

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

**Seventy-Sixth Session
April 21, 2011**

The Committee on Ways and Means was called to order by Chairwoman Debbie Smith at 7:35 a.m. on Thursday, April 21, 2011, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/76th2011/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

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

STAFF MEMBERS PRESENT:

Rick Combs, Assembly Fiscal Analyst
Michael J. Chapman, Principal Deputy Fiscal Analyst
Tenna Herman, Committee Secretary
Cynthia Wyett, Committee Assistant

ELECTED OFFICIALS

RENEWABLE ENERGY, EFFICIENCY AND CONSERVATION LOAN (101-4875)
BUDGET PAGE ELECTED-48

Heidi Sakelarios, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the Committee would be closing the budget accounts for the Office of Energy (NSOE). She began with the Renewable Energy, Efficiency, and Conservation Loan account. There were policy decisions in that account that would affect budget decisions in the primary account for the agency.

Ms. Sakelarios further stated that during the first set of budget hearings, it was brought to the Committee's attention that the loan fees for title and escrow services for loans issued through this account were currently paid with ARRA (American Recovery and Reinvestment Act of 2009) funds which were designated for administrative costs. This practice was intended to continue through April 2012, at which time the ARRA grant would expire and the funds would no longer be available. According to The Executive Budget the agency intended to continue paying for the closing costs for the loans using interest earned on the repayments of loans from current borrowers. Traditionally borrowers paid the closing costs on loans.

The agency was asked whether it was aware of any federal requirements that would prohibit the state from transferring financial responsibility for the escrow costs to borrowers rather than to the state. The agency indicated that it was not aware of any ARRA requirements that would prohibit this from taking place. Requiring borrowers to pay the title and escrow fees, rather than the state, would decrease the expenditures for loan administration and would increase the amount of funding available for future loans.

Ms. Sakelarios suggested that the Committee might wish to ask the agency to explore the possibility of modifying loan-granting policies and procedures to require borrowers to pay escrow costs. The Committee might also wish to issue a Letter of Intent directing the agency to report the outcome of this examination to the Interim Finance Committee (IFC) in December 2011. Ms. Sakelarios noted that during the Senate Committee on Finance meeting, the agency indicated it had already changed its policies and procedures so that borrowers would be paying those closing costs.

In the highlights for the April 18, 2011, meeting of IFC, Fiscal staff noted that the agency routinely authorized loans beyond the amounts approved by the Legislature or IFC. At the time those closing documents were prepared, the agency intended to continue obligating funds in the current fiscal year beyond its current budget authority. During the IFC meeting the agency was asked to

revisit its process for awarding loans and to submit a proposal that would allow the agency to continue to meet its goal of issuing loans as quickly as possible while ensuring that it was not over-obligating the loan account. The agency was also asked to consider how the policy could be revised to decrease the number of work programs that needed to be submitted in the interim to IFC for approval.

Ms. Sakelarios indicated a willingness by IFC to consider legislation to adopt the recommendation proposed by the agency. Based on discussions during the April 18, 2011, IFC meeting, the Committee should give the agency clear direction on a policy of not obligating loans beyond authorized amounts. The Committee might also consider issuing a Letter of Intent to the agency to report to IFC on a semiannual basis during the upcoming biennium beginning in January 2012. The report would include information on the loans that had been issued to date, the amounts of the interest and principal paid to the state by borrowers, and the funding that was available for new loans.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, spoke to the concerns at the IFC meeting on April 18, 2011. The agency was trying to keep as many loans approved as possible so that when funding became available it would be able to issue the loan quickly. The agency had issued loan amounts in installments. Wording was included in the loan documents that stated that the loan was subject to approval by IFC. There was a provision in the statute involving this loan account that the agency interpreted as every time it approved a new loan agreement, it had to go to IFC for approval for that loan agreement. The agency was on the IFC agenda almost every meeting. Fiscal staff suggested that they work with the agency to review that legislation and find a method whereby the agency could report to the Committee on how the loan program was working without having to get approval for every loan issued.

Mr. Combs continued that Fiscal staff was concerned about the agency over-obligating funding with the process it was currently using. The agency asked IFC for authority to expend a certain amount of money for its program in the same process that other agencies used. But the outstanding loans that the agency had approved, the loans it had agreed to issue, totaled more than the authority that the Interim Finance Committee (IFC) had actually approved. Fiscal staff wanted to help the agency find a process to not exceed the level of expenditure authority that it had in the budget, while not going to IFC every time it wanted to add a new loan agreement. The process would be more of a reporting requirement.

Stephanie Day, Deputy Director, Budget Division, Department of Administration, indicated that the agency was in agreement and would work with Fiscal staff to come up with a plan.

Assemblyman Goicoechea asked for some clarification. The agency was currently using ARRA funds for loans and using the interest as repayment for that program. He asked where the money would come from long-term, when ARRA funds had expired.

Ms. Sakelarios explained that ARRA funds had been issued as loans, and as those loans were repaid, they would return to the revolving loan fund. The agency would continue approving loans to its list of eligible loan applicants from the revolving fund. The loans would be funded either in order of priority or in the order that the applicants were ready to begin their work.

Assemblyman Goicoechea observed that the funds would gradually diminish because there would not be any new money committed to the fund. The agency would gradually work through the process as those loans were repaid and the interest accrued, then the funds would be committed to another project. His concern was that the agency not over-commit its available funding and need General Funds.

Ms. Sakelarios stated that the agency had testified previously that it was looking for other funding sources that would increase the amount of funding in the revolving loan fund, either private contributions or other grants.

Chairwoman Smith stated that the agency did not seem to be in any danger of over committing, but expressed her bigger concern for those who were receiving the loans. She wondered if they understood that there was no obligation until there was money available. Assemblywoman Smith believed the Letter of Intent was important, so the agency would design a process that would make sure a business did not think it would get money that it was not going to receive.

ASSEMBLYMAN KIRNER MOVED TO CLOSE THE BUDGET ITEM
WITH A LETTER OF INTENT.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

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

Ms. Sakelarios discussed the use of interest income earned in the energy revolving loan account for administrative costs. The Governor recommended transferring the interest income paid by loan recipients totaling \$51,777 in fiscal year 2012 and \$255,241 in fiscal year 2013 to the Office of Energy (NSOE) administration account for expenditures associated with administration of the loan fund. That recommendation was linked to a decision unit in the administration account which restored staff who would be dedicated partially or in whole to working on loan activities. During the upcoming biennium, The Executive Budget anticipated a total of \$130,812 in interest earned through loan repayments. Based on this projection, the revenue from the interest earned through the loan repayments would not be sufficient to fund the original recommendation in this decision unit. The agency would have had to use reserves earned in fiscal year 2011 to fill the gap between available funding and anticipated expenditures.

Updated loan amortization schedules had been provided by the agency and indicated that the interest earned through the loan fund would actually exceed the amount included in The Executive Budget. According to the revised projections, the agency would earn \$205,482 in fiscal year 2012 and \$250,087 in fiscal year 2013 through the interest paid through the repayment of loans. Those amounts would be sufficient to meet the expenditures included in the Governor's recommended budget for the upcoming biennium.

Ms. Sakelarios continued that on April 5, 2011, the Budget Division submitted a budget amendment recommending restoration of a management analyst 2 position in the administrative account for the Office of Energy. This position was originally recommended for elimination when ARRA funding expired. The budget amendment would fund the position once the ARRA grant expired and continue it through the upcoming biennium, using interest from the revolving loan account. That resulted in an increased expenditure of \$10,245 in fiscal year 2012 and \$60,492 in fiscal year 2013. A technical adjustment was made in that account based on the approval of the budget amendment in the administration account which reflected the increase in payment from the loan account to the administration account.

Ms. Sakelarios noted that *Nevada Revised Statutes 701.590* provided that the money in the fund including the repayments of the principal and interest on loans could be used only to make loans to renewable energy systems for the construction of renewable energy projects. Currently statute did not include a provision that would allow the use of revenue for administrative costs. The agency had been asked to provide additional information on the rationale used to make that recommendation in the Governor's budget. The agency indicated that it was consistent with current ARRA requirements and with current statute.

Ms. Sakelarios noted that the agency had submitted an amendment to Senate Bill 60 that would allow the agency to use the interest earned through the repayment of loans for administration of the loan fund. Senate Bill 60 had been amended and had been discussed in Senate Finance. Ms. Sakelarios asked whether the Committee wished to approve the Governor's recommendation, as amended, to transfer \$52,484 in fiscal year 2012 and \$198,867 in fiscal year 2013 of the interest income earned through loan repayment to the administration account for expenditures associated with administration of the loan fund, subject to the approval of the provisions of S.B. 60 making the expenditure allowable.

Rick Combs, Assembly Fiscal Analyst, noted that if the Committee closed the budget with the agreement that interest funding was to be used for loan administration, Fiscal staff would include S.B. 60 on a list of bills that they tracked, knowing the bill would have to be passed to implement the budget. Mr. Combs wanted the Committee to understand how that process worked, and that Fiscal staff was responsible for making sure they notified the Committee of the things done budgetarily that needed some kind of legislation to actually close the budget and to make sure the item came to the attention of the Committee when those bills were considered.

Assemblyman Kirner asked if the Committee followed the Governor's recommendation on this item, whether there would be additional dollars available for the General Fund to put somewhere else.

