestion of how the weighted per-pupil funding could work, but those provisions had been deleted and replaced with the proposal to study methods of funding.

Assemblyman Goicoechea stated he hoped that the legislative leadership in both houses would consider bipartisan representation on the study committee. Chairwoman Smith replied she believed that they would.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, noted that the fiscal note on the original bill was related primarily to section 19, which had been deleted by amendment. That section required the Department of Education to create an advisory group to put the new formula into place. He cautioned Committee members that there would be some costs associated with the study, and the bill in its current form indicated the study committee would be authorized to use consultants and outside advisors. Whether the committee would be able to solicit funding from

sources outside of state revenues to hire the consultants would affect the success of the study.

Assemblyman Kirner asked how the bill would interrelate with the new governance of the State Department of Education.

Ms. Haldeman replied the proposed transition would provide the opportunity to consider new methods of funding. The education reforms involved new common course standards, a new governing structure, and a new way to deliver education, including increasing online services and different methods of delivery. The new structure would provide an opportunity to determine the true cost of educating a student in Nevada, especially when the students were vastly diverse.

Chairwoman Smith asked for testimony in support of or in opposition to S.B. 11 (R1). There being none, she closed the hearing on Senate Bill 11 (1st Reprint).

Chairwoman Smith opened the hearing on Senate Bill 425 (1st Reprint).

Senate Bill 425 (1st Reprint): Makes appropriations to the Department of Motor Vehicles and the Department of Administration. (BDR S-1264)

Troy Dillard, Deputy Director, Department of Motor Vehicles, explained S.B. 425 (R1) included a one-shot appropriation for equipment that had exceeded the scheduled period for replacement. He said approximately 70 percent of the Department's computer inventory was due for replacement because of the revenue downturn over the past four years. Replacement equipment had been included in the budget previously, but the Department was unable to purchase it because of the state-required 22 percent cap. Mr. Dillard recalled that the budget for equipment was reduced in the 2009 Legislative Session, and consequently the Department was in dire straits regarding replacement equipment to continue conducting business.

Mr. Dillard reviewed the sections of the bill that appropriated funds from the Highway Fund to the Department of Motor Vehicles (DMV):

- Section 1: \$102,584 for replacement of computer hardware and associated software and printers for the Director's Office.
- Section 2: \$905,210 for replacement of computers, printers, servers, routers, and other equipment for the information technology section of the Department.

- Section 3: \$49,323 for office equipment for the Central Services and Records Division.
- Section 4: \$23,670 to the Motor Carrier Division for replacement of a scanner, report management software, and chairs.
- Section 5: \$174,651 to the Compliance Enforcement Division for replacement of computers and printers.
- Section 6: \$16,516 to the Compliance Enforcement Division for replacement of training and safety equipment, chairs, and miscellaneous office equipment.
- Section 7: \$43,041 to the Director's office for replacement of computers and printers.
- Section 8: \$1,123,927 to the Field Services Division for replacement of computers and printers.
- Section 9: \$164,348 to the Field Services Division for replacement of a vehicle, fax machines, chairs, and miscellaneous office equipment.
- Section 10: \$113,680 to the Administrative Services Division for replacement of a forklift, a box truck with a lift, chairs, fax machines, and other office equipment.
- Section 11: \$156,145 to the Motor Carrier Division for replacement of computers and printers.
- Section 12: \$192,285 to the Administrative Services Division for replacement of computers and printers.
- Section 13: \$2,121 to the Hearings Section for replacement of chairs.
- Section 14: \$4,242 to the Director's Office for the replacement of chairs.
- Section 15: \$41,589 to the Management Services and Programs Division for replacement of computers and printers.
- Section 16: \$345,083 to the Central Services and Records Division for replacement of computers and printers.

- Section 17: \$117,282 from the Highway Fund to the Motor Pool Division, Department of Administration, for replacement of vehicles assigned to DMV that would be maintained by the Motor Pool Division beginning July 1, 2011.

Mr. Dillard stated the total appropriation included in the bill would not cause the DMV to exceed its cap on administrative expenses for the current fiscal year or the 2011-2013 biennium. The requests were submitted as one-shot appropriations to provide the Department with flexibility to make the purchases over the biennium.

Assemblyman Goicoechea asked the amount of the combined appropriations. Mr. Dillard replied the total amount was \$3,575,697.

Chairwoman Smith called for testimony in support of or in opposition to S.B. 425 (R1). There being none, she closed the hearing on the bill and called for a motion.

ASSEMBLYMAN ATKINSON MOVED TO DO PASS
SENATE BILL 425 (1ST REPRINT).

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Conklin, Mastroluca, and Ocegüera were not present for the vote.)

Chairwoman Smith extended the Committee's thanks to DMV Director Bruce Breslow and his staff for their cooperation and patience during the legislative session.

Chairwoman Smith opened the hearing on Senate Bill 427 (1st Reprint).

Senate Bill 427 (1st Reprint): Provides for the merger, movement and reorganization of certain state agencies. (BDR 18-1161)

Andrew Clinger, Director, Department of Administration, explained S.B. 427 (R1) implemented the merger of several state agencies as approved by the money committees, summarized as follows:

- The Department of Administration would merge with the Department of Personnel, the Department of Information Technology, the Public Works Board, and the Nevada State Library and Archives.

- The Commission on Tourism would merge with the Museums and History Division.
- The State Historical Preservation Office would merge with the Department of Conservation and Natural Resources.

Mr. Clinger highlighted certain sections of the bill:

- Section 1, subsection 3, allowed the Governor to designate a Chief Information Officer (CIO) of the state, and the Director of the Department of Information Technology (DoIT) was currently the CIO. The Director of DoIT would become an Administrator of the new Division of Enterprise Information Technology Services of the Department of Administration and serve as the Chief Information Officer.
- Section 8.5, subsection 1, added an Administrator of the Division of Tourism within the new Department of Tourism and Cultural Affairs, and the position would be in the unclassified service.

Chairwoman Smith asked whether the Administrator was a new position. Mr. Clinger replied it was an existing position, and representatives of the Department of Cultural Affairs and the Commission on Tourism were present to further explain the provisions of section 8.5.

Michael Fischer, Acting Director, Department of Cultural Affairs, explained it was the Department's intention to fill the position with an existing employee with the funding approved in the budget. He said a discrepancy arose because there was no administrator for the new Division of Tourism as it existed in the Department of Tourism and Cultural Affairs. All of the other divisions had division administrators. Mr. Fischer said the Senate Committee on Finance had indicated a work program could be submitted to the Interim Finance Committee if an adjustment was needed to the salary of the existing employee to make it equal to other division administrators, and reserve funds were available for the adjustment if approved.

Chairwoman Smith asked why the matter had only recently become an issue. Mr. Fischer replied that all other divisions had an administrator, and an inequity was created because the Department Director was both Division Administrator and Director. The bill would bring the organization in line with the other divisions.

Chairwoman Smith asked how the salary would be categorized.

Steve Woodbury, Deputy Director, Commission on Tourism, explained the original vision was to have the Director of the Department serve as the Administrator for the Division of Tourism as the lead agency. A determination was later made that because there were multiple divisions within the Department, it made sense to have an Administrator separate from the Director of the Department to oversee the Division of Tourism. He said the salary would be equal to the other three division administrators within the new Department of Tourism and Cultural Affairs.

Mr. Clinger pointed out that section 141.5 of the bill described the position and set the salary at \$95,453.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said he could not determine whether a position was being added, which was frustrating because it was nearly the end of session and the Unclassified Pay Bill (Senate Bill 505) had been drafted. Currently in the Unclassified Pay Bill, the positions for the Department of Tourism and Cultural Affairs were:

- The Director, Tourism and Cultural Affairs, at a salary of \$114,104.
- The Chief Deputy of Administration, at a salary of \$95,453.
- The Administrator, Division of Museums and History, at a salary of \$95,453.
- The Deputy Director, Sales and Industry Partners, and the Deputy Director, Marketing and Advertising, at salaries of \$75,660 each.
- The Editor Publisher, *Nevada Magazine*, at a salary of \$85,961.

