

**MINUTES OF THE JOINT MEETING OF THE
SENATE COMMITTEES ON FINANCE
AND THE ASSEMBLY COMMITTEES ON WAYS AND MEANS**

**Seventy-sixth Session
May 4, 2011**

The joint meeting of the Senate Committees on Finance and the Assembly Committees on Ways and Means was called to order by Chair Steven A. Horsford at 8:19 a.m. on Wednesday, May 4, 2011, in Room 4100 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

SENATE COMMITTEE MEMBERS PRESENT:

Senator Steven A. Horsford, Chair
Senator Sheila Leslie, Vice Chair
Senator David R. Parks
Senator Moises (Mo) Denis
Senator Dean A. Rhoads
Senator Barbara K. Cegavske
Senator Ben Kieckhefer

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Debbie Smith, Chair
Assemblyman Marcus L. Conklin, Vice Chair
Assemblyman Paul Aizley
Assemblyman Kelvin D. 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

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Assemblyman John Ocegüera

STAFF MEMBERS PRESENT:

Michael J. Chapman, Principal Deputy Fiscal Analyst
Rick Combs, Assembly Fiscal Analyst
Erica Eng, Program Analyst
Rex Goodman, Principal Deputy Fiscal Analyst
Alexander Haartz, Program Analyst
Heidi Sakelarios, Program Analyst
Madison Piazza, Committee Secretary

OTHERS PRESENT:

Chris Nielsen, Interim Director, Department of Taxation
Alan R. Coyner, Administrator, Division of Minerals, Commission on Minerals
Jim R. Barbee, Acting Director, State Department of Agriculture

CHAIR HORSFORD:

We will begin with the Department of Business and Industry (B&I) budget closing.

HEIDI SAKELARIOS (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

I will be presenting from the Senate Finance and Assembly Ways and Means Committees Meeting Jointly Closing List #8 ([Exhibit C](#)). We will be closing the Division of Insurance in B&I, budget account (B/A) 101-3813.

COMMERCE AND INDUSTRY

BUSINESS AND INDUSTRY

B&I – Insurance Regulation — Budget Page B&I-57 (Volume II)
Budget Account 101-3813

There are three major closing issues. Major Closing Issue No. 1 is the consolidation of the budget accounts within the Division of Insurance. The *Executive Budget* recommends consolidating all of the Division's budget

accounts into a single account, with the exception of the Self Insured Workers' Compensation account. The Agency indicated the consolidation will result in significant reductions in time spent preparing and closing budgets and will result in fewer coding errors within their financial transactions. It would also create transparency for the public and the industry that they regulate.

Currently, the Division has eight separate budget accounts, each with a specific purpose and various revenue sources. The Agency tracks its costs from each individual budget account based on the time and effort each employee spends in each account on dedicated activities. Presently, within this budget account, there are 81 positions that are cost allocated. Of those 81 positions, only 10 have 100 percent of their time dedicated to a single activity, or budget account. This cost allocation process requires staff to track their time and effort that they spend working in each of the various budget accounts. Other costs, such as travel and operating expenses, are assessed to each account accordingly. The Agency believes that by consolidating all the accounts into a single account, it would eliminate the need to transfer revenue from one account to another. It would also eliminate the need for employees to track their time and effort in order for that transaction to take place.

Many of the budget accounts for the Division of Insurance are established in statute. Consolidating the accounts does not necessarily increase the transparency. While it reduces the number of accounts within the Division, it increases the complexity within that single budget account. Following the budget hearing on March 8, 2011, representatives from the Budget Division, B&I director's office and the Division of Insurance met with Fiscal Staff. The Agency was asked to develop a proposal that would actually transfer positions out of this account and into the account where they do the majority of their work. The Agency responded that they felt it was best to not pursue that course of action. They felt the employees in their Division are experts in the area of insurance, not in a specific component or function in the insurance industry.

Staff notes that the Nevada Department of Wildlife (NDOW) previously had one budget account prior to the 2009-2011 biennium. The 2009 Legislature directed that the account be separated into multiple accounts to facilitate better financial tracking, reporting, accountability and financial planning. The Insurance Regulation account currently has 14 revenue sources and 17 expenditure

categories. The recommendation to consolidate the accounts into this budget account would result in this account having more than 25 revenue sources and 24 expenditure categories. The Agency has acknowledged that their individual accounts are complex; however, they have not indicated how combining the accounts into a single account eliminates that complexity. They also have not identified any savings to be achieved through this consolidation activity.

During the hearing of the Senate Finance and Assembly Ways and Means Joint Subcommittee on General Government, members of the Subcommittee expressed concern that the recommended consolidation may not increase transparency and may not simplify the account procedures that need to take place. Based on those concerns, Staff has considered the adjustments that would be necessary to delete these transfer units within the budget account and each of the budget accounts recommended for consolidation.

If the Committees decide not to approve the consolidation, Staff would recommend that a letter of intent be issued requesting that the Division continue to examine alternatives to the consolidation proposal. This will allow them to determine if there are ways to simplify the time tracking that employees must perform and the cost allocation that results from that. They must report to the Interim Finance Committee (IFC) no later than February 2012 on the results of those efforts.

Do the Committees wish to approve the consolidation of the budget accounts as recommended in the *Executive Budget*? If the consolidation is not approved, do the Committees wish to issue a letter of intent requesting that the Division report to IFC no later than February 2012 on options considered for reducing the number of employees included in its cost-allocation methodology?

ASSEMBLYWOMAN CARLTON:

I understand that the Subcommittee had concerns about the consolidation, as do I. Multiple accounts with multiple funding streams in one budget seems very complex to track. Last Session we rearranged the Division of Insurance and now we are doing it again. I have concern with consolidating these accounts.

SENATOR DENIS:

Are there specific issues that you are concerned about in regard to the consolidation?

ASSEMBLYWOMAN CARLTON:

Yes, will this make tracking the different accounts and the different funding streams easier to monitor? What systems will have to be set up to ensure proper monitoring if everything is put into a single account?

CHAIR HORSFORD:

If we do not approve the consolidation, what options do we have?

MS. SAKELARIOS:

During the Subcommittee hearing, the members asked the Agency to explain how consolidating the accounts increases the efficiency of their performance and increases transparency. When the director's office from B&I testified, they indicated that it was difficult for them to prepare financial reports because they had to add numbers from seven budget accounts. Consolidating into a single budget account would eliminate having to add those seven numbers to prepare the report. The members of the Subcommittee expressed concern that the Agency was not articulating how the consolidation was beneficial to the industry and the public. The members' concern was taking one account that currently has multiple funding and expenditure sources and doubling it. It would not necessarily lend itself to transparency because it makes the complex account even more complex. The Subcommittee also appeared to be appreciative of the fact we had a similar situation with NDOW in the past. Based on the Subcommittee's concerns, in the closing documents, we took steps to eliminate the transfers and the consolidation. If the Governor's recommendation is not approved, the Division would continue to have the existing eight budget accounts and continue to process its financial transactions the way they have been done up to this point in time.