Mr. Combs explained that without the amendment, there would be money in the revolving loan account that could either go toward additional loans or be used for some other purpose. He believed the agency would argue that if the funds were not used for administration of the loan program the money should be used for the actual loans that are supposed to be funded out of that account. If the Committee chose to change the statute, the Committee could choose to say the funding could be used for some other reason. It would have to be the interest only, not the ARRA funds. The ARRA funds themselves had to be used for the revolving loan program in some manner. Mr. Combs said his biggest concern was whether or not ARRA would allow the funds to be used for administrative costs, but staff had gotten confirmation through the agency that it was an acceptable use of the funds. If the Committee chose to use the interest funds in some other way, staff would advise making sure that ARRA funds were not used for any purpose other than renewable energy loans.

Assemblyman Goicoechea again made the clarification that if the agency committed \$250,000 to administration that would be \$250,000 less available to the loans program. Gradually there would be an erosion of loan opportunities available.

Mr. Combs responded that he agreed there would be some erosion, but the agency would have the responsibility for determining how much it could issue in loans. As the agency determined how much it got back in interest payments, it would have to decide what was available to loan. It was the responsibility of the agency to make sure the program maintained itself on an ongoing basis. To the extent the agency could obtain additional revenues that were not ARRA funds and were not interest repayments on the principal, it would do that, but administration expenditures could limit the amount of loans that were available to be issued.

In response to Assemblyman Goicoechea, Stacey Crowley, Director of the Office of Energy, responded that her hope was to find additional funds for the loan program. If there were other grant opportunities or other opportunities, the Office would like to add that to the fund. The concept was to at least maintain the original base and then build the fund if possible.

Assemblyman Goicoechea said he wanted to be assured that NSOE would not need a General Fund appropriation.

ASSEMBLYMAN HARDY MOVED TO ACCEPT THE GOVERNOR'S
RECOMMENDATION INCLUDING THE BUDGET AMENDMENT.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

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

* * * * *

Ms. Sakelarios said that Fiscal staff had met with representatives from the Budget Division and the Office of Energy on April 12, 2011, at which time the agency indicated that it was necessary to revise the funding allocation for several positions within the Office. Those revisions increased the number of personnel recommended to be funded through the interest and income earned through the repayment of loans. The fund maps used to develop The Executive Budget recommended interest revenue earned through the repayment of loans would partially fund two positions in fiscal year 2012 and partially fund four positions in fiscal year 2013. Based on the revised fund

maps, the funding would include partial funding for three positions in fiscal year 2012 and 100 percent funding for two positions and partial funding for two additional positions in fiscal year 2013. Those changes adjusted the administrative expenditures for personnel and operating costs.

The amounts included in the Governor's recommended budget totaled \$51,777 in fiscal year 2012 and \$255,241 in fiscal year 2013. With the adjustments in the fund map, the funding required in fiscal year 2012 decreased to \$43,889 and the amount of funding required in fiscal year 2013 increased to \$351,212. Those adjustments increased the costs for the administration of the loan fund by \$88,083 in the 2011-2013 biennium, which decreased the amount of interest that would be potentially available to fund new loans. If the Legislature deemed the use of interest revenue to pay administrative costs allowable, staff suggested the proposed allocation and revisions were reasonable. Ms. Sakelarios asked whether the Committee wished to approve the reallocations subject to the approval of the provisions of S.B. 60.

Ms. Sakelarios responded to a question from Assemblywoman Carlton and said that the reallocation would be for positions that currently existed within the Office of Energy. The duties of the positions would remain very similar to the current duties. The agency adjusted the funding of the positions from ARRA funds to interest repayment funds.

Ms. Crowley responded to Assemblywoman Carlton, saying that staff costs had not changed at all. Positions were funded with ARRA funds until April 2012. The agency had to restructure the way those positions were funded, otherwise those positions would have sunset, but the duties would still have been there. Ms. Crowley indicated that no one was being given a raise.

Mr. Combs explained that an error had been made originally and the positions had not been fund-mapped correctly. After the agency notified Fiscal staff of the error, the Office adjusted the budget accordingly. Mr. Combs explained the situation so the Committee would understand that the amount of the funds being used for positions had increased from what was in the Governor's recommended budget. He believed that based on the information the agency had given Fiscal staff, the allocation was more appropriate in the amendment than in the Governor's recommended budget.

Assemblyman Kirner questioned whether the jobs were still needed and that they had not been created simply because ARRA funding had been available. He asked whether these were still viable and important jobs.

Ms. Crowley responded that to make the revolving loan program a success, the Office needed to maintain those positions.

Assemblyman Hambrick questioned whether Assemblyman Hardy's motion that had just been approved would include this portion, automatically rolling them together.

Ms. Sakelarios said it would be a separate motion. It was a technical adjustment to align funding based on the agency's revision on funding those positions.

Assemblyman Goicoechea wanted to make it clear that those motions were dependent on the provisions of S.B. 60 to make it legal.

ASSEMBLYMAN GOICOECHEA MOVED TO APPROVE THE FUNDING ALIGNMENT BASED ON THE AGENCY'S REVISION ON FUNDING THOSE POSITIONS WITH TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Atkinson was not present for the vote.)

* * * * *

Ms. Sakelarios continued and noted that the The Executive Budget anticipated loan repayments of approximately \$2 million in each year of the biennium and interest on the loan repayments of \$66,032 in fiscal year 2012 and \$64,780 in fiscal year 2013. Based on the revised loan amortization schedules provided by the agency, the loan repayments were projected to total \$1.7 million in fiscal year 2012 and \$3.5 million in fiscal year 2013, with interest payments of \$205,482 in fiscal year 2012 and \$250,087 in fiscal year 2013. The Committee approved technical adjustments previously to increase the transfer to the Office of Energy for the administrative and operational costs. With these adjustments the funding available for loans would total \$1.9 million in fiscal year 2012 and \$3.5 million in fiscal year 2013. Staff adjusted the revenue and expenditures based on the revised projections.

Ms. Sakelarios said that the maximum loan amount that would be available in fiscal year 2012 was \$1.9 million and that amount was higher than the amount of loan repayments because it would include some revenue earned through interest. Another adjustment that had been made was to the reserve category.

In the process of aligning the expenditures in the administration account with the transfer out of that account to cover those expenditures, it was determined to be appropriate to reduce the reserve in this account to 60 days of the operating expenses in each year of the biennium. An adjustment was created to increase the reserve in fiscal year 2012 to accommodate the increased anticipated expenditures for administration, which were not equal to the amount of the interest earned through the loan repayments. By shifting more staff to the administrative costs for the loan, especially in fiscal year 2013, the projected revenue from interest repayment was not enough to cover their expenses. There was revenue that would be held in reserve from fiscal year 2012 to cover fiscal year 2013. Ms. Sakelarios asked whether the Committee wished to approve the other items with the adjustments recommended by staff.

ASSEMBLYMAN KIRNER MOVED TO APPROVE THE GOVERNOR'S
RECOMMENDATION WITH ADJUSTMENTS RECOMMENDED BY
STAFF.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Atkinson was not present
for the vote.)

* * * * *

ELECTED OFFICIALS

GOVERNOR'S OFFICE ENERGY CONSERVATION (101-4868)

BUDGET PAGE ELECTED-30

Heidi Sakelarios, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, continued with the Governor's Office Energy Conservation, budget account 4868. In prior hearings, there was discussion on the elimination of positions that were funded through the American Recovery and Reinvestment Act of 2009 (ARRA) at the time of ARRA fund expiration. During the 2009-2011 biennium the IFC (Interim Finance Committee) approved the addition of nine positions, seven of which were funded through ARRA and two were funded through the Nevada Retrofit Initiative (NRI) grant. The seven positions that were approved by IFC had been recommended for elimination in the base budget. One of the positions added for the NRI grant had not been established, and the agency indicated that it did not intend to establish the position at this point in time because it had determined that existing staff could perform the duties of that position and the grant funds could be redirected to other activities or projects.

Ms. Sakelarios noted that there was a subsequent decision unit in the Governor's budget that restored some of the ARRA-funded positions that had been recommended for elimination in the base budget with new funding sources. To comply with the budget development process, the agency eliminated the positions because the federal funds were ending. There was another decision unit that restored some of the positions. The Governor recommended restoring three of the positions that were recommended for elimination in the base budget. The three positions included two energy program manager positions and one energy outreach coordinator position. The Governor recommended restoring those positions using the interest earnings from the repayment of loans. At the time The Executive Budget was submitted, the costs for these positions would total \$42,239 in fiscal year 2012 and \$138,375 in fiscal year 2013. The duties of those positions would not change substantially, even though the funding would change from ARRA funds to the interest revenue from the revolving loan fund.

On April 5, 2011, the Budget Division submitted a budget amendment that recommended restoring a fourth position that had been recommended for elimination in the base budget effective April 30, 2012, with the expiration of the ARRA grant. The budget amendment recommended using the interest income from the loan fund to pay the costs of that position which totaled \$10,245 in fiscal year 2012 and \$60,492 in fiscal year 2013. That was a management analyst 2 position that was intended to oversee specific tasks with the revolving loan fund, including reviewing project development of loan agreements and monitoring repayment schedules. When the position was established and originally approved by the IFC, there was a note in the work program that the agency anticipated it would need to continue the position after ARRA funds ended because of the ongoing responsibilities of that position to the loan account. Fiscal staff made technical adjustments to make sure that the expenditures in that account matched the revenue coming in from the loan fund.

The decision for the Committee overlapped. Ms. Sakelarios asked whether:

- The Committee wished to approve the elimination of the seven ARRA funded positions from the base budget as recommended by the Governor.
- The Committee wished to approve the agency's recommendation not to establish the outreach coordinator for the NRI grant which was previously approved by IFC.
- The Committee wished to approve the technical adjustments for lay-off cost projections which were recommended by staff.