Mr. Combs said the language in section 8.5 of the bill caused him concern because subsection 1 provided that "The Director shall, from among employees in budgeted positions" rather than stating ". . . from the positions approved for the Division." He was concerned that the Department would make an argument to the Interim Finance Committee (IFC) that it had the authority to create a new position. He recommended the Committee receive clarification on how the position would be filled and how the salary of \$95,453 was determined. He reiterated there was a Chief Deputy for Administration in the Commission on Tourism and an Administrator in the Division of Museums and History.

Mr. Combs recalled that when the proposal was brought forward, Fiscal staff had indicated to the Committee that very little savings would be generated by combining the Division of Museums and History with the Commission on Tourism. The bulk of the savings occurred because the Committee replaced General Funds with room tax revenues, not because of any efficiencies created by the merger. Mr. Combs advised the members that they needed to feel

comfortable with the provisions of the bill and whether they were consistent with the Committee's intent when closing the budgets for the two agencies.

Mr. Clinger stated for the record, and to address Mr. Combs' concerns, it was the intent that an existing budgeted position would be used to fill the Division Administrator position with an existing employee. The only reason that additional IFC authority would be needed would be for the difference in salary between a budgeted position and the salary identified in S.B. 427 (R1).

Chairwoman Smith asked why there would be a difference in the salary.

Mr. Fischer replied the existing position would have enhanced duties as the Division Administrator; the increased salary would bring the new Administrator position into conformity with the other division administrators. He concurred the intention was to use an existing position for the bulk of the salary and to approach IFC if there was a difference in the salary.

Mr. Combs speculated the Department knew which position would be used to fill the Administrator position and had an estimate of the current salary. The bill set forth the new salary for division administrators at \$95,453.

Mr. Woodbury responded that the intent was to allow the Director of the Department to designate any qualified staff member, and the appointment would probably be made from the senior staff, whose current salary was approximately \$79,000. He said the reserve balance was nearly \$3 million and would easily cover the \$16,000 increase in the salary.

Chairwoman Smith indicated the problem was whether a \$16,000 pay raise should be approved in the current economic environment.

Mr. Combs added that unless the Chief Public Information Officer was going to be appointed to the position, the increase would be closer to \$20,000 for any other senior staff member.

Mr. Clinger remarked the amendment to the bill was submitted to the Senate Committee on Finance after budget closings.

Chairwoman Smith asked how the problem could be resolved and what choices were available to the Committee. Mr. Combs replied the Committee had the option of approving the position at the salary indicated in the bill, adjusting the salary to a more appropriate level, or eliminating section 8.5 and the section that created the salary for the position.

Mr. Fischer stated it was anticipated the individual appointed to the position of Administrator of the Division of Tourism would assume many duties in addition to his current duties. He said the position existed in the other divisions, and the provision in the bill was believed to be clearly an equity issue and not a change in salary.

Chairwoman Smith asked why the request was being made after the budgets had been closed.

Mr. Fischer said at one time, there were three separate bills for consolidation. Senate Bill 427 (R1) was amended to consolidate the three bills into one. Omission of the Administrator of the Division of Tourism was an inadvertent and unfortunate mistake in the process. He apologized for the error.

Mr. Clinger continued his review of the bill.

- Section 14, subsection 4 would allow the Director of the Department of Tourism and Cultural Affairs to appoint employees either in the classified or unclassified service of the state, which was in accordance with the historical manner of categorization, unless state or federal law required otherwise.
- Section 72, subsection 2 required the Department of Public Safety, the Department of Motor Vehicles, and the State Gaming Control Board to use the new Buildings and Grounds section of the Public Works Board in future leasing functions. The three agencies currently could enter into leases on their own and were not required to go through the Division of Buildings and Grounds.
- Section 74, section 4 was amended to add language that would allow the Director of the Department of Administration to assign the supervision of the Marlette Lake Water System to a city or a county, which currently could not be done. Discussions had been held concerning turning the administration of the water system over to Carson City, and section 4 provided authority to make that assignment.
- Section 139 transferred the responsibility for tracking energy use of state buildings from the Buildings and Grounds Division to the Office of Energy.
- Section 142 contained a \$150,806 supplemental appropriation to the Department of Cultural Affairs to offset lower-than-projected admission revenue related to reductions from the State General Fund in the amended budgets during the 26th Special Session.

- Section 143 contained a supplemental appropriation in the amount of \$36,848 to the Department of Cultural Affairs for the payoff costs for the retirement of an employee.
- Section 143.5 stated, "Notwithstanding any other provision of law to the contrary, a person who has been appointed to or is otherwise incumbent in one of the following positions as of October 1, 2011, is in the classified service of the State and must remain in the classified service of the State." Mr. Clinger explained the provision required incumbents of classified positions that were moved to the unclassified service to stay in the classified service.

Mr. Clinger advised that section 148 would need to be amended because section numbers referenced in the bill were incorrect after the numerous changes in the Senate amendment.

Chairwoman Smith asked for further information on section 142.

Peter Barton, Acting Administrator, Division of Museums and History, explained section 142 provided a supplemental appropriation to offset lower-than-anticipated admission revenues. In the 26th Special Session (2010), action was taken to reduce General Fund for the Division of Museums and History, which had the effect of raising admission fees charged at all museums. The fees were increased by 50 percent as of March 12, 2010. Mr. Barton said the full effect of the 50 percent increase had not been realized, and the supplemental appropriation was to compensate for the shortfall being experienced in the seven museums in the system as a result of lower-than-anticipated attendance.

Mr. Barton went on to explain that section 143 provided a supplemental appropriation for payoff costs for two long-term employees who had retired during the last six weeks of fiscal year 2011.

Mr. Combs added an amendment would be required to amend the effective dates for certain sections of the bill.

Chairwoman Smith asked for public testimony in support of or in opposition to Senate Bill 427 (1st Reprint). There was none. Chairwoman Smith closed the hearing S.B. 427 (R1) and opened the hearing on Senate Bill 493 (3rd Reprint).

Senate Bill 493 (3rd Reprint): Creates the Mining Oversight and Accountability Commission and revises the provisions governing certain mining taxes and fees. (BDR 32-1152)

Senator Sheila Leslie, representing Washoe County Senatorial District No. 1, stated she would provide a brief overview of S.B. 493 (R3) on behalf of the Senate Committee on Revenue. She testified it was well known that the Senate Committee on Revenue had been working on mining deductions and other matters associated with the mining industry throughout the legislative session, and S.B. 493 (R3) accomplished the following:

- Section 5 created a Mining Oversight and Accountability Commission (Commission) with seven members appointed by the Governor. Potential members would be recommended by the legislative leadership, but the actual appointments would be made by the Governor.
- Section 7 outlined the duties of the Commission, which had been amended several times for clarification.

Senator Leslie explained the Commission was intended to provide oversight of compliance with laws relating to the taxation, operation, safety, and environmental regulation of mines and mining in the state. The latest amended version of the bill clearly outlined the process to be followed. She said the intent was not to create a new bureaucratic body with a large staff, but rather to create an entity where state agencies that adopted and enforced regulations related to mining activities could submit their reports and information for review, and to provide a resource for the public to go to with their concerns.

Senator Leslie noted there had been a lot of controversy concerning regulations, and the third reprint provided that regulations would be developed as they were currently. The Commission would review the regulations, but it would not have the authority to approve them, because that was under the purview of the Legislative Commission. She said there had been criticism that the regulations approval process would be slowed down, but that would not necessarily be the case. The purpose was to provide more oversight, and given the problems with the tax regulations over the years, the Committee on Revenue felt the oversight was needed and appropriate.

- Section 11 authorized the Mining Oversight and Accountability Commission to request the Legislative Commission to direct the Legislative Auditor to conduct a special audit or investigation of the activities of any state agency connected with the mining industry.