SENATOR DENIS:

Our concern was that they wanted to consolidate the accounts, but it does not appear difficult to track the different accounts and keep them separate. We want the letter of intent to ensure there is transparency and so we can track what is going on.

ASSEMBLYMAN CONKLIN:

Part of having separate accounts is being able to account for expenditures and revenues, including reserves. Once everything is lumped into one account, you will get the numbers in one aggregate, but you cannot always be certain where

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they come from. For example, you may not be able to see what is causing a reserve's increase or decrease. From a practical and accounting standpoint, I do not think it is a good idea to consolidate the budget accounts. We, as legislators, need to be able to see where the money allocated is being spent and we need to be able to account for it appropriately. I am opposed to this particular recommendation.

CHAIR HORSFORD:

I will accept a motion to not approve the Governor's recommendation.

ASSEMBLYWOMAN CARLTON MOVED TO NOT APPROVE THE CONSOLIDATION OF BUDGET ACCOUNTS IN THE DIVISION OF INSURANCE AND TO ISSUE A LETTER OF INTENT REQUESTING THE DIVISION REPORT TO IFC NO LATER THAN FEBRUARY 2012 ON OPTIONS RELATED TO THE COST-ALLOCATION METHODOLOGY.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

ASSEMBLYMAN GOICOECHEA:

What is the financial impact if we do not approve the consolidation?

Ms. SAKELARIOS:

The Agency has indicated there would be no savings if the consolidation were approved. Without the consolidation, there would be no negative impact.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN GRADY AND KIRNER VOTED NO. ASSEMBLYMEN BOBZIEN, HAMBRICK AND OCEGUERA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATORS LESLIE, PARKS AND RHOADS WERE ABSENT FOR THE VOTE.)

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Ms. SAKELARIOS:

Major Closing Issue No. 2 is the centralization of functions within B&I. The *Executive Budget* recommends centralization of certain functions, including fiscal, personnel and information technology (IT) services. The budget currently

recommends the transfer of five positions out of the Division of Insurance and into the director's office as part of the centralization. I would note that the IT position recommended for transfer would transfer from the Insurance Regulation account to the director's office account, but the employee would continue to be housed at the Division of Insurance.

Both B&I and the Division have indicated that they believe the centralization will allow better utilization of B&I's limited resources. It would also address staffing issues that occur when there is staff turnover in specific areas. The Division indicated during the budget hearing that there will be additional one-time costs incurred for the staff transferring out of the Division. In the last fiscal year, they had to relocate to a new building because their previous location became uninhabitable. When they moved, they had to buy new modular furniture and upgrade the equipment in the new location. For these individuals to be relocated, the Division would again have to pay for moving costs, new desks and office supplies, because the modular furniture they have currently is not transferable to a new location.

In the 2009 Legislative Session, the Division was authorized to establish administrative and enforcement fees which allowed them to eliminate the General Fund appropriations in their budget account. The insurance industry was amenable to this recommendation, understanding it would allow the Agency to better meet its mandates. This not only allowed the Division to meet Nevada's statutes and laws, but also the requirements of the National Association of Insurance Commissioners (NAIC) that accredits the State's Division. It was noted during the budget hearing that industry representatives did not testify in support of this merger. Although the industry was willing to support those new fees, now that staff is being relocated and asked to focus their time on other divisions besides the Division of Insurance, it is uncertain what the industry's position is.

One of the positions included in this transfer is a management analyst position assigned to the Financial and Market Conduct section. Ultimately, the budget recommends this position be transferred and reclassified to a budget analyst to address needs within the director's office. Since 2006, through IFC and the Legislative process, the Agency has been approved to add six management analyst positions specifically to the corporate and financial section of the Division of Insurance. The Agency indicated these positions were essential to

being able to initiate examinations, perform financial analyses and examination of insurers and to complete those processes. It appears that the needs of those management analysts within the Division are very important. However, I would note that the Agency has held one management analyst position vacant in FY 2007-2008 and FY 2008-2009 to meet General Fund reduction targets.

The position that is currently recommended for transfer has been held vacant since May 2010. Based on the fact that a management analyst position has been held vacant over the course of time within this section, it appears the Agency does not need this position to work in this capacity. The request to transfer the management analyst position appears to be reasonable.

During the budget hearings, it was noted that the cost allocation transfer to the director's office from the Division of Insurance was recommended to increase considerably during the next biennium. It was suggested to increase by \$759,553 in the first year of the biennium and \$793,976 in the second year. Following the hearing, the Agency indicated that the cost allocation transfer was an error in the budget and the actual amounts should be \$306,300 in the first year of the biennium and \$340,723 in the second year. Fiscal Staff have made the adjustments to correct that error. I would note that once B&I's budget is closed, if there is any change to the cost allocation we would make technical adjustments.

There are three decisions to be made. First, do the Committees wish to approve the Governor's recommendation to transfer one IT professional, administrative services officer and two account technician positions from the Division of Insurance to the director's office? Second, do the Committees wish to approve the Governor's recommendation to transfer one management analyst from the Division of Insurance to the director's office? Third, do the Committees wish to approve the technical adjustments to B&I's cost allocation as recommended by staff?

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO TRANSFER THE POSITIONS FROM THE DIVISION OF INSURANCE TO B&I'S DIRECTOR'S OFFICE, INCLUDING THE TECHNICAL ADJUSTMENTS FOR THE COST ALLOCATION AS RECOMMENDED BY STAFF.

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN BOBZIEN, HAMBRICK AND OCEGUERA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATORS LESLIE, PARKS AND RHOADS WERE ABSENT FOR THE VOTE.)

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MS. SAKELARIOS:

Major Closing Issue No. 3 is the follow-up on a Letter of Intent issued following the 2009 Legislative Session. During the Session, the money committees expressed concern regarding the Division's internal cost allocation and how it could adversely be affecting the Division of Industrial Relations (DIR) which transfers revenue to this account and the Self Insured Workers' Compensation account. The Division of Insurance was asked to report the costs of administrating the Self Insured Workers' Compensation account in FY 2009-2010 based on the actual time and effort reports submitted by staff within the Division. The Division was also requested to make adjustments in its *Executive Budget* for the 2011-2013 biennium if it was determined DIR was paying too much towards the cost allocation.

The IFC received two responses to this Letter of Intent. In the first response, which was submitted on August 13, 2010, the Division indicated it had done a time and effort study and provided the results of that study. However, the Division did not provide the actual costs associated with implementing the program. It did indicate in the Letter of Intent that the Agency planned to remove the Self Insured Workers' Compensation account from the Division's cost allocation. On December 16, 2010, the Agency submitted a second response to the Letter of Intent and requested that their first response be retracted. The Agency indicated that its response needed to be adjusted. The transfers from DIR to both budget accounts within the Division of Insurance are appropriate and, in fact, the Self Insured Workers' Compensation should continue to be included in the Agency's cost allocation.