As the agency considered the lay-off costs, it made some adjustments. The revised lay-off costs had been adjusted to total \$15,595 in fiscal year 2012 and \$17,304 in fiscal year 2013. Those numbers were slightly higher than those included in the Governor's recommended budget, which were \$12,914 in fiscal year 2012 and \$16,495 in fiscal year 2013.

Chairwoman Smith restated with that action the Committee would eliminate the positions and in the following action it would discuss adding the other positions back. The Committee could vote on all three of the bulleted items in one motion if that was the pleasure of the Committee.

Chairwoman Smith asked for any additional discussion.

Assemblywoman Carlton was reminded that those were small loans, seed-money-type loans. She asked whether the interest came from those loans.

Stacey Crowley, Director of the Office of Energy, stated there were a variety of loans. The agency had not distinguished between small and large. The loans tended to average between \$800,000 and \$1.3 million. For some large projects it was relatively small and it helped them bridge the financial gap if it was a prototype going to commercialization or something where traditional bank financing was not appropriate. The interest rate varied, but it had to be less than 3 percent.

Assemblywoman Carlton expressed some concerns that the agency was tying clients' livelihoods to loan repayments.

Ms. Crowley admitted there were some risks involved. The agency did not ask for collateral when it made the loans, but she believed there was very little risk involved. The agency vetted those projects using a lot of criteria and made sure they were as viable as the agency thought they could be.

Assemblyman Kirner expressed some skepticism in the process of eliminating positions and bringing them back. He needed reassurance that what was being proposed was reasonable.

Ms. Crowley said she had learned a great deal since she began the job in January. The ARRA funds had helped create jobs and establish some excellent programs that had been successful throughout the state. When staff had been hired for those positions, they agreed to the short-term positions, but the agency was trying to extend those jobs as far as possible to make sure that the programs that were ongoing were as valuable to the state as possible. The agency was being creative, but there was no misuse of funding. The agency

had worked with DOE (U.S. Department of Energy) throughout the process, and DOE had been consistently pleased with the agency's progress and had shown great support as they moved forward with the programs.

Ms. Crowley responded to Assemblyman Kirner and said that the agency was constantly reviewing staff and job requirements to do its work as efficiently as possible. The National Association of State Energy Officials was reviewing how best to move beyond ARRA funding and work with the revenue sources that were available and to be as streamlined as possible. Ms. Crowley stated that the agency would continue that course to the best of its ability.

ASSEMBLYMAN OCEGUERA MOVED TO APPROVE THE ELIMINATION OF SEVEN ARRA FUNDED POSITIONS, TO NOT ESTABLISH AN OUTREACH COORDINATOR, AND TO APPROVE TECHNICAL ADJUSTMENTS FOR LAY-OFF PROJECTIONS.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Atkinson was not present for the vote.)

Ms. Sakelarios stated the next decision that needed to be made regarded the restoration of positions and the budget amendment. She asked whether the Committee wished to approve the Governor's recommendation as amended to restore four positions, two energy manager positions, one energy outreach coordinator position and one management analyst position which were recommended for elimination in the base budget subject to the provisions of S.B. 60. She asked whether the Committee wished to approve the technical adjustments made to align the expenditures in this account with the transfer from the loan account as recommended by Fiscal staff.

ASSEMBLYMAN HOGAN MOVED TO APPROVE THE TECHNICAL ADJUSTMENTS MADE TO ALIGN THE EXPENDITURES IN THIS ACCOUNT WITH THE TRANSFER FROM THE LOAN ACCOUNT AS RECOMMENDED BY FISCAL STAFF WITH TECHNICAL ADJUSTMENTS.

MR. BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Atkinson was not present for the vote.)

* * * * *

Ms. Sakelarios continued to the next item which was a salary increase for the Director's position. The budget amendment that was submitted on April 5, 2011, included a new decision unit Enhancement (E) 806 which recommended increasing the Director's salary from \$94,427 to \$111,179. That adjustment would align the Director's salary with that of the Nevada Energy Commissioner's salary. The budget amendment recommended using property tax abatement revenues transferred from the Renewable Energy and Energy Efficiency Authority account (budget account 4869), totaling \$19,486 in fiscal year 2012 and \$19,587 in fiscal year 2013 to pay for the salary and fringe benefit costs associated with the E806 decision unit. The NEBS (Nevada Executive Budget System) indicated that the budget amendment reclassified that position from a director to a commissioner; however, the Budget Division indicated that the intent of the decision unit was only to increase the salary, not to reclassify the position. During the Committee on Senate Finance hearing, the Budget Division testified that it was their intent to only increase the salary. The Committee should note that this was a new decision unit that had not been discussed previously during this Legislative session. Senate Finance had voted against the Governor's recommendation as amended. Ms. Sakelarios asked whether the Committee wished to approve the Governor's budget amendment to increase the personnel costs for the director's position by \$19,486 in fiscal year 2012 and \$19,587 in fiscal year 2013.

Assemblyman Goicoechea suggested it might be more appropriate to talk about the property tax abatement program and where those funds were coming from prior to approving this unit.

Ms. Sakelarios explained that the property tax abatement funds were located in a different budget account. Currently eligible facilities could receive a property tax abatement, and the property taxes collected from those facilities were divided with 45 percent going into the General Fund and 55 percent going to local government entities. That allocation was in effect through June 30, 2011. Beginning on July 1, 2011, the portion of those taxes that were going to the General Fund would be moved to the Office of Energy.

Assemblyman Goicoechea restated that 45 percent was currently the state portion.

Assemblyman Conklin expressed some confusion about the language. Property tax abatement was a return of funds to the taxpayer and in the current discussion they were calling it revenue. He wondered where that money came from.

Ms. Sakelarios said that the revenue came from property taxes paid by participants in the abatement program. They received a reduction in their property taxes, but still paid a portion of the tax.

Ms. Crowley agreed that the language was confusing. The agency referred to it as real property tax revenue. The participants of the tax abatement program still had to pay 45 percent of their property taxes. A portion of that money, 45 percent, went to the Renewable Energy Fund, and 55 percent went to the counties in which the project resided, so it should be called real property tax revenue.

Assemblyman Hardy asked whether the director position would have additional duties with the increase in salary.

Ms. Crowley said the agency was proposing to merge the Office of Energy with the Renewable Energy and Energy Efficiency Authority (REEEA). They could have accomplished the merger in two different ways. The Director could have taken the Commissioner's title, or the Director could have kept her title and absorbed the REEEA program. The agency was taking on more responsibility as an office and there were several programs under REEEA that would be absorbed into the Office of Energy. The REEEA had been created in 2009 and at that time there were several ARRA fund programs started which was when the Office of Energy increased staff as well as programs. There had been quite a few additions to the programs and the duties for both offices.

Ms. Crowley responded to Assemblyman Hardy that the Office of Energy personnel were taking the same 5 percent cut as all state employees.

Ms. Crowley further responded to Assemblyman Hardy that the Commissioner position had been eliminated and there would be significant savings. Because of that, the agency wanted to align the Director's position with that of the Commissioner and other cabinet members. The agency was eliminating two positions in that merger.

Assemblyman Goicoechea asked for some additional information on the tax abatement program for renewable energy of which 45 percent went to the state and 55 percent went to local government.

Ms. Crowley reiterated that if an applicant was accepted through the renewable energy tax abatement program, his normal property taxes were abated by 55 percent, but he still paid 45 percent of his property taxes; of the 45 percent remaining, the county got 55 percent and the state got 45 percent.

Assemblywoman Mastroluca commented that a lot of state workers were taking on additional responsibility. Many state workers were laid off. It was difficult when all state workers were taking pay cuts that someone was getting additional income. Assemblywoman Mastroluca did not doubt that Ms. Crowley was doing a wonderful job and had taken on a lot of extra responsibilities. She felt that now was not the time to make this salary adjustment and wanted that sentiment to go on the record.

Assemblywoman Carlton agreed that Ms. Crowley was probably worth a lot more than she was paid, but the timing for this request was not good.

ASSEMBLYWOMAN MASTROLUCA MOVED TO DISAPPROVE THE
GOVERNOR'S BUDGET AMENDMENT TO INCREASE THE SALARY
FOR THE DIRECTOR OF ENERGY POSITION.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Kirner voted no.)

* * * * *

Ms. Sakelarios continued with the elimination of two positions which were included in the budget through two separate decision units. In the first decision unit, the Governor recommended the elimination of one renewable energy analyst position in fiscal year 2013. The elimination of that position resulted in a net reduction totaling \$68,912, which included terminal annual leave and terminal sick leave costs totaling \$8,399. The agency indicated that the work assigned to that position had been completed, and there was concern regarding continued funding for that position at the federal level. The position was funded through the SEP (State Energy Program) grant which might be reduced at the federal level during the upcoming biennium. Based on revised lay-off projections provided by the agency on April 13, 2011, a technical adjustment had been made to reduce the lay-off costs to \$3,807.

Ms. Sakelarios said the Governor also recommended the elimination of one energy program manager position in fiscal year 2013 resulting in a General Fund reduction of \$92,649. This position was recommended for elimination to allow the agency to meet a General Fund reduction measure. The lay-off costs for

this position totaled \$18,805 and were recommended to be funded through the Governor's recommended one-shot appropriation for lay-off costs. The agency previously testified that the duties performed by this position had been completed, therefore, the position was no longer necessary. Ms. Sakelarios asked whether the Committee wished to approve the Governor's recommendation to eliminate one renewable energy analyst position and one energy program manager position with the adjustment recommended by staff.