Senator Leslie recalled that there had been no audits of the mining industry in two years. Governor Sandoval had been working with the Department of Taxation to correct the situation as quickly as possible.

- Sections 12.5 and 12.7 revised provisions governing the calculation of net proceeds from certain mining operations conducted in the state.

Senator Leslie remarked there had been extensive discussion concerning mining tax deductions, and she noted those had been built into the 2011-2013 biennial budget. Some deductions had been removed, and the Department of Taxation had indicated it wanted to clarify what deductions were removed and what were still allowed. Senator Leslie noted there had been multiple discussions with the mining industry and all related parties, and there had been agreement on most of the provisions. She reviewed section 12.5, which outlined the allowable tax deductions and removed the following:

- Marketing expenses
- The cost of fire insurance
- Employee travel that did not directly relate to mining activity in the state

Senator Leslie went on to explain that the bill allowed the costs of Nevada-based corporate services to be deducted, but excluded out-of-state corporate services. She emphasized the allowable services were limited to work necessary to the operation of the mine or group of mines. She further explained that the costs of reclamation work were a deduction that had been allowed by the Department of Taxation, even though they were not previously provided for in the *Nevada Revised Statutes* (NRS). Other deductions excluded in the bill were:

- Cost of employee housing
- Cost of employee travel outside the state
- Severance pay
- Trade dues
- Expenses related to lobbying
- Any federal, state, or local taxes

In addition, Senator Leslie said the costs of hospital, medical, and industrial insurance would not be allowed for the next two years, at which time the 2013 Legislature could review and adjust the allowable deductions as needed.

The last major provision of S.B. 493 (R3) was the repeal of the mining claims fee, which had been imposed by the Legislature in the 26th Special

Session (2010). Senator Leslie noted there had been several court cases relating to the mining claims fee, and the Senate Committee on Revenue had recommended the entire section be repealed. Only about \$4 million in revenue had been received from the fees, but there were discrepancies in the amount claimed by the mining industry and the actual amount received by the state. She said the fee would be repealed, and a credit would be given on the Modified Business Tax (MBT) or a refund would be sent to those who had already paid the mining claims fee.

Chairwoman Smith thanked Senator Leslie for her presentation of S.B. 493 (R3), adding that the Senate Committee on Revenue had expended many hours on the bill. She pointed out that instead of including a sunset clause, the bill actually provided that the medical deduction would be reinstated in two years.

Assemblyman Goicoechea asked why the deduction would be reinstated. Senator Leslie replied the Senate Committee on Revenue had been in a quandary because it realized that the healthcare deduction was currently taken through the Modified Business Tax, which it should be legally, but the deduction was also allowed in the Net Proceeds Tax. She said because of time constraints to allow a policy discussion concerning the deduction, it was decided to eliminate the deduction for the next two years and then reinstate it in 2013 when the Legislature would have an opportunity to discuss the policy.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that language in section 12.5, subsection 2, paragraph (h), "All money expended for premiums for industrial insurance, and the actual cost of hospital and medical attention and accident benefits and group insurance for all employees" was being deleted and would no longer be a deduction. The same language was added back in section 12.7, subsection 3, paragraph (g). Mr. Combs noted that section 12.5 of the bill would become effective on January 1, 2012, and section 12.7 would become effective on January 1, 2014.

Assemblywoman Carlton noted that section 8, subsection 1 required the Administrator of the Division of Industrial Relations of the Department of Business and Industry to submit a report to the Mining Oversight and Accountability Commission concerning the creation and maintenance of safe and healthful working conditions at the mines. She asked whether there was double and even triple oversight of mining.

Senator Leslie replied the thought was the Commission would serve as a depository for all issues related to the industry; the Commission would not spend time on functions that were not needed. There had been some safety

issues in northern Nevada that required more public discussion, which could occur in the Commission if warranted.

Chairwoman Smith asked whether the fiscal note was correct; she assumed there were fiscal notes associated with the Commission.

Senator Leslie replied the intent was not to create extra employees and extra work, but rather to have the state agencies function as they did currently and bring the information forward to the Commission.

Chris Nielsen, Acting Director, Department of Taxation, explained the Department had issued a fiscal note of approximately \$68,000 when the bill was first heard in the Senate Committee on Revenue to account for travel for the commissioners and overtime for Department staff to support the Commission.

Chairwoman Smith asked for testimony in support of S.B. 493 (R3).

Jan Gilbert, representing the Progressive Leadership Alliance in Nevada, testified in support of S.B. 493 (R3) and said the Alliance was pleased that the industry would be unable to continue to deduct healthcare benefits under two tax provisions. She urged passage of the bill.

Assemblyman Goicoechea remarked that every business that provided health insurance had the ability to deduct the costs from the Modified Business Tax. Before the law was passed to allow the deduction under the MBT, the mining industry had the ability to deduct the cost of healthcare from the Net Proceeds of Minerals Tax. He said he was struggling with deletion of several of the deductions.

Ms. Gilbert responded that because mining could deduct the healthcare costs in one place, it seemed inappropriate that the industry was allowed to also deduct them elsewhere.

Assemblyman Hogan remarked he had received correspondence from many constituents urging that the Legislature determine who was responsible for imposition and collection of taxes from the state's major industries. He believed it was time to take action to ensure the taxpayers of the state were receiving as much as possible from the state's natural assets. He urged passage of S.B. 493 (R3).

Debra Struhsacker, Environmental Permitting and Government Relations Consultant, said she was testifying on behalf of the Nevada Mineral Resources

Alliance, a consortia of mineral exploration companies. She expressed the Alliance's support and appreciation for the section of S.B. 493 (R3) that repealed the 2010 mining claims fee that was enacted in February 2010. Ms. Struhsacker stated the tax was unconstitutional and had a terrible adverse effect on the exploration sector that received no revenue from mining with which to pay the fee. She said exploration was the lifeblood of mining: it identified the claims that could be developed into revenue-generating and taxpaying mines in the future.

Laura Granier, Attorney at Law, Lionel Sawyer & Collins, speaking on behalf of the Nevada Mineral Resources Alliance, testified the Alliance had worked diligently with legislators for many months concerning the mining claims fee. She said there appeared to be some misunderstanding about who would bear the brunt of the tax, and a District Court had ruled the fee was unconstitutional. On behalf of the plaintiffs in the District Court case, Ms. Granier said they did not want to file suit during such difficult times; their preference was to work collaboratively with the Legislature. However, one of the individuals involved in the suit lived off his Social Security, and he had held claims for many years. The claims fee would have forced him to drop some of his claims, and he was pursuing taking a mortgage on his home to pay the fee of approximately \$24,000. The second client was a small business located in Washoe County, which would have had to spend 68 percent of its operating cash to pay the fee and would have been forced to drop claims in which it had invested many years to accrue significant value.

Ms. Granier said the Alliance hoped to be a voice for exploration companies now and in the future and to be a part of the mining industry that could work cooperatively with the Legislature toward policies that would be good for the state and the industry: she believed those could be one and the same. She urged passage of S.B. 493 (R3) to repeal the mining claims fee.

Tim Crowley, President of the Nevada Mining Association, stated it was important to note that the bill would change some deductions taken by the mining industry as a calculation for the Net Proceeds of Minerals Tax. The change did not reflect or suggest that the industry had done anything inappropriate in the past: taxes had been paid legally and the law had been followed in the best way possible. Mr. Crowley said the mining industry understood the need for the state to raise more revenue, and changes had been made.

Mr. Crowley said there was a distinct difference between deductions under the Net Proceeds of Minerals Tax and deductions on the Modified Business Tax (MBT). The MBT assessed a tax amount and reduced that taxable amount by

the amount of the healthcare. The Net Proceeds of Minerals Tax taxed 5 percent outside of the company's operating costs and costs of labor. The operating costs and costs of labor were calculated, that amount was subtracted from the gross, and the tax was computed on the balance. The balance was the taxable value, and the 5 percent tax was assessed. There were no deductions taken from that taxable value. The cost of healthcare was not subtracted from the taxable value: it was an essential cost of doing business, and the Nevada Mining Association believed it was a legitimate deduction.