Staff would note that the Governor's recommended budget does not have the Workers' Compensation account included in the cost-allocation methodology for

the upcoming biennium. The *Executive Budget* does include a 60 percent reduction in the amount of revenue transferred from DIR to the Division of Insurance.

During the budget hearing, the Subcommittee requested the Division provide copies of all documentation that was used to determine the time and effort staff within the Division spent administering the Workers' Compensation account. In addition, they requested the methodology used to determine the administrative costs and the projected administrative costs for the program. In its response, the Division indicated that actual documentation was not available for the time and effort study. It appears the Agency's efforts to calculate the time and effort were based on a series of conversations that were documented in a note form, not on actual calculations.

Based on the inconsistent information provided by the Division, not only in their two responses to the Letter of Intent, but also in their testimony and subsequent responses to questions during the budget hearing, the Committees may wish to extend the current letter of intent. The Committees may request the Division report on the cost of administering the Self Insured Workers' Compensation account based on an actual time and effort study and to report those results to IFC no later than September 2012.

Do the Committees wish to continue the Letter of Intent issued following the 2009 Legislative Session, requesting the Division to report the cost of administering the Self Insured Workers' Compensation account in FY 2011-2012 based on an actual time and effort study conducted by staff in this account?

ASSEMBLYMAN CONKLIN MOVED TO CONTINUE THE LETTER OF INTENT TO THE DIVISION OF INSURANCE REQUESTING THEY REPORT THE COST OF ADMINISTERING THE SELF INSURED WORKERS' COMPENSATION ACCOUNT IN FY 2011-2012 BASED ON AN ACTUAL TIME AND EFFORT STUDY CONDUCTED BY STAFF IN B/A 101-3813.

SENATOR KIECKHEFER SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN BOBZIEN, HAMBRICK AND OCEGUERA WERE ABSENT FOR THE VOTE.)

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SENATE: THE MOTION CARRIED. (SENATORS LESLIE, PARKS AND
RHOADS WERE ABSENT FOR THE VOTE.)

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MS. SAKELARIOS:

Since the Committees have voted not to approve the consolidation of the budget accounts, Staff will take action consistent with that and eliminate decision units E-517, E-518, E-521, E-524, E-528 and E-533. Other Closing Item No. 1 would have reallocated the funds in the Division, if the transfer had been approved.

E-517 Adjustments to Transfers from E-917 — Page B&I-60

E-518 Adjustments to Transfers from E-918 — Page B&I-60

E-521 Adjustments to Transfers from E-921 — Page B&I-61

E-524 Adjustments to Transfers from E-924 — Page B&I-61

E-528 Adjustments to Transfers from E-928 — Page B&I-62

E-533 Adjustments to Transfers from E-933 — Page B&I-62

Other Closing Item No. 2 is a General Fund appropriation of \$100 in each year of the biennium which would allow the Agency to have access to the IFC Contingency Fund. During the 2009 Legislature, the Legislature approved the Governor's recommendation to establish new fees and eliminate the General Fund appropriation in this budget account, with the exception of \$100 in each year of the biennium. The \$100 General Fund appropriation was left in the budget account because there were concerns that with the elimination of the General Fund appropriation and the delay of the collection of the new administration enforcement fees, the Agency could experience a cash-flow problem. Based on the revenues being earned by this account, its expenditures and the projected reserve balance at the end of each biennium, it does not appear it is necessary to continue the \$100 General Fund appropriation. I would note, however, that the insurance commissioner did indicate that although the Agency appears to have sufficient operating funds, he believes it is necessary to

leave the General Fund appropriation in the account for the next biennium. This will act as a safety net, based on an abundance of caution for unanticipated contingencies.

Other Closing Item Nos. 3 through 9 concern replacement equipment. Decision unit E-710 is for the replacement of chairs in the Las Vegas office. Decision unit E-711 is for replacement of computers and software in accordance with the State's equipment replacement schedule. Decision unit E-712 replaces servers, also in accordance with the replacement schedule. Decision unit E-713 replaces printers. Decision unit E-714 replaces computer switches, which are beyond their normal replacement schedule. Decision unit E-715 replaces videoconferencing equipment in the Las Vegas office. Decision units M-800 and E-800 make adjustments to the cost allocation transfer to the director's office.

E-710 Equipment Replacement — Page B&I-64

E-711 Equipment Replacement — Page B&I-64

E-712 Equipment Replacement — Page B&I-64

E-713 Equipment Replacement — Page B&I-65

E-714 Equipment Replacement — Page B&I-65

E-715 Equipment Replacement — Page B&I-66

E-800 Cost Allocation — Page B&I-66

M-800 Cost Allocation — Page B&I-59

Do the Committees wish to approve Other Closing Item Nos. 3 through 9 as recommended by the Governor?

ASSEMBLYMAN CONKLIN:

I have a question regarding Other Closing Item No. 2. What are the options for a fee-funded agency? I understand keeping the \$100 General Fund appropriation in the budget so they can come to IFC. As a fee-funded agency, if they are short on reserves, can they borrow from the Controller's Office to float until

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they receive more revenue? This is a fee-funded agency, by their own request, and they always have the option to raise the fees to provide the services requested by those who are paying the fees.

If there is another mechanism by which they can float if they have a cash-flow issue, what other reason would there be for them to come to IFC in the first place?

RICK COMBS (Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

When they became a fee-funded agency last Session, we gave them \$100 which allowed access to the Contingency Fund if needed and the approval to receive an advance. This was because we were unsure if they would have carryforward funds to begin their operations. If it is the Committees' pleasure, we could remove their access to the Contingency Fund, but allow for the advance from the General Fund if there was need. We might recommend you limit that to two months of their fee collections from the previous fiscal year, so the advance is not an unlimited amount.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE DECISION UNITS E-710, E-711, E-712, E-713, E-714, E-715, M-800 AND E-800 AS RECOMMENDED BY THE GOVERNOR; AND TO AUTHORIZE STAFF TO MAKE TECHNICAL ADJUSTMENTS TO CLOSE DECISION UNITS E-517, E-518, E-521, E-524, E-528 AND E-533 DUE TO THE COMMITTEES' VOTE TO NOT APPROVE THE CONSOLIDATION OF BUDGET ACCOUNTS INTO B/A 101-3813 AS RECOMMENDED IN THE *EXECUTIVE BUDGET*.

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLYWOMAN MASTROLUCA:

Would we follow our previous vote in regard to Other Closing Item No. 1?

Ms. SAKELARIOS:

Yes.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN BOBZIEN, HAMBRICK AND OCEGUERA WERE ABSENT FOR THE VOTE.)