ASSEMBLYMAN KIRNER MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO ELIMINATE ONE RENEWABLE ENERGY ANALYST POSITION AND ONE ENERGY PROGRAM MANAGER POSITION WITH THE ADJUSTMENT RECOMMENDED BY STAFF.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Aizley was not present for the vote.)

Ms. Sakelarios stated that The Executive Budget recommended the transfer of the tax abatement program and other activities from the Renewable Energy and Energy Efficiency Authority (REEEA) account to the Office of Energy account. The transfer includes the REEEA tax revenue earned through the tax abatement program totaling approximately \$1.3 million in fiscal year 2012 and \$1.9 million in fiscal year 2013, as well as federal funds totaling \$39,005 in fiscal year 2012 and \$305,667 in fiscal year 2013. Senate Bill 426 was necessary to implement the changes in statute to enable the proposed transfer to occur. The Legislative Committee for the Fundamental Review of the Base Budgets of State Agencies recommended the consideration of the use of property tax revenue earned in that program to offset General Fund appropriations in the administrative account within the Office of Energy. Of the property taxes that were collected from entities participating in the tax abatement program, 45 percent of those funds were deposited in the state General Fund and 55 percent were distributed to local government entities.

Ms. Sakelarios continued that beginning July 1, 2011, the 45 percent now going to the General Fund would go to the Office of Energy. Statute required that not less than 75 percent of the money coming into the state be used to offset the cost of electricity to retail customers of a public utility that was subject to the portfolio standards of the PUC (Public Utilities Commission of Nevada). However, statute was not specific about how the remaining 25 percent of the funds could be spent other than to indicate that the

Commissioner could establish regulations to describe how the money was to be allocated. The Committee for Fundamental Review suggested a review of whether those funds could be used as a General Fund offset. In the Governor's budget, the recommendation was to use this revenue, the 25 percent, to cover some of the operating expenditures for the tax abatement program as well as the state and local government panel and the new energy industry task force. The amount of those operational costs totaled \$50,771 in fiscal year 2012 and \$54,261 in fiscal year 2013. The Executive Budget also included \$951,477 in fiscal year 2012 and \$1,437,296 in fiscal year 2013 for the transfer to PUC. That was the 75 percent that was not kept in the program. After those expenditures were made, there would be a reserve balance at the end of the biennium of \$730,000.

Ms. Sakelarios said that since the original budget hearings were held, the Office of Energy had confirmed that five applicants had been approved for the tax abatement program. Based on the fiscal notes prepared by the Department of Taxation, at the time the abatements were approved, the projected revenues were slightly different than what was reflected in The Executive Budget. Based on the fiscal notes the revenue earned through the real property taxes would total \$1.65 million in fiscal year 2012 and \$1.63 million in fiscal year 2013. That revenue was \$339,834 higher in fiscal year 2012 than the amount included in The Executive Budget and \$290,058 lower than that amount in fiscal year 2013.

Ms. Sakelarios reported that Fiscal staff had made technical adjustments in the NSOE budget account and similar technical adjustments had been made in the REEEA budget account. After the technical adjustments had been made, based on the revised revenue projections, there appeared to be a reserve balance at the end of fiscal year 2013 totaling \$492,509. The agency had indicated that currently it had not identified specific projects to be funded through this reserve, and it appeared that the reserve would be sufficient to offset the General Fund in this budget account, which after technical adjustments would total \$205,633 in fiscal year 2012 and \$260,247 in fiscal year 2013.

Ms. Sakelarios said that when the Committee on Senate Finance had reviewed this item, the Committee elected not to close that specific item because more information was requested from the agency on other possible funding sources that could be used to eliminate the General Fund appropriation in this budget account.

Chairwoman Smith asked for a restatement for clarity because that was not in the closing document.

Ms. Sakelarios restated that when Senate Finance closed those accounts they did not take any action on this particular recommendation. The Committee asked that the agency provide additional information on other funding sources that could be used to eliminate or reduce the General Fund need in the budget account.

Chairwoman Smith asked whether the Committee wished to approve the utilization of property tax abatement revenue to support the Office of Energy during the 2011-2013 biennium as recommended by The Executive Budget with the adjustments recommended by staff. She asked whether the Committee wished to use a portion of the abatement to offset the General Fund appropriations in that budget account during the upcoming biennium. The potential offset was not part of The Executive Budget and would result in a General Fund savings of up to \$465,800 over the biennium.

Assemblyman Conklin said that if the Committee could take \$465,800 of those funds and apply it in that particular budget to offset General Fund, he interpreted that as saving the General Fund half a million dollars that could be used for other critical services that were being cut. If that was true, then he would be in support of the second option.

Assemblyman Hickey suggested that local governments and counties were not being treated fairly with this situation because they were only getting a portion of the funding because of those rebates, and now instead of the monies going to the General Fund to be used in other areas, the Committee would specify that those revenues went to the Office of Energy.

Ms. Sakelarios explained that the legislation that was approved during the 2009 Legislative Session indicated that any revenue earned through the tax abatement program would go to the General Fund through the end of fiscal year 2011. Beginning in fiscal year 2012 that money would then be going to the Office of Energy, specifically to the REEEA account.

Assemblyman Conklin said his understanding was that the local governments never got this money. The money was specific to these energy projects. There was nothing being paid on it in the first place. When the projects began, they provided money to be used for the expansion of renewable energy programs at the state level. Local government was not missing anything.

Chairwoman Smith agreed that zero percent of nothing was still zero.

Assemblyman Hickey replied that he did not presume that the counties or local governments deserved that money, but with the rebate programs, they were

getting 50 percent less than what they might have gotten had there not been the rebates. Additionally, it seemed that many renewable energy programs were created in rural areas.

Assemblyman Conklin responded that without the abatement program, the energy projects would not go forward, so local governments would still have gotten nothing.

Assemblyman Grady mentioned that five new projects had been approved. His question was whether the counties had the right to approve or reject the abatement.

Ms. Crowley replied that the way the legislation was written, the counties had the ability to decide whether geothermal projects could take advantage of these tax abatements. Other renewable energy projects did not have that same requirement.

Assemblywoman Carlton wished to reiterate what Mr. Conklin had said. Currently the property that would be used for these projects was bringing in zero tax dollars. Providing an abatement gave the participants an additional reason to go forward with the energy projects so that tax revenue would be generated. Assemblywoman Carlton wanted clarification on the discussion of a rebate for certain retail customers. She wondered who would be receiving energy rebates.

Stacey Crowley responded that it was not a rebate. In 2009, the statute provided that a percentage would go to decreasing electricity rates for customers of a utility that was subject to the portfolio standards.

Assemblywoman Carlton asked whether that would go to actual ratepayers, like herself, depending on their energy company.

Ms. Crowley responded that the regulations did not state that the funding had to go to the Public Utilities Commission (PUC). It just said it had to go to decreasing rates for those utility customers using portfolio standards. The agency needed to create regulations to understand how the remaining 25 percent should be spent, though in part it would be used for operating expenses.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE USE OF
PROPERTY TAX ABATEMENT REVENUE UTILIZING A PORTION OF
THE REVENUE TO OFFSET GENERAL FUND APPROPRIATIONS.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

Assemblyman Goicoechea asked for clarification. The Committee would use the \$465,800 to offset General Fund, and that money would be generated from the current five applicants for the program. He asked what would happen if any of those projects did not go forward. He believed that if there was suddenly no abatement and no project, there would be a hole in the budget.

Ms. Crowley said that the agency had five approved projects. There were several other applicants in the early stages of the process. The agency had hearings scheduled in the upcoming weeks and had several preapplications also in process. There was a lineup of applicants who wished to take advantage of the incentive program. There was always a chance that those projects might not go through, but all indications were that they would go forward according to plan. The applicants already had power purchase agreements with various utilities.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), said that the other revenue sources that the account had included federal funds as well as the real property taxes. There was personal property that was also included as part of that energy program. Fiscal staff wanted authority to allow the agency to get an advance from the General Fund if they needed it for cash flow purposes at the start of the fiscal year. The agency would repay that with the property tax revenue or federal funds as they were received. The Budget Division agreed with that recommendation as a way to avoid any cash flow problems. Mr. Combs asked whether that would be acceptable to the maker of the motion and the seconder.

Ms. Crowley wanted to provide the Committee with additional information. The State Energy Program formula grant through DOE (U.S. Department of Energy) was currently being reviewed by the federal government. There were indications that it would be eliminated altogether or, at least, substantially reduced. The agency had continual updates from DOE on how the formula would fund the grant. The grant was the other source of funding, so the agency would be affected by any reduction. Indications pointed to the grant being reduced below 2010 levels. There had also been some discussions and proposed legislative language that potentially attempted to remove the state's portion of the property taxes in this program. The tax revenue could potentially be considered an unstable source.

Assemblyman Goicoechea suggested that he anticipated problems with the funding of this account. He was afraid that something could fall short, and the agency would have to turn to IFC looking for some way to fund this budget.

Chairwoman Smith suggested that following Mr. Combs' recommendation for an adjustment to the motion to allow staff to work with the Budget Division in assuring there was a mechanism to access the General Fund made the most sense.

Chairwoman Smith reminded the Committee that there was a motion on the floor and reminded them that the Senate had not closed that budget item. The Committee would have to resolve that difference with the Senate Finance Committee if they did not end up closing the same way.