Nonetheless, Mr. Crowley continued, the Association understood the importance of the bill and the importance of balancing the state's budget. The mining industry was proud to pay more during the difficult economic times, and it was paying more: it paid all of the conventional business taxes that other businesses paid, and additionally it paid the Net Proceeds of Minerals Tax. He said the Association believed it was necessary for the industry to pay more, and it was not standing in the way of passage of the bill.

Chairwoman Smith remarked she did not believe anyone on the Committee would question that using the deduction was not legitimate: the discussion was whether it was sound policy. There was no insinuation that the mining industry was doing anything wrong.

Michael Brown, Vice President of Public Affairs, Barrick Gold Corporation, said he wanted to speak specifically to the healthcare provision, which had resulted from a compromise reached between legislative leadership and the Office of the Governor. He was surprised to learn that the provision dated back to at least 1927, which meant mining companies had been providing some form of healthcare and medical assistance to their employees since 1927.

Mr. Brown said providing healthcare in rural Nevada was a substantial challenge. He had talked with his company's benefits management employees, and they indicated the cost of healthcare the company was providing its employees in rural Nevada was about 50 percent higher than in urban settings. The high cost was attributable to lack of competition and capacity in rural Nevada. Barrick Mining Corporation and Newmont Mining Corporation had jointly sponsored a clinic to provide healthcare support to their employees and to infuse more healthcare resources into rural Nevada.

Mr. Brown noted that mining also had challenges demographically. Ten years ago, gold prices were at record lows and the industry was not hiring. Consequently, Mr. Brown estimated that approximately 50 percent of Barrick's workforce was 40 years of age and older, 72 percent was over 50 years old, and the under-40 employees had very large families. He reiterated that

providing healthcare in a rural setting for a 4,455-person workforce was a challenge.

Looking forward to oncoming reforms in federal healthcare, Mr. Brown said most large employers expected to see substantial changes in their healthcare plans over the next few years. It would be difficult to keep healthcare programs in place, particularly in the rural areas.

Regarding the issue of double taxation, Mr. Brown said he participated in multiple legislatures, and Barrick had a large project in Alaska. He was starting to learn the Alaska system, but he did not fully understand its tax system. Alaska had a corporate income tax and a mining license tax, and he was fairly certain that healthcare deductions were deductible under both taxes. He said when the Chairwoman of the Ways and Means Committee had discussed the challenges the double tax presented with the Distributive School Account, the mining organizations met with legislative leadership and agreed to the provisions of S.B. 493 (R3).

Mr. Brown noted that Barrick Mining Corporation was an international company with headquarters in Canada, where healthcare was a right for Canadian citizens. The company wanted to continue to provide quality healthcare in rural Nevada.

Chairwoman Smith thanked Mr. Brown for his testimony and for agreeing to work with legislative leadership toward a resolution of the issue.

Chairwoman Smith asked for testimony in opposition to S.B. 493 (R3). There was none, and she closed the hearing on Senate Bill 493 (3rd Reprint).

Chairwoman Smith opened the hearing on S.B. 428 (1st Reprint).

Senate Bill 428 (1st Reprint): Makes an appropriation to the State Gaming Control Board to replace computer and technology hardware. (BDR S-1243)

Stacy Woodbury, Chief of the Administration Division, Nevada Gaming Control Board, explained S.B. 428 (R1) was a one-shot appropriation for technology and computer equipment for the Board. The initial bill amounted to approximately \$1.3 million, but working with the Senate Committee on Finance, the amount had been reduced to \$719,957. She said that Heidi Sakelarios, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, had prepared a Prioritization Schedule for Technology Replacement ([Exhibit C](#)) that itemized the proposed expenditures. Ms. Woodbury reviewed the priorities:

- Priority 1: \$370,547 for desktop and laptop computers used by Board staff.
- Priority 2: \$349,410 for switches, routers, and video conference equipment that comprised the entire backbone of the agency's connectivity between the Carson City, Reno, and Las Vegas offices.

Ms. Woodbury said all of the equipment to be replaced had been purchased in fiscal year 2007 or earlier and was in great need of replacement. The items that had been deleted from the first version of the bill were purchased in fiscal year 2008 or later.

Chairwoman Smith asked for testimony in support of or in opposition to S.B. 428 (R1). There was none, and she closed the hearing on Senate Bill 428 (1st Reprint).

ASSEMBLYMAN KIRNER MOVED TO DO PASS SENATE BILL 428 (1ST REPRINT) WITH THE APPROPRIATION OF \$719,957.

ASSEMBLYMAN AIZLEY SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Ocegüera and Mastroluca were not present for the vote.)

Chairwoman Smith opened the hearing on Senate Bill 473 (1st Reprint).

[Senate Bill 473 \(1st Reprint\)](#): Revises provisions governing consumer affairs. (BDR 18-1190)

Andrew Clinger, Director, Department of Administration, explained Senate Bill 473 (1st Reprint) was part of The Executive Budget. In the 75th Legislative Session (2009), the Legislature temporarily eliminated the Consumer Affairs Division of the Department of Business and Industry and the Commissioner of Consumer Affairs and transferred the powers and duties of the Division to the Office of the Attorney General. Mr. Clinger said S.B. 473 (R1) continued the temporary elimination of the Division and the Commissioner for the 2011-2013 biennium and again transferred the powers and duties to the Office of the Attorney General.

Chairwoman Smith asked for testimony in support of or in opposition to S.B. 473 (R1). There was none, and she closed the hearing on Senate Bill 473 (1st Reprint).

ASSEMBLYMAN HAMBRICK MOVED TO DO PASS SENATE BILL 473 (1ST REPRINT).

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION PASSED. (Assemblyman Oceguela was not present for the vote.)

Chairwoman Smith opened the hearing on Senate Bill 485.

Senate Bill 485: Revises provisions governing the payment of certain expenses for the provision of care pursuant to the State Plan for Medicaid. (BDR 38-1196)

Charles Duarte, Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services, explained Senate Bill 485 modified *Nevada Revised Statutes* (NRS) 422.272, which established what was known as the county match program. He said the program was established in 1974, and in 1989, through interlocal agreements, the counties began paying the state's share of costs for individuals who met certain income qualifications under the law. Mr. Duarte said currently the income levels were 156 percent of the federal benefit rate for supplemental security income (SSI), which was a dollar amount of approximately \$1,051 per month based on 2011 federal benefit rate (FBR) levels.

Between 156 percent and 300 percent of the income level, which was approximately \$2,012 per month, Mr. Duarte said the counties were responsible for the medical costs for individuals who met institutional criteria under the State Plan for Medicaid. He said S.B. 485 would allow the Director of the Department of Health and Human Services (DHHS) to establish a different percentage that would be prescribed annually, and the percentage would ensure compliance with federal law.

Mr. Duarte recalled that the Medicaid budget was closed with revised amounts for the county match program. They were previously \$37 million in state General Fund savings, which was the amount the counties would have had to assume under the original Governor's recommended budget, but the budgets were subsequently closed with an amount of \$14.5 million in state General Fund savings. He said the FBR would have to be changed on an annual basis, as determined by the DHHS director, to achieve the budget savings of \$6 million in fiscal year (FY) 2012 and \$8.5 million in FY 2013. Mr. Duarte said a FBR of 142 percent and 132 percent, respectively, would be used in both years of the 2011-2013 biennium, a downward revision from the current standard of

156 percent, and the counties would be responsible for indigent care above that level.

Mr. Duarte noted the county match program was a long-established program: the counties had been paying the state's share of costs for institutional level-of-care individuals, and the Health Care Financing and Policy Division would work closely with the counties to revise the interlocal agreements consistent with the budget and the provisions of S.B. 485. The Division would also increase its efforts on an ongoing basis to determine whether there were ways the counties could reduce their spending on the county institutional individuals by getting them into the community-based waiver programs.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said he understood the Division would establish a limit, the state would pay the nonfederal share up to the limit, and the counties would pay the nonfederal share for the costs above the limit set by the Division. He asked whether the Division would be required to update the interlocal agreements for the new rate each time it changed.