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SENATE: THE MOTION CARRIED. (SENATORS LESLIE, PARKS AND
RHOADS WERE ABSENT FOR THE VOTE.)

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CHAIR HORSFORD:
We will move to Other Closing Item No. 2.

ASSEMBLYMAN CONKLIN:
Unless there is a compelling reason to keep the IFC Contingency Fund open, I would prefer to give them the opportunity to borrow should they need it and cap it at two months as suggested by Staff. In addition, I would like to remove their \$100 General Fund appropriation.

ASSEMBLYMAN CONKLIN MOVED TO CLOSE THE
\$100 IFC CONTINGENCY FUND ACCOUNT AND GIVE THE DIVISION OF
INSURANCE THE AUTHORITY TO REQUEST A TWO MONTH ADVANCE
IF NEEDED ACCORDING TO THE PROCEDURES USED CURRENTLY FOR
AGENCIES THAT HAVE THIS AUTHORITY.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

ASSEMBLYMAN GOICOECHEA:
I would prefer them to have access to IFC so we could know and track their movements. I am uncomfortable with discussions about raising fees and borrowing ahead without coming through IFC. It is our job to see if they are going to have to start floating loans to stay alive.

CHAIR HORSFORD:
They are not able to raise fees without going through the normal process of approval by IFC to review regulations and the Legislative Commission. This is a cash-flow issue. If fees do not come in on schedule and they need a float, there are two ways they can get that float. First, they can get it from the IFC Contingency Fund which is what the process was. Second, they can go through the controller and post revenues and request an advance for up to two months.

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ASSEMBLYMAN GOICOECHEA:

My preference would be to know about their cash-flow issues and have that notification through IFC.

CHAIR HORSFORD:

What if we added a notification requirement that if they requested an advance, they have to inform IFC for informational purposes? That would let us know it has occurred, but they will not need approval from IFC.

ASSEMBLYMAN GOICOECHEA:

That would be fine.

ASSEMBLYMAN CONKLIN:

When we made them a fee-based agency last Session, we essentially removed them from the General Fund. They are no longer a liability of the General Fund, because they have their own money. Giving them \$100 gives them access to the Contingency Fund which is for General Fund agencies. Allowing them to request an advance to address cash-flow issues will provide an abundance of caution, but not with General Fund appropriations. This will tell them they can borrow money, but they are responsible for paying it back.

ASSEMBLYMAN GOICOECHEA:

I understand that completely. My concern is if they request an advance, what would happen if the revenues they are projecting do not materialize? We need to be aware of what is happening.

CHAIR HORSFORD:

Would the maker of the motion and the second agree to add the requirement that if they take an advance, they have to notify IFC for informational purposes?

ASSEMBLYMAN GRADY:

Does the Controller have the authority to refuse their advance?

MR. COMBS:

We would recommend putting language back in the Authorized Expenditures Act that would require the Budget Division to approve the advance based on their indication that they were having a cash-flow problem. They would have to notify IFC that the advance had occurred, which would put you on notice to

track that it is repaid by the end of the fiscal year. It is part of Staff's and the Budget Division's responsibility to close the budgets for any particular fiscal year.

ASSEMBLYMAN CONKLIN MOVED TO AMEND THE PREVIOUS MOTION TO CLOSE WITHOUT THE \$100 GENERAL FUND APPROPRIATION TO ACCESS THE CONTINGENCY FUND ACCOUNT; TO GIVE THE DIVISION OF INSURANCE THE AUTHORITY TO REQUEST A TWO MONTH ADVANCE IF NEEDED ACCORDING TO THE PROCEDURES USED CURRENTLY BY AGENCIES THAT HAVE THIS AUTHORITY; AND IF THEY REQUEST AN ADVANCE, THEY MUST NOTIFY IFC FOR INFORMATIONAL PURPOSES.

ASSEMBLYWOMAN CARLTON CONCURRED WITH THE AMENDMENT TO THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN BOBZIEN AND OCEGUERA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATORS LESLIE, PARKS AND RHOADS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

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Ms. SAKELARIOS:

The next budget account is 223-3817, the Insurance Examiners account. The summary begins on page 14 of [Exhibit C](#).

B&I – Insurance Examiners — Budget Page B&I-76 (Volume II)
Budget Account 223-3817

Major Closing Issue No. 1 is the desk audits of insurance premium tax returns, which was initiated following the Twenty-sixth Special Session. The Division was instructed to create a desk audit program to review all of the insurance premium tax returns for the past seven years to determine if insurers were underpaying, or underreporting, the taxes due to the State. The Agency

complied. They established a program and hired two staff to be responsible for administering the desk audit program. They have also acquired software that allows them to compare information reported to the Division of Insurance with information recorded by insurers and the Department of Taxation. Based on that comparison, they are able to identify those insurers who should be included in the desk audit program. They have also established parameters for the desk audits that would reach the vast majority of the insurers doing business in the State.

During the budget hearing, the Agency reported on the number of desk audits that have been initiated which was in excess of 700. They believe they will complete approximately 525 in FY 2011-2012 and the balance would be completed at the end of FY 2012-2013. During the budget hearings, the Agency testified that the desk audit program would end at the end of FY 2012-2013, because all of the desk audits would have been completed for the past seven years. Also, the Agency has added to the examination process the requirement that contract examiners look at the insurance premium tax paid to the State every time they do an examination. It will be an ongoing activity and will no longer require dedicated staff.

During the Joint Subcommittee budget hearing, the Agency indicated that because of the utilization of the software package, they are finding staff is able to process the review of the insurance premium tax claims more quickly than they originally anticipated. That may result in programmatic savings. The Division would refund the excess revenue collected by insurers based on the savings achieved at the end of the program. The Agency indicated it may issue this refund either through a refund check or a onetime insurance premium tax credit. Staff would note that if the Agency chooses a onetime reduction to the insurance premium tax, then they should transfer the excess revenue from this program to the General Fund to offset revenue that would not be collected in taxes.

The Agency indicated that they have not yet determined which process they prefer to pursue. The Committees may wish to issue a letter of intent to the Division to report to IFC no later than January 1, 2012, regarding the method that will be employed to refund the overpayment of fees charged to insurers for the insurance premium tax desk audit program. They should also report when this refund or tax credit will be implemented. If the Agency elects to issue a

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onetime insurance premium tax credit, the Committees may wish to direct the Agency to revert fee revenue, in the amount equal to the tax credit, to the General Fund to offset the loss of insurance premium tax revenue.

ASSEMBLYMAN CONKLIN MOVED TO ISSUE A LETTER OF INTENT TO THE DIVISION OF INSURANCE TO REPORT TO IFC THE METHOD THAT WILL BE EMPLOYED TO REFUND THE OVERPAYMENT OF FEES CHARGED TO INSURERS FOR THE INSURANCE PREMIUM TAX DESK AUDIT PROGRAM NO LATER THAN JANUARY 1, 2012.