Chairwoman Smith called for a vote.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE USE OF
PROPERTY TAX ABATEMENT REVENUE USING A PORTION OF
THE REVENUE TO OFFSET GENERAL FUND APPROPRIATIONS.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Combs asked if there was the willingness to consider that if the property tax money did not come in as projected, the agency could go to IFC. The agency would not have any General Fund any more if the Committee took all the funding away. If the agency had no access to General Fund, they also would have no access to the IFC Contingency Fund. Mr. Combs suggested leaving \$100 a year in the budget so the agency would have access to the contingency fund in an emergency situation. Mr. Combs asked whether the Committee wished to leave \$100 per year in the budget.

Chairwoman Smith remembered that IFC had learned that lesson during the prior interim when it was unable to provide contingency funds to help one agency which had no General Fund support.

Chairwoman Smith asked whether Mr. Conklin wished to make a separate motion. He could make a separate motion to keep \$100 of General Fund in this budget for each year in the biennium. Chairwoman Smith asked whether everyone understood that by law the Committee could not put any contingency

money in an account where there was no General Fund, and so they had to keep that provision open.

ASSEMBLYMAN CONKLIN MOVED TO KEEP \$100 OF GENERAL FUND IN THIS BUDGET FOR EACH YEAR IN THE BIENNIUM.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Assemblyman Hardy said that he had a developer interested in doing an energy project in Clark County Assembly District 20 on an Indian reservation, which was a sovereign nation. Assemblyman Hardy asked how that circumstance would fit into the process.

Ms. Crowley was not sure how tribal lands were dealt with.

Chairwoman Smith asked Assemblyman Hardy to meet with Ms. Crowley after the meeting to discuss that situation.

Ms. Sakelarios asked for clarification. There were two decisions to be made with the previous item. The first was to approve the use of property tax revenue to support the Office of Energy as recommended in The Executive Budget with the adjustments recommended by staff. The second decision was to take the remainder of that revenue as a General Fund offset.

Chairwoman Smith responded that the two had been rolled it into one motion when she had restated Mr. Conklin's words.

Ms. Sakelarios continued to three additional decision unit closing items.

1. Decision unit Enhancement (E) 500 established four new expenditure categories in the Governor's Office Energy Conservation budget account. Those categories were established to track expenditures that had previously been made through the REEEA account. Those categories were:

- Category 31 – Abatement of Administrative Cost
- Category 32 – Transfer of funding to the Public Utilities Commission
- Category 33 – Funding for State and Local Government Panel
- Category 34 – Funding for New Energy Industry Task Force

That recommendation appeared to be reasonable.

2. Decision unit Enhancement (E) 710 recommended funding for antivirus software and totaled \$120 in fiscal year 2012 and \$64 in fiscal year 2013. That recommendation appeared to be reasonable.

3. Decision unit Enhancement (E) 800 recommended federal funding reductions totaling \$1,798 in fiscal year 2012 and \$2,032 in fiscal year 2013 for cost allocation expenditures. That recommendation appeared to be reasonable.

Ms. Sakelarios asked whether the Committee wished to approve those other items as recommended by the Governor and any technical adjustments by staff as necessary.

MR. KIRNER MOVED TO APPROVE DECISION UNIT E500, DECISION UNIT E720, DECISION UNIT E800, AND OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR AND ANY TECHNICAL ADJUSTMENTS BY STAFF AS NECESSARY.

MR. CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Sakelarios brought one other technical adjustment to the Committee's attention. Fiscal staff met with representatives from the Budget Division and the Office of Energy on April 12, 2011, at which time Fiscal staff received revised fund maps for that budget account for the upcoming biennium. The revised fund maps reflected a General Fund shortfall of \$1,892 in fiscal year 2012 and a General Fund surplus of \$22,321 in fiscal year 2013. As Fiscal staff made adjustments within the budget accounts to align the revenue and the expenditures based on the new fund maps, some fund mapping errors were identified, and as those were corrected and adjusted, it actually resulted in a General Fund savings in each year of the biennium. The General Fund savings in fiscal year 2012 was \$502 and the General Fund savings in fiscal year 2013 was \$23,799. Ms. Sakelarios asked whether the Committee wished to approve the technical adjustments recommended by Fiscal staff which resulted in General Fund reductions of \$502 in fiscal year 2012 and \$23,799 in fiscal year 2013.

ASSEMBLYMAN GRADY MOVED TO APPROVE TECHNICAL ADJUSTMENTS RECOMMENDED BY FISCAL STAFF WHICH RESULTED IN GENERAL FUND REDUCTIONS OF \$502 IN FISCAL YEAR 2012 AND \$23,799 IN FISCAL YEAR 2013.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

ELECTED OFFICIALS

RENEWABLE ENERGY & ENERGY EFFICIENCY AUTHORITY (101-4869)
BUDGET PAGE ELECTED-41

Heidi Sakelarios, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated the Governor's recommended budget proposed the elimination of the Renewable Energy and Energy Efficiency Authority (REEEA) including the elimination of three positions beginning with the 2011-2013 biennium. The proposed elimination would result in a reduction of federal funds totaling \$688,162 in fiscal year 2012 and an increase in ending reserves to \$546,675 in fiscal year 2013. Two of the positions recommended for elimination were currently vacant. Those included the Nevada Energy Commissioner and the executive assistant. The third position recommended for elimination was a management analyst 2 position, which was currently filled. According to The Executive Budget, the lay-off costs were projected to total \$9,540. The recommendation to consolidate the REEEA office with the Office of Energy was consistent with a recommendation from the Legislative Committee for the Fundamental Review of the Base Budgets of State Agencies. Senate Bill 426 was necessary to update statutes to support that recommendation. During previous hearings the Office of Energy staff testified that it would be able to absorb all of the duties performed by the REEEA staff, and no negative effect was anticipated for REEEA consumers.

Ms. Sakelarios stated that in reexamining the staff within the Office of Energy and the duties that would be assigned to the agency, a budget amendment had been submitted in which the Governor recommended restoring ARRA funds totaling \$48,724 in fiscal year 2012 to restore the management analyst 2 position through April 30, 2012. That budget amendment also increased funding for the building code expenditure category by \$19,606 in fiscal year 2012. The agency indicated that they did not think they would be able to absorb the additional workload identified with the International Energy

Conservation Code requirement of the ARRA grant if that position was not restored. That position would be eliminated on April 30, 2012, when the ARRA funds were eliminated. Continuing the position for an additional year increased the anticipated lay-off costs to \$16,296. She believed those lay-off costs would be funded through the ARRA grant because the position was a federally funded position.

Ms. Sakelarios asked whether the Committee wished to approve the Governor's recommendation to eliminate the Energy Commissioner and executive assistant positions in budget account 4869. She asked whether the Committee wished to approve the budget amendment to restore the management analyst position through April 30, 2012, and transfer the position to the Office of Energy.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR THE ELIMINATION OF TWO POSITIONS AND THE RESTORATION AND TRANSFER OF ONE POSITION.

ASSEMBLYMAN ATKINSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Sakelarios stated that the Governor recommended the transfer of the tax abatement program and all other duties from the Renewable Energy and Energy Efficiency Authority (REEEA) to the Office of Energy. The transfer includes the real property tax revenue totaling \$1,307,885 in fiscal year 2012 and \$1,916,398 in fiscal year 2013 and federal funds totaling \$39,005 in fiscal year 2012.

Ms. Sakelarios asked whether the Committee wished to approve the Governor's recommendation to consolidate the Renewable Energy and Energy Efficiency Authority with the State Office of Energy.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE CONSOLIDATION OF THE RENEWABLE ENERGY AND ENERGY EFFICIENCY AUTHORITY WITH THE OFFICE OF ENERGY.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Sakelarios discussed three additional closing items:

1. Decision unit Enhancement (E) 252 recommended reserve reductions of \$30,000 in each year of the biennium to fund a contract auditor to audit the documents submitted by the participants in the tax abatement program. Participants in that program were required to submit reports annually to the Office of Energy, which had been the REEEA office. They were not only required to file reports for themselves but also for all contractors and subcontractors working on their projects. This expenditure was recommended to be transferred to the Office of Energy through decision unit Enhancement (E) 900. This recommendation appeared to be reasonable.

2. Decision unit Enhancement (E) 710 recommended expenditures for antivirus software; however, decision unit Enhancement (E) 225 recommended elimination of the positions and all of their operating costs, so this resulted in an expenditure of \$0. Staff noted that the budget amendment did not appear to restore the expenditure for the one restored position; therefore, staff recommended a technical adjustment to restore the antivirus software for the management analyst position.

3. Decision unit Enhancement (E) 800 recommended a reduction totaling \$980 in fiscal year 2012 and \$1,357 in fiscal year 2013 for cost allocation within the Department of Administration. That expenditure was also recommended for transfer to the Office of Energy in decision unit Enhancement (E) 900. That recommendation appeared to be reasonable.

Ms. Sakelarios asked whether the Committee wished to approve the other items recommended by the Governor with technical adjustments recommended by staff.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE CLOSING ITEMS ENCOMPASSING DECISION UNITS E252, E710, AND E800, WITH TECHNICAL ADJUSTMENTS RECOMMENDED BY STAFF.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chairwoman Smith commended Ms. Sakelarios for her efforts and ability in the presentation of the Office of Energy budget. She also thanked Ms. Crowley, for her participation.

Assembly Bill 481: Makes an appropriation to the Nevada Highway Patrol Division of the Department of Public Safety to replace certain fleet vehicles. (BDR S-1250)

Tony Almaraz, Chief of the Nevada Highway Patrol, Department of Public Safety requested an appropriation to the Nevada Highway Patrol (NHP) Division of the Department of Public Safety (DPS) to replace certain fleet vehicles through A.B. 481. Chief Almaraz introduced his Administrative Services Officer (ASO), Johnan Morrison, who was available to answer questions.