Mr. Duarte replied Mr. Combs was correct: the Division would work with the counties to revise the interlocal agreements.

Assemblyman Goicoechea asked what the average cost to the rural counties would be under the revised formula.

Mr. Duarte replied he had a breakdown of the estimated costs and differences based on percentages of costs currently being paid by the counties. For example, the difference for Carson City would be approximately \$69,000, Mineral County would see an increase of \$128,000, and Storey County would see an increase in cost of nearly \$390,000. He said two counties, Carson City and Mineral, would hit their 8-cent ad valorem cap. Most, if not all, of the counties would see a significant change.

Assemblyman Goicoechea asked how the 8-cent cap would be maintained. Mr. Duarte replied when the Medicaid budget was originally closed, the Department had submitted a budget amendment that included the cost of a cap and a stop-loss provision that if counties hit the limit, the state would pay the General Fund share of the medical costs for the institutional individuals in the county match program. However, the amendment was not adopted in the final budget closing, and he did not know how the counties would deal with hitting the 8-cent cap.

Assemblyman Goicoechea said he was concerned that a law was being passed, but the mechanism was not in place for assistance. He noted \$128,000 to Mineral County was a substantial amount, and he affirmed the amount was outside of the 8-cent cap. Mr. Duarte replied that was the current estimate. Assemblyman Goicoechea reiterated his concern that Mineral County would not be able to absorb the increase.

Chairwoman Smith asked for public testimony in support of or in opposition to S.B. 485.

Jeff Fontaine, Executive Director, Nevada Association of Counties (NACO), testified the proposed cost shift to the counties would total approximately \$14.5 million over the 2011-2013 biennium, which was only one of numerous cost shifts in the 2011-2013 biennial budget that would affect the counties. With respect to the rural counties, \$128,000 was a substantial amount to Mineral County. He recalled the chairman of Mineral County Commission, Jerry Tippin, had testified early in the legislative session that the county paid its sheriff's deputies about \$64,000. Mr. Fontaine said the result to Mineral County could mean a reduction of two deputies out of a total of eleven. The county was at its tax cap of \$3.64 and could not increase its tax rate to absorb the cost.

Mr. Fontaine said one of the aspects of the program was the requirement that all counties participate in the interlocal agreements discussed by Mr. Duarte. He said in the existing interlocal agreements, there was a provision stating that if a single county defaulted on a payment for the long-term care match program, the program would cease to exist. Mr. Fontaine said the proposed shift in costs would necessitate an interlocal agreement signed by every county in the state, and he could not guarantee that would be done.

Mr. Fontaine was also concerned about what would happen if a county did not participate in the program and did not make the payment. Many of the state departments involved in the cost shifts had indicated they would ask the Department of Taxation to withhold tax revenue distributions to the counties. He did not know whether that would occur, because there was a disagreement about whether an increase in payments to the counties to pay for long-term care to match the Medicaid dollars was voluntary or involuntary. Mr. Fontaine said NACO believed the payments were voluntary and that the Patient Protection and Affordable Care Act of 2009 (Affordable Care Act) would prevent any additional voluntary payments from being required of counties. If that was the case, he said there was a problem with the entire program overall.

Assemblyman Grady affirmed that when the 8-cent cap was implemented, it was actually a cost to the state that was shifted to the counties. All counties entered into interlocal agreements at that time with the provision that if one did not participate, the program would cease.

Mr. Fontaine responded that Assemblyman Grady had raised two points: the first was the interlocal agreements required that all counties participate, and the second was that a major reason the counties agreed to sign the interlocal agreements was they included a stop-loss provision. If the cost to the county exceeded the revenue derived from the 8-cent tax rate for indigent care, the county was held harmless for any costs above and beyond the 8-cent revenue. Mr. Fontaine pointed out the present proposal did not include a hold-harmless clause. He said it was still uncertain how the costs were going to be allocated, because the figures quoted by Mr. Duarte were different than the preliminary estimated figures distributed the week before.

Alex Ortiz, representing Clark County, stated the current total fiscal effect of cost shifts on the counties after budget closings was \$14.5 million. Of that amount, approximately \$9.4 million represented a cost shift to Clark County: \$3.9 million in FY 2012 and \$5.5 million in FY 2013. In addition, there was an estimated shift of 300 to 450 community home-based clients to be served by Clark County. He said the county was being asked to pay for unknown and unspecified home-care services with no ability to provide input into how the services would be provided or whether the care was appropriate and warranted.

Continuing, Mr. Ortiz said that because of the increasing costs of long-term care, which averaged between \$4,000 and \$6,000 per month per client, Clark County would be forced to make significant cuts in other needed services such as general financial medical assistance, which included housing, nonemergency medical care, and in-home care for the disabled and elderly, which in Clark County could affect 5,000 individuals and their families. The county would potentially be forced to close county social services satellite offices; eliminate burials for indigent clients and use only cremations; and lay off staff. Mr. Ortiz said that considering the amount could change on an annual basis, Clark County would have difficulty projecting its budgets for future fiscal years.

Kevin Schiller, Director, Washoe County Department of Social Services, testified although the effect of the cost shift on Washoe County was reduced from over \$7 million to \$2.7 million in the budget closing, he was concerned with the question of whether the program was voluntary or nonvoluntary; a legal opinion from Washoe County specifically stated it was not a non-voluntary program. Mr. Schiller agreed with Mr. Fontaine's comments that if one county did not participate, clients could be put at risk and the system could literally fall apart.

Mr. Duarte said he wished to respond to comments made during the public testimony. With respect to the nonvoluntary cap established under the Affordable Care Act, the Division had calculated the income and contribution levels that were included in the closed budgets, \$14.5 million, and the amounts were well below the statutory caps imposed by the Affordable Care Act. Mr. Duarte said the limit had previously been set at \$37 million in costs to be transferred to the counties, which was at the Affordable Care Act estimated cap for nonvoluntary contributions. He said the Division was confident the program was in compliance with the federal law.

Referring to the concerns over unspecified services for home- and community-based waiver clients, Mr. Duarte said the Division had made offers in the past and had worked with county representatives on initiatives to increase their involvement in the home- and community-based waiver programs. He noted the Division did not distinguish between a county-match client and a state Medicaid client when determining whether a client qualified for a community-based waiver. Mr. Duarte said the state had moved several hundred county-match clients into home- and community-based services and assumed those costs over the years, when there could have been a question of whether the counties should have been paying those costs. He said the state would continue to work with the counties to shift their clients to the state's home- and community-based programs to the extent the programs could be expanded using county funds as state match.

Mr. Duarte said the Health Care Financing and Policy Division would also be willing to work with Mineral County and Carson City on the 8-cent ad valorem cap to possibly use the state's budget authority over the 2011-2013 biennium to ensure that, to the extent possible, they would be held harmless.

Assemblyman Goicoechea thanked Mr. Duarte for his comments, adding that the system could not be allowed to break down in counties that exceeded the 8-cent cap. The problem would have to be addressed.

Chairwoman Smith called for further testimony in support of or in opposition to S.B. 485. She thanked Mr. Duarte and his staff for their hard work during the legislative session. She closed the hearing on Senate Bill 485 and called for a motion.

ASSEMBLYMAN HICKEY MOVED TO DO PASS SENATE BILL 485.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywoman Carlton was not present for the vote.)

Chairwoman Smith opened the hearing on Senate Bill 486.

Senate Bill 486: Makes an appropriation to the Office of the State Treasurer for the Millennium Scholarship Program. (BDR S-1238)

Andrew Clinger, Director, Department of Administration, explained Senate Bill 486 appropriated \$10 million to the Governor Guinn Millennium Scholarship Program. Without the appropriation in fiscal year 2012 and based on current projections, the program would be short \$1.5 million. With the appropriation and based on the estimates of the receipts and expenditures, the program would have \$698,000 at the end of fiscal year 2015. Mr. Clinger noted the appropriation was included in The Executive Budget.