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN BOBZIEN AND OCEGUERA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATORS LESLIE AND RHOADS WERE ABSENT FOR THE VOTE.)

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MS. SAKELARIOS:

During the budget hearings that have been conducted this Session and in the *Executive Budget*, the Agency expressed concern over reserve sweeps that occurred during the Twenty-sixth Special Session. However, during the budget hearings, the Agency was asked to confirm whether it will be possible to make the scheduled transfer of approximately \$700,000 to the General Fund during FY 2010-2011. The Agency indicated it is committed to making this transfer. Also noted during the budget hearing was a concern that the projected revenue for examinations in this account did not match up with up the projected expenditures. Following the hearing, the Agency concurred that those revenues should match the expenditures. Staff has made technical adjustments to align those amounts.

Do the Committees wish to approve the technical adjustments made by Fiscal Staff to align the projected revenues from the insurance examination with the projected expenditures?

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ASSEMBLYWOMAN SMITH MOVED TO APPROVE TECHNICAL ADJUSTMENTS MADE BY FISCAL STAFF TO ALIGN THE PROJECTED REVENUE FROM INSURANCE EXAMINATIONS WITH THE PROJECTED EXPENDITURES.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN BOBZIEN AND OCEGUERA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR RHOADS WAS ABSENT FOR THE VOTE.)

CHAIR HORSFORD:

We need to clarify whether we want them to take the premium tax credit or revert the fee revenue in the amount equal to the tax credit.

REX GOODMAN (Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The letter of intent would direct the Division to report the method in which they would like to refund overpayment of fees charged to insurers to IFC, either through a premium holiday or a credit to those insurers. If it were a premium holiday, the Agency should be instructed to revert fee revenue to the General Fund equal to the amount of the tax credit. We can instruct them to choose through the letter of intent and when it is received, IFC could instruct the Division whether to revert funds to the General Fund, unless the Committees have a preference now and would like to make that known.

CHAIR HORSFORD:

Do we want to instruct the Agency as to the method they should take? I am not qualified to make that judgment.

ASSEMBLYWOMAN MASTROLUCA:

I am not qualified, either. Before we make a decision, does it matter how much we are discussing?

MS. SAKELARIOS:

The reason we included these options is because it is what the Agency presented. Fiscal Staff wanted to make sure that if a onetime tax credit was the approach the Agency took, we did not create a General Fund shortfall because the insurance premium tax revenue would be less than projected. I do not believe this is a program that has a significant amount of revenue. It may be best to allow the Agency to decide what is the most appropriate action to take from a cost perspective. If they are issuing 100 checks to people for a couple of dollars, that is not fiscally responsible. If they have that money they know they have saved, and they are going to issue a tax credit, the money they have saved should then replace the tax credit in lieu of refunds.

CHAIR HORSFORD:

This is unique to this program. Are there any opinions? I am not qualified to decide. Our option could be to include it in the letter of intent and ask them for their justification of the approach they ultimately choose. The approach they take should have the least amount of impact to the General Fund.

ASSEMBLYWOMAN CARLTON:

When we reconcile workers' compensation at the end of the year, they readjust the assessments. I am assuming what we are looking at here is along those lines. We are discussing fees that insurance companies pay to the Division, possibly an overpayment of fees and how we should true them up at the end. Whether it is a rebate or a credit toward that insurance company, we do not want to create a hole in the General Fund. Could it be modeled on other schemes that are currently in place?

CHAIR HORSFORD:

We can clarify in the letter of intent that it is the Agency's determination, but that we want to add the language in the letter of intent that states they need to justify the option they take and that it needs to have as little impact on the General Fund as possible.

MS. SAKELARIOS:

Page 17 of [Exhibit C](#) has the other closing items. Decision unit E-917 would have consolidated this account, B/A 223-3817, with the Insurance Regulation account, B/A 101-3813. The Committees have already taken action to not consolidate these accounts. Staff will make the necessary adjustments.

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E-917 Trans Insurance Examiners to Insurance Regulation — Page B&I-80

Decision units M-800 and E-800 make adjustments to the cost allocation for the Division of Insurance. I would note for the Committees, the Division has revised some of its performance indicators based on questions raised during the budget hearing. The revisions appear to be reasonable.

M-800 Cost Allocation — Page B&I-78

E-800 Cost Allocation — Page B&I-79

Do the Committees wish to close the other closing items as recommended by the Governor, with technical adjustments?

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE DECISION UNITS M-800 AND E-800 IN B/A 223-3817 AS RECOMMENDED BY THE GOVERNOR; AND TO AUTHORIZE STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN ATKINSON, BOBZIEN AND OCEGUERA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR RHOADS WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

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Ms. SAKELARIOS:

The next account is the Captive Insurers account, B/A 101-3818. Pages 19 and 20 outline the major closing issues. Major Closing Issue No. 1 is the timely examinations. During the last Legislative Session, there was a great deal of concern expressed by the members of the Legislature regarding the Division's performance with respect to timely examinations. In September 2008, NAIC suspended the State's accreditation because of deficiencies in conducting

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exams. The accreditation was restored in June 2009. However, based on the information in the *Executive Budget*, it appeared as though the Agency was falling behind again in the performance of statutorily required exams. Following the budget hearing, the Agency provided additional information and, based on that information, it appears they are on track and can remain compliant with the statutory examination schedule. I would also note that the Agency has developed performance indicators specifically addressing the timely initiation of exams within this account.

B&I – Captive Insurers — Budget Page B&I-82 (Volume II)
Budget Account 101-3818

Major Closing Issue No. 2 is the insurance premium tax revenue. Fiscal Staff identified a discrepancy in the amount of the revenue anticipated in the *Executive Budget* and the amount anticipated in the Agency's performance indicators. Following the budget hearing, the Agency indicated that the performance indicators were incorrect and the amount of revenue projected in the *Executive Budget* is the anticipated amount of revenue. Fiscal Staff requests authority to make technical adjustments to the captive insurers' premium tax revenue based on projections resulting from the Economic Forum meeting which occurred on May 2, 2011.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE TECHNICAL
ADJUSTMENTS TO THE CAPTIVE INSURERS PREMIUM TAX REVENUE
IN B/A 101-3818.

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN ATKINSON AND
OCEGUERA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR RHOADS WAS ABSENT
FOR THE VOTE.)

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Ms. SAKELARIOS:

Other Closing Item No. 1, decision unit E-711, is the replacement of two desktop units and software. Other Closing Item No. 2, decision unit E-918, would have been the transfer of this budget account into B/A 101-3813. The Committees have already taken action on this decision unit. Other Closing Item No. 3, decision units M-800 and E-800, is the recommended adjustments to the cost allocation for B&I.