Chairwoman Smith requested additional information.

Chief Almaraz stated they were requesting funding for a total of 123 vehicles. That would encompass 89 regular sedans and then 34 SUVs and pick-up vehicles to be used for certain types of duties such as commercial enforcement. No motorcycles would be in the request.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, indicated that there was a discrepancy of about \$65,000 in the total amount that was being requested in the bill and what the 123 vehicles were projected to cost. Mr. Combs asked whether that needed to be addressed in the bill.

Johnan Morrison, Administrative Services Officer, Nevada Highway Patrol, DPS, responded that the \$65,000 figure was correct. When the agency built the budget, it used estimates that were provided by the vendor for the vehicles at the time. Through the budget process the agency requested a firmer estimate from the vendor. The price of the vehicles rose from the time the agency built the budget to the time it obtained the revised quote. She believed the agency was satisfied with the amount of money requested in the budget.

Chairwoman Smith stated that the bill had referenced motorcycles and that needed to be corrected or amended. She reminded Fiscal staff to follow through with that request.

Chief Almaraz responded to Chairwoman Smith's question that the NHP vehicles that were replaced were returned to state purchasing for sale through that specific process.

Stephanie Day, Deputy Director, Budget Division, responded to Chairwoman Smith that anticipated receipts from the sale of surplus vehicles were not included anywhere in the budget because the Budget Division was unable to project the revenue. The revenue for those particular vehicles went to the Highway Fund.

Jeanette Belz, representing the Nevada Chapter of Associated General Contractors and the Nevada Highway Users Coalition, spoke about the Highway Fund. She pointed out [Exhibit C](#) which showed two charts that were available on NELIS (Nevada Electronic Legislative Information System) from the 2010 NDOT (Nevada Department of Transportation) publication entitled Facts and Figures. One chart depicted the total State Highway Fund revenue, and for the last three years shown on the chart of 2007, 2008, and 2009, the Highway Fund revenue had decreased approximately 17 percent, or approximately \$192 million. The DPS (Department of Public Safety) expenditures had been rising over that same time period, about 8.7 percent from \$74.6 million to \$81.1 million. Ms. Belz wanted to put this into perspective, stating that \$5.3 million would repave approximately 10 to 15 miles of road.

Chairwoman Smith closed the hearing on A.B. 481.

Assembly Bill 486: Makes an appropriation to the Division of Forestry of the State Department of Conservation and Natural Resources for the replacement of critical equipment. (BDR S-1246)

Pete Anderson, State Forester Firewarden, Division of Forestry, State Department of Conservation and Natural Resources, presented A.B. 486 which was included in The Executive Budget. He referenced the PowerPoint document ([Exhibit D](#)) that was available on NELIS (Nevada Electronic Legislative Information System). Assembly Bill 486 addressed replacement of critical equipment listed as follows:

- Mt. Charleston Vehicle Exhaust System—\$19,600. Presently the station's firefighters lived, slept, and worked on the second floor of the fire station, directly over the vehicle bays. When a fire engine was operated in response to a call or returning from a call, exhaust migrated into the second floor, affecting the workplace and living space.

Mr. Anderson respectfully asked for approval of the request to alleviate the ongoing health hazard for the station firefighters on Mt. Charleston.

- One heavy duty tool-equipped shop truck—\$97,527. The Division had an aging fleet that required ongoing maintenance and repairs, particularly on emergency incidents. The requested shop truck would replace a worn repair vehicle in continuing to service and repair the fleet, particularly on emergency incidents.
- Two sets of diagnostic scan tools—\$7,600. The Division serviced and repaired its vehicle fleet in an effort to decrease costs. Current vehicles and equipment required specific diagnostic tools to properly repair and maintain them.
- Two wildland fire engines, type 3 (\$258,746 each)—\$517,492. The Division was charged with the responsibility of wildfire management, watershed protection, and natural resource management. Maintaining critical emergency response equipment to maintain employee safety, and a rapid response for the suppression of wildfires was critically important. The last 4x4 type 3 fire engines were purchased in 1998, and now had mechanical conditions that precluded them from frontline response. Those engines had met the replacement criteria for age and would be rotated to less active stations. That request was critical to maintain a minimum capacity for wildfire response and suppression.
- One multi-use tractor—\$35,125. The Division's current Eastlake tractor was over 40 years old, built and modified from parts that were scavenged from junkyards and some that were fabricated by agency mechanics and had significant mechanical problems. Replacement of that tractor would allow continued program support and reduced cost to the General Fund, and would eliminate continuous breakdowns and ongoing excessive repair bills.

Mr. Anderson reported that the consequences of not funding that critical equipment request would be increased operational costs for the Division, continued mechanical breakdowns, and the continued placing of its Mt. Charleston fire station employees in a hazardous work environment.

Assemblyman Hardy requested an update on the Mt. Charleston facility. Prior to authorizing funds for the facility, he needed to know whether the fire station would continue at the same location or would be moved to a different facility.

Mr. Anderson replied that discussions were ongoing. He believed the hazardous health situation should be a priority that was not dependent on whether staff stayed or went. He hoped to have some finalization on the Mt. Charleston question shortly.

Assemblywoman Carlton reminded Mr. Anderson that in a prior session, dollars had been allocated for that project and had been used for other purposes.

Mr. Anderson responded that the request had been funded in the past but it was reverted based on the budget situations the Division had faced over the last two sessions.

Assemblywoman Carlton reiterated that that safety issue was very important. She had visited several fire stations and remembered the Mt. Charleston facility. She felt very frustrated with the choice to revert that money over health and safety considerations. She requested a firm commitment to use the funds for their intended purpose if she was to vote for that item.

Scott K. Sisco, Administrative Services Officer and Deputy Administrator, Division of Forestry, State Department of Conservation and Natural Resources, responded that in prior sessions the decision had been to cut a position or equipment. The agency had such a limited amount of discretionary funding it did not feel there was any choice in that matter.

Assemblywoman Carlton said she understood and appreciated the difficult choices required but reiterated that this was a true health and safety issue for firefighters in that station, and she wanted a commitment that the problem would be rectified.

Mr. Anderson responded that Assemblywoman Carlton had his commitment that it would be his highest priority to get this project completed.

Chairwoman Smith closed the hearing on A.B. 486.

Assembly Bill 491: Makes an appropriation to the Division of Forestry of the State Department of Conservation and Natural Resources for major repair and renovation work on certain crew carriers. (BDR S-1248)

Pete Anderson, State Forester Firewarden, Division of Forestry, State Department of Conservation and Natural Resources continued with A.B. 491, which would appropriate \$278,050 from the State General Fund for major repairs and renovation work on 25 conservation camp crew carriers, each of which had operated in excess of 100,000 miles. The Division's conservation

camp program transported 76 crew supervisors daily and transported inmate crews for project work, bringing in project revenue to the General Fund and providing emergency responses to wildland fires and other emergency incidents.

The Division used a mix of crew carriers and 12-passenger vans with the crew carriers being the primary vehicle for rural projects and emergency response. Realizing the current economic situation prohibited purchasing new vehicles, the Division had identified 25 existing 1996 to 1998 crew carriers that with mechanical overhauls could extend their functionality another 3 to 4 years. The repairs would be conducted in the agency's Ely mechanical shop and would continue to save the state critical General Fund dollars. Consequences of not funding the repair and renovation of the 25 crew carriers would be continued high-cost maintenance repairs, potential reduction of the number of crews available for conservation projects and emergency responses, and increased difficulty in achieving the revenue target for the conservation camp program.

Chairwoman Smith expressed appreciation for the detailed document submitted by the agency ([Exhibit D](#)) and said it made the information much easier to understand and decision easier to make.

When Chairwoman Smith asked whether this request took into consideration the potential closing of camps and asked whether they still needed the same amount of work done on the vehicles, Mr. Anderson responded that it did.

Chairwoman Smith closed the hearing on A.B. 491.

Assembly Bill 495: Makes an appropriation to the Division of Forestry of the State Department of Conservation and Natural Resources for necessary services and equipment to transition the State's Very High Frequency radio system from wideband to narrowband in accordance with the Federal Communications Commission mandate. (BDR S-1247)

Pete Anderson, State Forester Firewarden, Division of Forestry, State Department of Conservation and Natural Resources, summarized A.B. 495 which appropriated \$162,267 from the State General Fund for necessary services and equipment to transition the Division's radio system from wideband to narrowband in accordance with the FCC (Federal Communications Commission) mandate to be effective on January 1, 2013. The Division and the Department had actively pursued grant funding to meet that mandate and had funded portable and vehicle mounted radio equipment. The request would complete the mandated transition from wideband to narrowband and included 9 narrow band compliant mountain top repeaters, and 26 dispatch center and facility countertop radio consoles. [Page 7 of [Exhibit D](#).] It would also include

the necessary consulting program services to program those radios and the establishment of 58 narrowband call signs. Failure to complete the required FCC radio conversion had significant consequences for the Division. The Division would be unable to use its radio system without being subject to potential monetary fines and penalties from the FCC. Communications with other cooperating agencies would not be possible creating safety concerns for employees and affecting all their program operations.

Assemblyman Bobzien said this plan was connected to a plan to move the Minden dispatch operation to Elko. He asked whether the technological feasibility of moving those operations was dependent on having the repeaters and that infrastructure.