Chairwoman Smith asked for testimony in support of Senate Bill 486.

Jim Richardson, representing the Nevada Faculty Alliance, stated the Alliance was in support of S.B. 486, noting the Millennium Scholarship Program had assisted thousands of students in their pursuit of higher education.

Marcia Turner, Vice Chancellor, University of Nevada Health Sciences System, Nevada System of Higher Education, thanked the Committee for its support of S.B. 486 on behalf of the students who were and would be enrolled in the program. Without the funding, the program would be at risk, and she expressed appreciation to the Governor for including it in The Executive Budget.

Chairwoman Smith asked for testimony in opposition to the bill; there was none. She closed the hearing on Senate Bill 486.

ASSEMBLYMAN AIZLEY MOVED TO DO PASS SENATE BILL 486.

ASSEMBLYMAN ATKINSON SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywoman Carlton was not present for the vote.)

Senate Bill 427 (1st Reprint): Provides for the merger, movement and reorganization of certain state agencies. (BDR 18-1161)

Chairwoman Smith recalled that the Committee had heard testimony on S.B. 427 (R1) earlier in the meeting, and the bill involved the reorganization of

the Department of Administration. For the record, she expressed concern that the budget was closed differently than provided in the bill, and she was uncomfortable with not staying with the way the budget was closed. She said an amendment was needed to change the effective dates of certain sections as outlined by Mr. Clinger in earlier testimony, and she recommended that section 8.5 and section 141.5 be deleted.

Assemblyman Conklin affirmed those provisions would revise the budget as originally recommended by the Governor.

ASSEMBLYMAN CONKLIN MOVED TO AMEND AND DO PASS
SENATE BILL 427 (1ST REPRINT) TO CHANGE THE EFFECTIVE
DATES OF CERTAIN SECTIONS AND DELETE SECTION 8.5 AND
SECTION 141.5.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywoman Carlton was not present
for the vote.)

**Senate Bill 493 (3rd Reprint): Creates the Mining Oversight and Accountability
Commission and revises the provisions governing certain mining taxes
and fees. (BDR 32-1152)**

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, remarked there would be costs associated with the creation of the Mining Oversight and Accountability Commission. Approximately half of the amount of the fiscal note was for overtime costs for Department of Taxation staff, but typically overtime costs were not included in the budget: agencies normally used vacancy savings for overtime expenses. However, Mr. Combs believed the Department of Taxation had been conservative on the other expenditure categories in the fiscal note, and he recommended that \$17,050 in each year of the biennium be provided for the costs of the Commission, which would increase the instate travel costs to \$3,000 and operating costs to \$3,000 each year of the 2011-2013 biennium. He said if the Department realized savings in either of those categories, they could be transferred to the personnel category for overtime costs if needed. Mr. Combs added that if the overtime costs became excessive because of the Commission activities, as a General Fund agency, the Department would have access to the Contingency Fund for that purpose.

Chris Nielsen, Interim Director, Department of Taxation, stated that the Department would agree with Mr. Combs' recommendation. His only concern

was how often or to what extent the resources of the Department would be needed to staff the Commission.

ASSEMBLYMAN CONKLIN MOVED TO AMEND AND DO PASS
SENATE BILL 493 (3RD REPRINT) TO INCLUDE AN
APPROPRIATION OF \$34,100 FOR THE 2011-2013 BIENNIUM.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Senate Bill 11 (1st Reprint): Directs the Legislative Commission to appoint a committee to conduct an interim study concerning the development of a new method for funding public schools. (BDR 34-304)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, noted S.B. 11 (R1) included provisions that would allow the study committee to use consultants, and the committee would carry out the duties of the bill only to the extent that money was available to do so from sources including, without limitation, gifts, grants, and donations. He recalled testimony had been provided that the goal would be to find gifts, grants, and donations to fund the costs of the study.

Chairwoman Smith noted that the bill specifically stated “. . . to the extent money is available . . .” The funding would have to be available for the study to take place.

Assemblyman Kirner noted the new Superintendent of Public Instruction would not be selected until the new Board of Education was elected and assumed office in January 2012. He believed the new Board of Education and Superintendent should be part of the study. He asked when the study would be completed.

Mr. Combs replied section 22, subsection 5, of the bill indicated that “The committee shall submit a report on its findings, including, without limitation, any proposed methods for funding public schools in this State and any recommendations for legislation, to the 77th Session of the Nevada Legislature.” Therefore, the report would need to be finalized by February 2013.

Chairwoman Smith understood Assemblyman Kirner’s concern, but added the new Board of Education and the new funding structure would be put in place at approximately the same time in the fall of 2012. She said it would probably be

beneficial for the new Board to begin its work with the new structure in place rather than during the study and subsequent transition.

Assemblyman Kirner remarked the goal was to complete the study, and Chairwoman Smith agreed: it had been very long time since funding of education in the state had been evaluated.

ASSEMBLYMAN BOBZIEN MOVED TO DO PASS SENATE BILL 11 (1ST REPRINT).

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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

Chairwoman Smith recalled A.B. 468 (R1) had been presented to the Committee by Assemblywoman Kirkpatrick on May 27, 2011. It had been determined there was no fiscal note involved.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the bill would require state agencies to submit an inventory of state-owned buildings assigned to them. The State Public Works Board, the Department of Transportation, and the Division of State Lands of the Department of Conservation and Natural Resources would provide an inventory of real property owned by the state and identify properties that were used, unused, or planned for future use. He said the Chief of the Buildings and Grounds Division, Department of Administration, would be authorized to lease the available state-owned buildings to new businesses seeking to locate or expand in the state and to offer a discount on the first year of lease expense.

Mr. Combs recalled fiscal notes were presented by the Commission on Economic Development and the Division of State Lands. At the May 27, 2011, hearing on the bill, both agencies indicated that the first reprint of the bill removed the fiscal effect on their agencies.

ASSEMBLYMAN CONKLIN MOVED TO DO PASS AS AMENDED ASSEMBLY BILL 469 (1ST REPRINT).

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Goicoechea and Ocegüera were not present for the vote.)

Assembly Bill 406 (1st Reprint): Revises provisions relating to the conducting of executive branch audits and investigations. (BDR 18-584)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, recalled A.B. 406 (R1) was originally heard in Committee on May 31, 2011. Concerns were expressed by Committee members regarding two provisions. The first provision was the Governor would direct the Chief of the Division of Internal Audits to perform audits or investigations outside of the audit schedule developed by the Executive Branch Audit Committee. There was concern that additional audit assignments would affect the Division's budget and schedule. Mr. Combs had communicated with representatives of the Governor's Office, who suggested additional language be included in section 1, subsection 6, stating that an audit directed by the Executive Branch would be performed within available resources.

Mr. Combs explained the second provision causing concern was section 4, subsection 3, which read, "The annual report submitted by the Chief to the Committee pursuant to this section must not include information about any audit or investigation required by the Governor." He said the Governor's Office was receptive to an amendment requiring reports on those audits as well.

Lucas Foletta, Office of the Governor, testified that Mr. Combs had reported the position of the Governor's Office correctly: the proposed revisions to both sections of the bill were acceptable.

Chairwoman Smith said she understood the Administration's concerns because it currently did not have a mechanism to request an investigation of questionable activities. She was comfortable with trying to provide one.

Assemblyman Conklin recalled the last discussion involved the question of allowing the persons being investigated to investigate themselves. In many states there was an office separate from the Executive Branch and the auditor reported directly to the people.

ASSEMBLYMAN CONKLIN MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 406 (1ST REPRINT).

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Goicoechea and Ocegüera were not present for the vote.)

Chairwoman Smith thanked all of the state agency representatives for their assistance and cooperation during the legislative session. She specifically thanked Mr. Clinger for working with the Legislature to resolve budget differences and develop the legislatively approved budget.