E-711 Equipment Replacement — Page B&I-85

E-918 Transfer Captive Insurers to Insurance Regulation — Page B&I-86

M-800 Cost Allocation — Page B&I-84

E-800 Cost Allocation — Page B&I-85

Do the Committees wish to approve the replacement equipment and the adjustments to the cost allocation as recommended by the Governor with any necessary technical adjustments?

ASSEMBLYMAN CONKLIN MOVED TO APPROVE DECISION UNITS E-711, M-800 AND E-800 IN B/A 101-3818 AS RECOMMENDED BY THE GOVERNOR; AND TO AUTHORIZE FISCAL STAFF TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS.

SENATOR KIECKHEFER SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN ATKINSON AND OCEGUERA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR RHOADS WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

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Ms. SAKELARIOS:

The next item is the Insurance Education and Research account, B/A 101-3824. This account was not previously heard in the General Government Subcommittee. Fiscal Staff is responsible for preparing the closing recommendations for this account. Other Closing Item No. 1, decision units E-924 and E-955, would have transferred this account into the Insurance Regulation account and the Committees have already taken action on this item. Other Closing Item No. 2, decision unit E-711, replaces two desktop computers and software. Other Closing Item No. 3, decision units M-800 and E-800, recommends a reduction to the cost allocation transfers to B&I and the Division.

B&I – Insurance Education & Research — Budget Page B&I-91 (Volume II)
Budget Account 101-3824

E-924 Transfer Ed & Research to Insurance Registration — Page B&I-95

E-955 Trans Equip in E-711 Frm Ed & Research to Regulation — Page B&I-95

E-711 Equipment Replacement — Page B&I-94

M-800 Cost Allocation — Page B&I-93

E-800 Cost Allocation — Page B&I-94

Both of these recommendations appear reasonable. Do the Committees wish to approve the replacement equipment and the reductions to the cost allocation as recommended by the Governor?

ASSEMBLYMAN CONKLIN MOVED TO APPROVE DECISION UNITS E-711, M-800 AND E-800 IN B/A 101-3824 AS RECOMMENDED BY THE GOVERNOR.

SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN ATKINSON AND OCEGUERA WERE ABSENT FOR THE VOTE.)

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SENATE: THE MOTION CARRIED. (SENATOR RHOADS WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

Ms. SAKELARIOS:

We will move to insurance recovery, B/A 101-3821. This account has not been previously heard by the General Government Subcommittee. Other Closing Item No. 1, decision unit E-921, was the recommendation to consolidate this account into the Insurance Regulation account.

B&I – Insurance Recovery — Budget Page B&I-89 (Volume II)
Budget Account 101-3821

E-921 Trans Insurance Recovery to Insurance Regulation — Page B&I-89

Staff would make any technical adjustments necessary based on the actions already taken by the Committees or on any of the closing actions that may impact this account.

ASSEMBLYMAN CONKLIN MOVED TO CLOSE B/A 101-3821 CONSISTENT WITH THE CONSOLIDATION CLOSING ACTION AND TO AUTHORIZE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN ATKINSON AND OCEGUERA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR RHOADS WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

MS. SAKELARIOS:

The next item is the National Association of Insurance Commissioners, B/A 101-3828. This account collects an assessment that is charged to all insurers in the State. It is intended to pay the State's dues in order to belong to NAIC and to offset travel costs for the Division to attend meetings sponsored by NAIC. The *Executive Budget* did not recommend travel expenditures during the 2011-2013 biennium. The Agency indicates that they did request out-of-state travel, but it was not included in the *Executive Budget*. The Budget Division indicated that the travel was not included because the Agency did not adequately justify the need to travel. The Agency indicates there are three NAIC sponsored meetings in each year of the biennium and they believe it is appropriate to send three or four staff to attend each meeting. The Agency indicates that these meetings are essential because it allows the Agency to collaborate with other States. It also allows the Agency to work on model laws and regulations and develop policy positions, as well as benefit from information that is shared through these national forums.

B&I – Nat. Assoc. of Insurance Commissioners — Budget Page B&I-98
(Volume II)

Budget Account 101-3828

The Agency has requested expenditure authority for approximately \$19,000 of out-of-state travel in each year of the biennium. I would note that, currently the Agency has sufficient funds in this account and they have a projected reserve of approximately \$119,950 at the end of the 2011-2013 biennium. This is equivalent to seven fiscal years of its operating expenses. If the Committees approve the addition of out-of-state travel funds, the Agency is still projected to have a reserve in excess of \$82,000 at the end of the 2011-2013 biennium which is the equivalent of 29 months of operating expenses. Fiscal Staff has included this technical adjustment in the closing documents. Do the Committees wish to approve travel authority that was not included in the *Executive Budget* to enable the Agency staff to attend three NAIC meetings per year during the 2011-2013 biennium?

CHAIR HORSFORD:

We are not funding travel in the Legislature. I understand they have to do this as a function of their job, but so do we and we have eliminated it.

SENATOR KIECKHEFER:

I think this might be valuable. I do not know if sending four people three times is necessary, but considering all the changes that are taking place with insurance and those implementations of the new insurance policies, it might be valuable.

ASSEMBLYMAN CONKLIN:

This is not a General Fund account, this is their funds. I recognize we are not approving travel, but regulating the insurance industry is a technical job. The NAIC is a good resource for them to receive information and have discussions with their cohorts in other states. I would hate to see this item eliminated. Whether the dollar amount is correct or not, I cannot say, but I do think there is significant value. Given the amount of turnover we have had in this particular division, four may not be unreasonable.

CHAIR HORSFORD:

I respect that. I am not suggesting that it is not necessary, but it was not included in the *Executive Budget*. There are webinars and other ways to attend trainings these days. It may not be General Fund appropriations, but it is not their money either, these are fees assessed on the industry. I am not going to support this.

MR. COMBS:

The NAIC quarterly meetings are where a lot of the staff of the Division picks up their knowledge about what is going on in the insurance industry. The reason they send so many is because there are several meetings that take place at each quarterly meeting. The staff in a particular area attend the portion of the meeting that is related to their area of expertise and they bring that information back to the Division. This account was set up to pay for this particular travel. It looks like the reason it was not included in the Base Budget was because in the previous biennium they probably did not go to the conferences as much or they funded those conferences out of another account, possibly the Insurance Regulation account. The reason we have included this for your consideration is because if you do not use the money for this purpose then the reserve in this account is getting too large. If you decide not to use it for travel, the fee should probably be reduced.

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ASSEMBLYWOMAN MASTROLUCA:

Mr. Combs commented on much of what I was going to say. The people who pay fees to this account expect the employees to know what is going on in the industry and to be able to discuss it in current terms. I think this is valuable. More often than not, when you are sending multiple people, it is because there are multiple places for someone to be at one time. I support this because it is coming out of the reserve and I believe this is what the money should be used for.