Mr. Anderson responded that it all fit together, and whether Minden continued in their current facility or was consolidated in Elko, the Division still had to meet the FCC mandate. The agency had packaged the process together so that the technology that was available would meet its needs statewide and improve the safety and communications of the existing system. All of the agency's federal partners had or were about to switch to narrow banding radios and the Division had to get onto the same communication systems and same frequencies so that they could communicate effectively.

Assemblyman Ocegüera stated that as a firefighter he was intimately familiar with this equipment and purchase price. The agency's replacement times were very long. Assemblyman Ocegüera's frontline equipment was replaced every 5 years, and second-line equipment every 10 years. The Division of Forestry was stretching the useful life of its equipment drastically. The radio equipment costs were in-line with what they should be. Assemblyman Ocegüera appreciated the agency's supporting documentation and believed it was very fiscally prudent with its purchases.

Chairwoman Smith closed the hearing on A.B. 495.

Assembly Bill 489: Revises provisions governing compensation for travel expenses for certain persons employed at certain correctional institutions or facilities within this State. (BDR 16-1206)

Jeff Mohlenkamp, Deputy Director, Support Services, Department of Corrections (DOC) introduced Scott Sisco, Administrative Services Officer and Deputy Administrator for Forestry, and said that A.B. 489 affected both groups. The bill amended *Nevada Revised Statutes 209.183*. It provided for one change of significance and that was to eliminate payment for what was commonly known as RAD (Remote Area Differential) pay for employees who worked at

several locations outside of the Las Vegas area. The specific locations were delineated in the statute. The bill would amend the statute to eliminate that payment for anyone who was hired after July 1, 2011. The bill was necessary to implement the agency's budget. The agency had built in related cost savings, and if this bill was not passed, those cost savings would not be realized. The Department did not believe there would be any immediate or significant harm in its ability to recruit. As the economy improved and the DOC competed more directly, there could be a need for this type of incentive payment, but in the immediate future it did not seem a problem.

Chairwoman Smith asked whether this was permanently eliminated in the bill as written.

Mr. Mohlenkamp responded that it was a permanent elimination. To have the policy reversed DOC would have to return to the Legislature and request another incentive payment. Mr. Mohlenkamp stressed the importance of having the bill passed. If it were not, there would have to be replacement funding in the agency's budget. The estimated savings were just under \$600,000 for the biennium. That was estimated based on turnover rates on a historical basis, because it would only occur as positions turned over. The estimate was \$597,076. It started off lower in the first year and built as the Department turned over more individuals through attrition.

Chairwoman Smith commented that the turnover rate appeared to be high.

Mr. Mohlenkamp responded that a significant number of employees were located in the Coldwater Springs area, though the turnover rate had remained fairly stable over the years. Analysis confirmed the projections the agency had used.

Scott K. Sisco, Administrative Services Officer and Deputy Administrator, Division of Forestry (NDF), State Department of Conservation and Natural Resources, stated that the same problem affected the Division at the camps in Jean and Three Lakes Valley. The NDF's savings were much smaller as it only had ten employees in each of those two camps, but the agency anticipated savings of about \$4,000 in fiscal year 2012 and \$8,000 in fiscal year 2013. Mr. Sisco believed NDF would have to reassess the policy again in two years to see what effect it would have on recruitment, but for now it would solve an equity problem in the camps.

Chairwoman Smith stated no one had signed in to testify in support of A.B. 489. Mr. Ranft would testify in opposition.

Kevin Ranft, representing AFSCME (American Federation of State, County and Municipal Employees) Local 4041, opposed A.B. 489. The bill created a two-tier system and would possibly create animosity between newly hired officers and veteran officers. Mr. Ranft wished to avoid that especially since morale was already low. The current daily rate of \$7.50 for the rural differential pay was given in 1995 to help recruit and retain officers in the most rural areas. That allocation did not cover the fuel or vehicle expense for the officer to travel to and from work. A new hire's net pay was approximately \$800 per pay period. Those policies were going to affect recruitment and retention. Mr. Ranft realized that cuts needed to be made but did not believe A.B. 489 was an appropriate place to cut and suggested an alternative. It was his recommendation to have officers work 12-hour shifts as they would commute 78 days less per year. That would provide a savings up to \$377,325 a year or \$754,650 within the biennium. The Department of Corrections stated in its budget discussions that it wanted to cut the 5 percent rural area incentive pay for Lovelock and Ely. Mr. Ranft asked the Committee not to pass A.B. 489 as it was a recruitment and retainment tool.

Chairwoman Smith closed the hearing on A.B. 489.

Assembly Bill 490: Makes an appropriation to the Legislative Fund for major computer projects for the Legislative Counsel Bureau. (BDR S-1240)

Lorne Malkiewich, Director, Legislative Counsel Bureau (LCB), presented A.B. 490. He referenced his memorandum (Exhibit E), which was on NELIS (Nevada Electronic Legislative Information System). Assembly Bill 490 was an appropriation to the Legislative fund for major computer projects at the Legislative Counsel Bureau. It was a General Fund appropriation of \$734,000 which was included in The Executive Budget. The \$734,000 consisted of three separate components:

- The first was switches and hardware for the Information Technology Services unit. Much of the agency's equipment had approached the end of its useful life. He had recently received a memo that for a number of the switches, the useful life would end in two weeks. The master switch has a useful life through the following year. The agency would also be losing support on that equipment. The switches needed to be changed out as a group; they could not be changed out individually. The total cost was about \$700,000, but LCB was planning to use \$100,000 that was left from the appropriation for its current biennium to pay the difference.

- The second item was a new accounting system. The agency's accounting system was old and no longer met its demands. There was also a problem about how long the software could be supported. The agency needed to switch the software, and as with any major change within the two-year budget cycle and the Legislative cycle, this could not be done too close to a session. The change needed to be implemented in either 2012 or 2014. It was budgeted at \$125,000, which seemed to be a sufficient amount. Mr. Malkiewich had recently reviewed an accounting software program that was promising.
- Finally, LCB was requesting a small amount for a pilot project for Granicus hardware and software. The Legislature currently recorded its meetings under FTR ("For The Record") Session Manager software, and although it worked well for the secretaries to take log notes and to record meetings, it was limited functionally, and it had not kept up with technological advances. The agency had done a thorough review of a program called Granicus. It was being used in some other states and had a lot of capability in addition to recording. It would allow a great deal more flexibility in taping meetings. Prior to making a major commitment, LCB wanted to test the program's capability. The testing process would cost \$10,000 and would allow LCB to test the product for usefulness, adaptability, and compatibility.

Chairwoman Smith closed the hearing on A.B. 490.

Assembly Bill 492: Makes appropriations to the Legislative Fund for dues to national organizations. (BDR S-1239)

Lorne Malkiewich, Director, Legislative Counsel Bureau (LCB), discussed A.B. 492 which was an appropriation for dues for national organizations. Last session LCB needed to cut about \$3 million per year out of its budget. Prior to that LCB had included dues to national organizations within the budget of the Legislative Commission, which was part of the budget for the Legislative Counsel Bureau. The agency had the choice of cutting three additional employees or cutting the dues payments. Though LCB had not been paying dues to those national organizations, the organizations had continued to provide testimony and information to the state. The LCB made a 10 percent payment to each of the organizations at the end of the first fiscal year. Mr. Malkiewich proposed with the agreement of the Legislative Commission to put the request into a bill draft which was included in The Executive Budget. It was a separate one-shot appropriation for the dues and consisted of two components. First it would pay dues for the current fiscal year that were due in July 2010. That appropriation would take effect on passage and approval and would be paid at

the end of fiscal year 2011. The next section of the bill would provide dues for each of the next two years of the biennium. Mr. Malkiewicz thought most of the Committee was familiar with the benefits of those organizations and why the state should pay dues. He was extremely pleased that the organizations had continued to provide services to the State of Nevada through difficult economic times. These organizations had the knowledge that Nevada had been number one in unemployment, foreclosures, and budget gaps, and they had been very understanding with the state's failure to pay dues.

Chairwoman Smith mentioned that it had been somewhat embarrassing to avail themselves of the training and information provided by these groups and to have been unable to pay dues.

Assemblyman Hickey asked for additional information on what services NCSL (National Conference of State Legislatures) and ALEC (American Legislative Exchange Council) provided. He knew they made information and model bill drafts available to the state.

Mr. Malkiewicz discussed a presentation by Representative Rosie Berger of Wyoming concerning the services provided by NCSL that included, technical services, a comprehensive staffing study of that state's LSO (Legislative Services Office), workshops for social services and civics teachers, presentations and testimony, legislator training, professional development, networking, research, and publications. Ms. Berger's presentation was provided on NELIS ([Exhibit F](#)). Different agencies provided different services and had different focuses. Mr. Malkiewicz had mentioned not wanting to cut three staff members, but three full-time staff could not provide all of the services the state got from those organizations. The NCSL was a national organization with huge research and training capabilities. It was able to provide vast statistical information. The CSG-WEST (Council of State Governments-WEST) offered more regional training. The Education Commission of the States was smaller and had a different function, but its dues were part of the Commission budget. The Interstate Commission on Educational Opportunity for Military Children was part of the overall appropriation. Those organizations created a tapestry of support similar to what the Legislative Counsel Bureau provided for the Legislature. For a fairly small state such as Nevada, it was particularly helpful to have access to that national information.

Assemblyman Conklin pointed out that a wide variety of participants attended the various organizations and made themselves available to discuss problems and share solutions that they had in common. The ability to talk to new people who had fresh ideas and similar issues was expanded. There was a mutual appreciation among participants. Assemblyman Conklin found it invaluable to

participate in those organizations and though it required time, for those who attended periodically, it was incredibly useful.