Chairwoman Smith recessed the meeting at 12:32 p.m. until the call of the Chair.

Chairwoman Smith reconvened the meeting at 5:43 p.m. She announced four Senate bills had been referred to the Committee, and she opened the hearing on Senate Bill 438.

Senate Bill 438: Requires the issuance of bonds for environmental improvement projects in the Lake Tahoe Basin. (BDR S-97)

Jim Lawrence, Administrator, Division of State Lands, Department of Conservation and Natural Resources, explained S.B. 438 had been submitted on behalf of the Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency and the Marlette Lake Water System. The bill provided for the issuance of bonds for the continuation of the Lake Tahoe Environmental Improvement Program (EIP). He said the Division of State Lands had been coordinating Nevada's EIP projects at Lake Tahoe since 1999. The EIP partnership involved the states of Nevada and California, the federal government, local governments, and the private sector, and Nevada's investment in the EIP had been matched many times by its partners.

Mr. Lawrence said the EIP continued to be a resounding success. Scientists were reporting that the declining lake clarity, which was at one time at an average loss of one foot per year, had leveled to a point where the trend was reversing. Forest health projects had been completed on 42,000 acres throughout the Lake Tahoe Basin, and the aquatic invasive species program had been established.

Mr. Lawrence stated that as had been done for six legislative sessions since the creation of the EIP, the Division was requesting bond authority for the next round of Nevada's projects. Senate Bill 438 provided the authority to sell \$12 million in general obligation bonds for the continuation of the projects, which would focus on improving water quality infrastructure at Lake Tahoe, recreational facilities, and forest health to reduce the risk of wildfire and to improve forest and wildlife habitat. Mr. Lawrence added that in addition to

improving the Lake Tahoe environment, the projects were active projects which helped to create and retain jobs and protect and promote the regional tourism economy of Lake Tahoe.

Mr. Lawrence pointed out that the State Treasurer's Office reported that the state's capacity to sell bonds was very limited based on today's revenue projections. He said while the \$12 million request was not in the Governor's budget for bond sales during the next biennium, passage of S.B. 438 was important to provide the authority to sell bonds when the state's bonding capacity improved. He emphasized the bill was an authority bill and not an immediate funding bill, and the language in section 1 assured that no bonds would be sold if the state did not have the capacity. He added that the Governor's Office supported the bill.

Chairwoman Smith recalled there had been similar bills for other bonds, and she did not understand why they were necessary when the state had no bonding capacity.

Mr. Lawrence replied without passage of the bill, if the bonding capacity improved during the next biennium, the Division would not be in a position to be considered for bonding authority for the EIP program. He added passage of the bill would also provide a strong message to the state's EIP partners that Nevada was still committed to environmental restoration of Lake Tahoe.

Chairwoman Smith asked what the State Treasurer had projected the bonding capacity to be in the next biennium.

Mr. Lawrence said the EIP bonds were considered affordability bonds, along with capital improvement projects, Division of Environmental Protection water infrastructure projects, cultural affairs, and other types of projects. However, the Lake Tahoe EIP bonds could not be considered without legislation because the Division was required by law to seek approval of projects at each legislative session. He said the current projection of bonding capacity for the next biennium from the Treasurer's Office was \$29 million, all of which was included in The Executive Budget for the Capital Improvement Program.

Assemblyman Hardy asked whether approval of the bill would provide a chain of authority or priority over other bonding requests. He wondered how the process worked.

Mr. Lawrence responded it was his understanding that if additional bonding capacity was to become available, the priorities would be set through the Governor's Office. Passage of S.B. 438 would make the EIP bonds available for

consideration, but it would not guarantee a certain priority. Once the priorities were made by the Governor's Office, he believed requests for approval of bonding authority would be submitted to the Interim Finance Committee, particularly if capital improvement projects were involved. Mr. Lawrence said he would be agreeable to the Committee requiring that the Division return to the Interim Finance Committee for approval if additional bonding capacity was realized.

Chairwoman Smith affirmed if the bill was not processed and additional bonding capacity became available, the Division would not have the ability to sell bonds without authority. Mr. Lawrence replied she was correct.

Chairwoman Smith asked for public testimony in support of or in opposition to S.B. 438; there was none. She closed the hearing on Senate Bill 438 and opened the hearing on Senate Bill 434 (1st Reprint).

Senate Bill 434 (1st Reprint): Makes various changes regarding funding and autonomy of Nevada System of Higher Education. (BDR 31-1175)

Daniel J. Klaich, J.D., Chancellor, Nevada System of Higher Education (NSHE), explained the original version of S.B. 434 (R1) was proposed by the Governor and included many provisions that were included in the NSHE budget closing. There were only three operative portions of the bill remaining:

Section 5, subsection 5: Any sums appropriated to the Nevada System of Higher Education do not lapse to the State General Fund at the end of any fiscal year.

Section 9.5, subsection 2: Upon the request of the Board of Regents of the University of Nevada, the State Public Works Board shall delegate to the Nevada System of Higher Education any of the authority granted to the State Public Works Board pursuant to NRS 341.141 to 341.148, inclusive, regarding specific buildings, facilities, improvements and structures designated by the Board of Regents to be constructed by or on behalf of the Nevada System of Higher Education.

Section 17, subsection 7: Money in the Capital Construction Fund for Higher Education and the Special Capital Construction Fund for Higher Education must be transferred by the State Controller and the State Treasurer to the Board of Regents of the University of Nevada for the construction of capital improvement programs for the Nevada System of Higher Education . . .

Assemblywoman Mastroluca asked whether granting control of the Capital Construction Fund for Higher Education and the Special Capital Construction Fund for Higher Education to the NSHE for campus improvements without input from the State Public Works Board was a wise decision. She was concerned that other departments would want to manage their own capital improvement projects and did not want to set a precedent.

Chancellor Klaich replied he believed it was a very good decision. He pointed out that the two funds were for small maintenance or repair projects of \$500,000 or less, and no one was more aware of the individual campus needs than the respective campus facility officers. He understood Assemblywoman Mastroluca's concerns, but he noted the funds were statutorily dedicated for the specific purpose of campus maintenance projects; he was not aware of other statutorily dedicated sources of funds for maintenance purposes.

Chairwoman Smith asked how the Public Works Board had responded to the change in policy.

Chancellor Klaich said the NSHE had worked with the Public Works Board to develop the language in the bill. The original language proposed by the Governor had applied to all NSHE construction projects, and there was concern that the Public Works Board needed to maintain an overview of all projects in the state. Therefore, NSHE would remain under the Public Works Board with an opt-in/opt-out provision because some of the smaller campuses did not have the ability to manage their own projects and would prefer to use the services of the Public Works Board.

Assemblyman Aizley asked whether the individual campuses would retain the remaining General Funds at the end of the fiscal year as provided in section 5, subsection 5.

Chancellor Klaich replied the funds would remain with the campus to which the funds were appropriated by the Legislature. The provision was included in the 2011 Appropriations Act.

Jim Richardson, Nevada Faculty Alliance, voiced support for S.B. 434 (R1) and urged passage of the bill.

Chairwoman Smith asked for further testimony in support of or in opposition to S.B. 434 (R1); there was none. She closed the hearing on Senate Bill 434 (1st Reprint) and opened the hearing on Senate Bill 188 (2nd Reprint).

Senate Bill 188 (2nd Reprint): Revises provisions relating to the work schedules of certain employees of the Department of Corrections. (BDR 23-699)

Kevin Ranft, representing the American Federation of State, County, and Municipal Employees (AFSCME) Local 4041, said S.B. 188 (R2) was now cosponsored by Senator Horsford and Senator Settlemeyer. He explained the purpose of the bill was to allow 12-hour work shifts for approximately 65 percent of the peace officer workforce at the Department of Corrections (NDOC). Mr. Ranft said certain individuals wanted the bill to be permissive, so the language in section 1, subsection 6, was changed from “. . . the Director of the Department of Corrections shall ensure that the warden of each institution . . .” to “. . . the Director of Corrections may ensure that the warden of each institution . . .” Mr. Ranft explained correctional officers would work 84 hours within a two-week period without accruing overtime, unless an officer worked over 12 hours in one day or 84 hours in the two-week period. The bill would allow an 84-hour pay period at straight pay, which was permissible under the Fair Labor Standards Act.