ASSEMBLYMAN HOGAN:

One of the likely reasons the executive department failed to approve this is that at the time it was under consideration they were operating under a "when in doubt, cut it out" concept. It may have been removed without any particular reason or objection to that type of travel and information gathering. Having seen what has happened in other accounts, I think it is quite likely. I agree with those who have spoken up saying that it is really important to use the funds for the purpose for which they were collected from the companies and it is very important that we stay on top of this particular area. I think disregard for the need for expenditures is characteristic of this administration and I do not think we should let it reduce our effectiveness in insurance regulation. I support a reasonable amount, based on the amount spent on prior trips in recent years.

SENATOR KIECKHEFER MOVED TO NOT FOLLOW THE GOVERNOR'S
RECOMMENDATION AND TO ADD MONEY FOR TRAVEL TO NAIC
MEETINGS.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

ASSEMBLYMAN GOICOECHEA:

We are capped at \$19,000.

CHAIR HORSFORD:

It is interesting that we will do this for the Insurance Division, but we have cut travel across all other agencies, including those that are not General Fund agencies. It is not consistent, so I am going to oppose the motion.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN HAMBRICK AND HARDY VOTED NO. ASSEMBLYMAN ATKINSON WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATORS HORSFORD AND PARKS VOTED NO.)

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Ms. SAKELARIOS:

In follow-up questions from the budget hearing in March 2011, the Agency was asked if they had considered reducing the assessment during the upcoming biennium due to the projected reserve or whether they considered a fee holiday. The Division indicated that either of those options would be prudent based on the fact that they are projected to have a reserve at the end of FY 2012-2013 in excess of \$85,000. Do the Committees wish to approve the elimination of the NAIC annual assessment for the 2011-2013 biennium based on the existing reserve in the NAIC account, recognizing the revenue is in the *Executive Budget* and the Agency would seek to restore the revenue from this assessment during the upcoming biennium for FY 2013-2014 and FY 2014-2015?

ASSEMBLYMAN HARDY MOVED TO APPROVE THE ELIMINATION OF THE ASSESSMENT IN B/A 101-3828.

SENATOR DENIS SECONDED THE MOTION.

SENATOR KIECKHEFER:

If we eliminate the assessment, will that affect our ability to utilize this later? How long will we have reserves?

Ms. SAKELARIOS:

The Division has indicated that if the assessment is eliminated in the 2011-2013 biennium, it would allow them to spend down the reserve and not assess the insurance industry; therefore, reserves would decrease. It would be their intent to restore the assessment for FY 2013-2014 and FY 2014-2015.

SENATOR KIECKHEFER:

Is it a one biennium reprieve from this assessment to the industry?

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MS. SAKELARIOS:
Yes.

CHAIR HORSFORD:
If that is the case, I suggest that it should be suspended, not eliminated. Elimination means it is going away forever, whereas suspension means there is a delay for two years. It is being delayed because inadequate reserves are available. It is being eliminated for the biennium, but actually it is suspended. It is a technical term, but to me it means something completely different.

ASSEMBLYMAN HARDY MOVED TO AMEND THE MOTION TO APPROVE
THE SUSPENSION OF ASSESSMENTS IN B/A 101-3828.

SENATOR DENIS CONCURRED WITH THE AMENDMENT TO THE
MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

MS. SAKELARIOS:
Decision unit E-928 is the recommendation to consolidate this account in the Insurance Regulation account, B/A 101-3813. The Committees have already taken action. Staff requests authority to make technical adjustments as necessary based on other closing actions with the Division of Insurance and adjustments for final cost allocation.

E-928 Trans Nat Assoc of Insurance Commissioners to Reg — Page B&I-99

ASSEMBLYMAN CONKLIN MOVED TO GIVE FISCAL STAFF AUTHORITY
TO MAKE TECHNICAL ADJUSTMENTS TO B/A 101-3828 BASED ON
OTHER CLOSING ACTIONS IN THE DIVISION OF INSURANCE AND TO
AUTHORIZE TECHNICAL ADJUSTMENTS FOR COST ALLOCATION.

SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. SAKELARIOS:

The next item is the Insurance Cost Stabilization account, B/A 101-3833. This account was not previously heard by the General Government Subcommittee. Other Closing Item No. 1, decision unit E-325, is the recommended addition of \$6,665 in each year of the biennium for printing costs for the Agency to publish reports. The Agency was unable to publish all the reports necessary during the current biennium due to staff turnover and vacancies. The requested funds are so they can be concurrent with their publications. This recommendation appears reasonable.

B&I – Insurance Cost Stabilization — Budget Page B&I-101 (Volume II)
Budget Account 101-3833

E-325 Deliver Public Services Directly and Efficiently — Page B&I-103

Other Closing Item No. 2, decision unit E-711, replaces one desktop computer. Other Closing Item No. 3, decision units E-933, E-965 and E-966, are associated with the consolidation of the budget accounts into the insurance regulation account. The Committees have already acted on these three decision units.

E-711 Equipment Replacement — Page B&I-104

E-933 Trans Insurance Cost Stabilization to Regulation — Page B&I-105

E-965 Trans E-711 From Cost Stabilization to Regulation — Page B&I-106

E-966 Trans Publications Frm Cost Stabil Regulation — Page B&I-106

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Other Closing Item No. 4, decision units M-800 and E-800, recommend overall reductions to the cost allocation for B&I and the Division.

M-800 Cost Allocation — Page B&I-103

E-800 Cost Allocation — Page B&I-105

Do the Committees wish to approve the adjustments recommended in the Governor's budget and authorize Staff to make necessary adjustments?

ASSEMBLYWOMAN SMITH MOVED TO APPROVE DECISION UNITS E-325, E-711, M-800 AND E-800 IN B/A 101-3833 AS RECOMMENDED BY THE GOVERNOR; AND TO AUTHORIZE STAFF TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. SAKELARIOS:

The next item is the Self Insured Workers' Compensation account, B/A 210-4684. This account was not previously heard by the General Government Subcommittee. Other Closing Item No. 1, decision unit E-606, recommends the elimination of one actuary I position, resulting in a reduction of the transfer from DIR, totaling approximately \$68,000 in FY 2011-2012 and approximately \$69,000 in FY 2012-2013. According to the Agency, they do not believe this position is needed at this point in time as existing actuarial positions in the Insurance Regulation account are able to address the needs of this program. This position has been vacant since February 2010.

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B&I – Self Insured – Workers Compensation – Budget Page B&I-108
(Volume II)
Budget Account 210-4684

E-606 Staffing and Operating Reductions — Page B&I-110

Other Closing Item No. 2, decision unit E-711, replaces four desktop computers.
Other Closing Item No. 3, decision units M-800 and E-800, recommend net
increases to the cost allocation transfer to B&I.

E-711 Equipment Replacement — Page B&I-111

M-800 Cost Allocation — Page B&I-109

E-800 Cost Allocation — Page B&I-112

Do the Committees wish to approve the other items as recommended by the
Governor with technical adjustments as necessary?