Assemblyman Atkinson stated that he was heavily involved in one of the organizations and could not express enough what those organizations had done for him and a lot of his colleagues throughout the years. The feedback and interaction with other members had helped create legislation for his state. Members of those groups were nonpartisan and enjoyed excellent relationships. Assemblyman Atkinson believed the organizations were extremely valuable and supported paying the dues.

Chairwoman Smith recalled that one of the organizations had been in the building the prior week providing information and testimony. She especially appreciated the research they provided.

Assemblyman Ocegüera agreed that the Research Division used the services of all of those organizations. Those groups had research compiled and available and sent it immediately upon request. Those organizations had been involved with the Legislative freshmen training, leadership training, and committee chair training. Their staff had come to Nevada even though dues had not been paid.

Mr. Malkiewicz responded to a question from Assemblyman Hardy and said that his memo included a list of the organizations to which LCB was paying dues. The list included the National Conference of State Legislatures; the Council of State Governments, which included CSG-WEST; the National Conference of Commissioners on Uniform State Laws; the American Legislative Exchange Council; the Education Commission of the States; and the Interstate Commission on Educational Opportunity for Military Children. Mr. Malkiewicz informed Assemblyman Hardy that the agencies would be very happy to reach out to him for membership.

Chairwoman Smith commented that she had been appointed to a fiscal affairs committee in one of the organizations, and they discussed what was going on in different states and had committee assignments and committee opportunities.

Assemblyman Aizley asked whether LCB paid dues to NCOIL, (National Conference of Insurance Legislators) the insurance group.

Mr. Malkiewicz responded that the state might be a member, but he was unsure whether LCB paid dues to that particular group.

Chairwoman Smith closed the hearing on A.B. 492.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), explained to the new members that the next process was one that they had not been through before. As the Subcommittees came back to the full Committee with recommendations on how to close the budgets they were hearing, staff would prepare those documents for the Committee. They would be given documents that the Subcommittee Chair would go through and then following that were the closing documents for the accounts that were being closed in full Committee. Those closing documents had been updated for the actions that the Subcommittee recommended in its deliberations for the Committee's consideration for closing. Historically, the Committee on Ways and Means had placed a lot of responsibility and faith in the various Subcommittees but if there were still questions, now was the time to get them answered.

Chairwoman Smith called on Assemblywoman Mastroluca to present a Subcommittee report.

Assemblywoman Mastroluca, Chair of the Joint Subcommittee on Human Services/CIPS, read the following closing report ([Exhibit G](#)) for the budget accounts within the Department of Health and Human Resources, Division of Child and Family Services into the record:

The Joint Subcommittee completed its review of 11 budgets of the Division of Child and Family Services. The Subcommittee approved authority for staff to make technical adjustments in several of the accounts to reflect increases in the Federal Medical Assistance Percentage (FMAP) rate that is projected to increase in FY 2013 to levels higher than anticipated in The Executive Budget, producing General Fund savings of approximately \$351,641. The other significant recommendations of the Subcommittee are described in the following comments:

CHILD CARE SERVICES (101-3149)
BUDGET PAGE DHHS HEALTH-7

The Subcommittee approved the Governor's recommendation to transfer the Child Care Services Bureau to the Health Division to gain efficiencies through placing the program with other programs that perform similar, regulatory functions. The Subcommittee also approved the Governor's recommendation to fund a portion of this account with General Funds due to increased costs resulting from the transfer of licensing functions back to the State from Clark County in September 2010. The Subcommittee also

recommended a Letter of Intent be issued to the Health Division instructing it to review the fees charged for licenses in this program to determine whether fees should be increased to eliminate the need for General Funds to support program activities.

UNITY/SACWIS (101-3143)
BUDGET PAGE DHHS DCFS-18

The Subcommittee approved a technology investment project totaling \$3.9 million over the 2011-13 biennium to enhance the management tools of the Division's information technology system, UNITY. Funding for the project would be split evenly between General Funds and federal funding, with the Subcommittee recommending issuing a Letter of Intent to direct the Division to only expend General Funds for the project if the approved amount of federal funding for the project is also received.

JUVENILE CORRECTIONAL FACILITY (101-3148)
BUDGET PAGE DHHS DCFS-68

The Subcommittee approved the Governor's recommendation to continue the closure of the Summit View Youth Correctional Facility and maintain operational costs of approximately \$1.5 million in General Funds each year of the 2011-13 biennium. The \$1.5 million includes annual position and operating costs for a part-time Facility Supervisor, utilities, debt service expense and operational/maintenance expenses.

WRAPAROUND IN NEVADA (101-3278)
BUDGET PAGE DHHS DCFS-95

The Subcommittee approved the Governor's recommendation to merge the Wraparound in Nevada program into the Northern and Southern Child & Adolescent Services accounts and eliminate this account. The services of the program would not change with the merger, but General Fund savings of \$379,210 would be realized due to greater federal reimbursement for program expenses through the allocation costs.

NORTHERN NEVADA CHILD & ADOLESCENT SERVICES
(101 3281)
BUDGET PAGE DHHS DCFS-101

The Subcommittee approved the transfer of only one Mental Health Counselor position to the Division's Administration account to support the creation of a Children's Behavioral Health Policy and Accountability Board. The Governor had recommended the transfer of two positions, but the Subcommittee did not agree with transferring a position to support the Board, which would have resulted in the reduction of direct services to children. The Subcommittee approved the adjustments to this budget based on the understanding that the adjustments would be cost-neutral to the General Fund and additions in this account would be offset by reductions in the Administration account. The Subcommittee also did not approve the reclassification of the Mental Health Counselor position that was not approved to transfer to the Administration account.

SOUTHERN NEVADA CHILD & ADOLESCENT SERVICES
(101 3646)
BUDGET PAGE DHHS DCFS-112

Similar to the previous account, the Subcommittee did not approve the transfer of two of four positions recommended to support the new Children's Behavioral Health Policy and Accountability Board. The Subcommittee instead maintained two Public Service Intern positions in this account and reinstated funding for the Western Day Treatment program and a Child Care Worker position that were recommended for elimination. The Subcommittee also did not approve increasing one of the Public Service Intern positions from part-time to full-time.

OTHER ACCOUNTS WITH NO MAJOR CLOSING ISSUES: The following accounts were closed by the Subcommittee as recommended by the Governor with staff authority to make technical adjustments that may be needed based on the closing of other Division accounts:

- Victims of Domestic Violence (101-3181) DHHS DCFS-15
- Child Welfare Trust (645-3242) DHHS DCFS-50
- Transition from Foster Care (606-3250) DHHS DCFS-52

- Review of Death of Children (101-3251) DHHS DCFS-54
- Caliente Youth Center (101-3179) DHHS DCFS-75

Chairwoman Smith thanked Assemblywoman Mastroluca for her work as Chair of the Human Services/CIP Subcommittee. She explained that the process was to entertain any questions or to make a motion to approve the report as presented.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE
SUBCOMMITTEE'S WORK.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chairwoman Smith expressed appreciation to staff for all of their work on this budget. She invited public comment.

Jeff Fontaine, representing the Nevada Association of Counties (NACO), commented on the renewable energy office, specifically on the transfer of property tax revenues to fund that office. Currently the law allowed partial tax abatements for qualified renewable energy projects and the applicants received a 55 percent property tax abatement for both real and personal property for 20 years as well as an abatement of all local sales and use taxes for the first 3 years of the project. Of the remaining 45 percent of the property taxes available, 45 percent of that went into the renewable energy fund. That left revenue to the counties and other local governments of roughly 25 percent of property taxes for 20 years. There were short-term jobs associated with those projects and very few long-term jobs, so the counties wanted to see the 45 percent of the 45 percent go back to the counties to help them provide services and meet demands. There were a number of proposals in the Governor's budget to shift services to the counties, and the counties were going to need revenue for those projects.

Mr. Fontaine continued that NACO and the counties had made the commitment to work with the Legislature to find solutions in aligning services between the state and local levels. The energy revenues were important to the counties, and most of those projects would be in the rural counties. With all due respect to the Energy Commissioner, she would now be in a position as the sole decision maker as to whether or not she should grant partial tax abatements for those

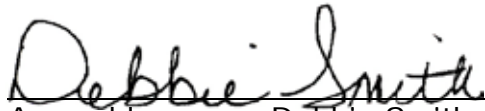
renewable energy projects. She was now in the position of approving those projects to continue funding for her office.

Chairwoman Smith thanked Mr. Fontaine and asked whether there was any other public comment to come before the Committee. Seeing none, she adjourned the meeting at 10:15 a.m.

RESPECTFULLY SUBMITTED:

Tenna Herman
Committee Secretary

APPROVED BY:

A handwritten signature in dark ink, appearing to read "Debbie Smith", is written over a horizontal line.

Assemblywoman Debbie Smith, Chairwoman

DATE: _____

EXHIBITS

Committee Name: Committee on Ways and Means

Date: April 21, 2011

Time of Meeting: 7:35 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 481	C	Jeanette Belz, representing Associated General Contractors	Total State Highway Fund Revenue, Expenditures, and Disbursements
A.B. 486 A.B. 491 and A.B. 495	D	Pete Anderson, State Forester Firewarden, Division of Forestry	Nevada Division of Forestry One-Shot Requests
A.B. 491 and A.B. 492	E	Lorne Malkiewich, LCB	Summary of Requested Appropriations
A.B. 492	F	Lorne Malkiewich, LCB	Wyoming and NCSL: Getting Our Money's Worth
	G	Assemblywoman Mastroluca	Joint Subcommittee on SC Human Services/CIPS closing report