Mr. Ranft further explained that section 2 of the bill directed the Department of Corrections to conduct a feasibility study of implementing 12-hour shifts for employees at all NDOC institutions and facilities. The report would be submitted to the Director of the Legislative Counsel Bureau and the Board of State Prison Commissioners by December 31, 2011.

Mr. Ranft said S.B. 188 (R2) was passed unanimously on the Senate floor, and he urged the Committee’s support. He added that the 84-hour shift would not only save the state money, it would provide less employees for supervisors to schedule and manage, and it would increase morale, communication, teamwork, and camaraderie among the officers and their families. The officers would also save money on fuel and wear-and-tear on their vehicles by driving to work 78 fewer days per year.

Assemblyman Kirner asked whether an employee who worked a 12-hour shift and had to stay longer would be paid at time and a half or double time. Mr. Ranft replied time in excess of 12 hours would be paid at time and a half.

Assemblyman Kirner asked whether more personnel would be needed to implement the schedule. Mr. Ranft replied no additional staff would be required.

Assemblyman Goicoechea said the Director of NDOC had indicated to him that if the 12-hour shift was implemented, 52 positions would be displaced. He asked for clarification of when time and a half would be paid.

Ron Bratsch, AFSCME Local 4041, explained that hours worked in excess of 84 in a two-week pay period would be paid at time and a half, and hours worked over 12 hours in a single day would be paid at time and a half.

In response to Assemblyman Goicoechea's comment that positions would be displaced, Mr. Ranft explained that currently there were approximately 150 vacant positions within the Department of Corrections, and if the new schedule was implemented, approximately 52 positions would be eliminated, but the 4 additional hours worked by each officer would make the change cost-neutral. The schedule would reduce the need to hire and train new officers.

Assemblyman Goicoechea said he was concerned that the bill stipulated that the warden or manager of each facility could require the 84-hour work shift. He believed the decision should be made by the Director of the Department.

Mr. Ranft understood Assemblyman Goicoechea's concern. The bill originally provided that the Director would make the decision, and he did not know why it was changed. The Director had recently announced that if the bill passed, he would allow the various institutions to determine the design of the 12-hour shifts. He pointed out the bill did not require implementation of the 84-hour work shift.

In response to a question from Assemblyman Hardy, Mr. Bratsch explained the 12-hour shifts were currently implemented at the Lovelock and Ely facilities, and the bill would implement the same schedule that was taken away from the other institutions by the Department Director in 2008. The schedule provided a total of 168 working hours per month.

Assemblyman Kirner asked whether the schedule would affect employee benefits. Mr. Bratsch replied additional sick and annual leave would not be accrued, and employees on the schedule would contribute 5 percent more to the Public Employees' Retirement System. Furloughs would be exempted to save additional money, resulting in a 4.8 percent pay cut.

Chairwoman Smith asked for testimony in support of or in opposition to Senate Bill 188 (2nd Reprint).

Brett Scolari, Jones Vargas law firm, representing Vanguard Integrity Professionals, a software development company that produced security software, testified the company had analyzed Nevada overtime rules and determined that by locating its research and development department to Nevada, the company's payroll costs would be 24 percent higher than in

neighboring states because of overtime laws that did not exempt this type of work schedule. Mr. Scolari had vetted the matter with different groups and approached Senator Horsford for a possible amendment to S.B. 188 (R2) that would be tied to the Fair Labor Standards Act [U.S. Code, Title 29, Chapter 8]. He had prepared a written concept, which he would not discuss because of the late hour. He wanted to alert the Committee that there was a sector of businesses that would be more attracted to Nevada if an exemption for their employees was provided. Mr. Scolari said Vanguard's employees made an average of \$90,000 per year, and in Nevada, the company would have to pay overtime for any hours over 40 hours per week, which was why the payroll costs would be so much higher. He thanked the Committee for the opportunity to testify and submitted the written concept as [Exhibit D](#).

Chairwoman Smith thanked Mr. Scolari for his testimony, noting that logistically it would be impossible to act on a proposed amendment with only five hours left before *sine die*.

Chairwoman Smith closed the hearing on Senate Bill 188 (2nd Reprint). She called for public testimony; there was none.

Chairwoman Smith announced at 6:28 p.m. that the Committee would be in recess at the call of the chair.

Chairwoman Smith reconvened the meeting at 9:40 p.m.

Senate Bill 188 (2nd Reprint): Revises provisions relating to the work schedules of certain employees of the Department of Corrections. (BDR 23-699)

As discussed earlier in the meeting, some Committee members expressed concern that the 84-hour work shift would affect employee leave benefits and contributions to the Public Employees' Retirement System.

There being no further discussion, Chairwoman Smith called for the vote.

ASSEMBLYMAN CONKLIN MOVED TO DO PASS SENATE BILL 188 (2ND REPRINT).

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Goicoechea, Hambrick, Hardy, and Hickey voted no. Assemblyman Hogan was not present for the vote.)

Senate Bill 438: Requires the issuance of bonds for environmental improvement projects in the Lake Tahoe Basin. (BDR S-97)

Chairwoman Smith reminded Committee members that although the state currently had no bonding capacity, passage of the bill would provide the Division of State Lands the ability to proceed with projects if bonding capacity should become available over the next biennium.

ASSEMBLYMAN BOBZIEN MOVED TO DO PASS
SENATE BILL 438.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

BDR 32-1307—Makes various changes relating to state financial administration.
(Later introduced as [Assembly Bill 582](#).)

ASSEMBLYWOMAN CARLTON MOVED FOR INTRODUCTION OF
BDR 32-1307.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Goicoechea, Grady,
Hambrick, Hardy, Hickey, and Kirner voted no.)

Chairwoman Smith called the Committee in recess at 9:45 p.m. She called the meeting back to order at 9:50 p.m.

Assembly Bill 582: Proposes to impose upon voter approval a margin tax on business entities in this State and a transaction tax on the use of services in this State. (BDR 32-1307)

Assemblywoman Kirkpatrick explained that imposition of a margin tax and tax on services had been discussed by the Assembly Committee on Taxation earlier in the Legislative Session. She reviewed the provisions of the bill and noted that the purpose of the margin tax would be to lower the amount of Modified Business Tax currently paid by small businesses; imposition of a tax on services would provide increased revenue to the state.

Carole Vilardo, representing the Nevada Taxpayers Association, stated it was too late in the Legislative Session to give the measure adequate consideration and indicated she was opposed to the bill.

Assemblyman Grady agreed that it was too late to consider the bill.

ASSEMBLYWOMAN CARLTON MOVED TO DO PASS
ASSEMBLY BILL 582.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

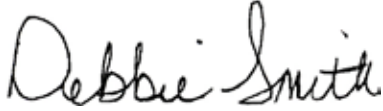
THE MOTION PASSED. (Assemblymen Goicoechea, Grady,
Hambrick, Hardy, Hickey, and Kirner voted no.)

Chairwoman Smith adjourned the meeting at 9:58 p.m.

RESPECTFULLY SUBMITTED:

Sherie Silva
Committee Secretary

APPROVED BY:



Assemblywoman Debbie Smith, Chairwoman

DATE: November 9, 2011

EXHIBITS

Committee Name: Committee on Ways and Means

Date: June 6, 2011

Time of Meeting: 9:30 a.m.

Bill	Exhibit	Witness / Agency	Description
	A	*****	Agenda
	B	*****	Attendance Roster
	C	Stacy Woodbury, Gaming Control Board	List of Priorities for Replacement of Equipment and Furniture
SB 188	D	Brett Scolari, Jones Vargas	Concept of Possible Amendment to S.B. 188 (R2)