ASSEMBLYMAN CONKLIN MOVED TO APPROVE DECISION UNITS
E-606, E-711, M-800 AND E-800 IN B/A 210-4684 AS RECOMMENDED
BY THE GOVERNOR; AND TO AUTHORIZE STAFF TO MAKE TECHNICAL
ADJUSTMENTS AS NECESSARY.

SENATOR PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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ALEXANDER HAARTZ (Program Analyst, Fiscal Analysis Division, Legislative
Counsel Bureau):
Department of Taxation, B/A 101-2361, begins on page 32 of [Exhibit C](#). The
Governor recommends a 2.2 percent decrease in General Fund appropriations to

\$52.9 million for the upcoming biennium. The other change to this budget is a net decrease of four positions, from 328 to 324 full-time positions.

FINANCE AND ADMINISTRATION

TAXATION

Department of Taxation — Budget Page TAXATION-1 (Volume I)
Budget Account 101-2361

Major Closing Issue No. 1, decision units M-160 and E-600, are position eliminations. The *Executive Budget* recommends the elimination of 14 full-time positions and 15 intermittent positions. The first group of positions recommended for elimination is eight vacant positions. These positions were eliminated to formalize the cost savings generated through the Twenty-sixth Special Session budget reductions. The table on page 33 of [Exhibit C](#) shows the locations where those positions were eliminated: five positions from the Elko office and three positions from the Carson City office. During the budget hearing the Department testified that the workload had been shifted successfully and there was no negative impact in the elimination of the Elko office.

M-160 Position Reductions Approved During Biennium — Page TAXATION-3

E-600 Budget Reductions — Page TAXATION-5

Do the Committees wish to approve the elimination of the eight positions as recommended in decision unit M-160?

CHAIR HORSFORD:

I have been attending Nevada Tax Commission meetings recently and to say there is no impact due to the elimination of the Elko office is incorrect. There was an impact. The elimination of that office was the very reason that trained staff was not available to do the audits to the net proceeds of mining companies. These positions are important. They are important to having the appropriate personnel in place and then ensuring that personnel is properly trained in order to collect taxes that are due to the State of Nevada. Of these eight positions, five were in Elko, including one auditor and two revenue officer

positions, and three positions were in Carson City. My understanding was some of the functions in Elko were transferred to the Carson City office. The question now is if Carson City will be able to sustain that.

The interim director is doing an assessment of the whole Department and the functions within the Department in order to make further recommendations for these improvements. These recommendations are based on where the Governor started in January 2011 which is not where we are today in May 2011. Mr. Nielsen, please help us understand where the Department is now and where you feel it needs to be. I do not want to close budgets and then have you come back to IFC asking to restore four or five positions because you do not have adequate resources.

SENATOR RHOADS:

I agree with you. I have been tracking the loss of these positions for several months and it looks like the Department has been impacted by the closure of the Elko office.

CHRIS NIELSEN (Interim Director, Department of Taxation):

I would like to address the Elko office and how it relates to Senator Horsford's concern in relation to the mining audits. The closure of the Elko office was attributed to the Twenty-Sixth Special Session and the Governor has carried that recommendation forward. Of the five positions in the Elko office, there was one retirement and the other remaining four individuals found jobs elsewhere with the State. The Elko office has historically been a rather expensive office when comparing its generated revenues and expenses to the generated revenues to expenses of other offices. It was an important office, but the needs of revenue collecting for the State and auditing have been met. Many of the staff from Reno and Carson City go up to Elko from time to time. I have several employees from the Reno office who came from Elko and stay with family members to reduce costs when they go to Elko. We have also increased electronic filing for payments. We believe there is no impact to Elko and Elko's revenues are actually up.

In regard to mining, I am happy to report that the first round of mining audits is under way. We have trained our staff. The Elko auditor position, although it was important, was never used for mining audits. The reason is because we used auditors who have experience auditing large properties, such as casinos, to

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audit the mining companies since they are larger. The auditor in Elko did not have that exposure. We should be seeing results from the mining audit fairly soon.

CHAIR HORSFORD:

What is your timeline for submitting your recommendation to the Tax Commission and the Governor on your review of all these areas?

MR. NIELSEN:

With respect to auditing in general, I updated the Governor last week.

CHAIR HORSFORD:

When I was at the last Tax Commission meeting, you made a presentation that you were going to do an overview of all the functions and regulations. You said you would report back to the Tax Commission including any staff or operational changes you felt needed to be made. When is that due to the commission?

MR. NIELSEN:

On May 16, 2011, we will be reporting on the regulations. Although we cannot adopt them, we will be presenting a plan with recommendations and moving forward from there. We are working with the Division of Internal Audits and have met with them three times for informational purposes. They are auditing the entire Department of Taxation. The internal auditors are concentrating on revenue collection, auditing and general organizational structure.

CHAIR HORSFORD:

I am not comfortable closing this budget. We need to know what you need before we can close the budget. This is the budget as proposed by the Governor in January 2011. We know enhancements are going to be needed to help fulfill the issues with the net proceeds of mining companies. You started working on that audit, but you have contractors working on that currently. Another issue is based on the shortcomings that have been identified. We need to know where we are going before we close a budget as important the Department of Taxation. We cannot delay this too long because we have to make the decisions in order to get through our process, but I cannot approve the elimination of these positions. I agree with the concerns of the representatives from Elko. It is one thing to move those individuals to another State job, but I am concerned

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with the function of the position, how it is being performed and by whom it is being performed.

SENATOR RHOADS:

I agree with Chair Horsford. You would think the third largest gold mining area in the world would have a full-time auditor. The miners I speak with are not worried about being audited, they welcome it.

MR. NIELSEN:

We do not have any contracted individuals performing audits on revenue.

CHAIR HORSFORD:

You have brought some individuals in from the Gaming Control Board and its Chair, Mr. Dennis Neilander, to help support you in the net proceeds.

MR. NIELSEN:

Gaming was contracted to create an audit selection program per statute so we are not being biased in picking which companies are audited. They have also made recommendations to our audit manual. They are going to serve as a backend review of this first round of audits and make recommendations. After that, Gaming and Mr. Neilander will no longer be contracted. My staff is currently conducting the audits.

CHAIR HORSFORD:

Thank you for the clarification. Committees, I would like to hold off on closing the Department of Taxation budget. We need to review this information to see the recommendations that Mr. Nielsen will be making to the Tax Commission and how they align with the Governor's original budget versus what we need to do now.

ERICA ENG (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

I will present from the Senate Finance and Assembly Ways and Means Committees Meeting Jointly Closing List #9 ([Exhibit D](#)). We will start with the Division of Minerals, B/A 101-4219. Through the enactment of Assembly Bill 103, the 1999 Legislature removed the Division of Minerals from B&I and placed it under the exclusive authority of the Commission on Mineral Resources. During the 2007-2009 biennium, the Commission voted to increase

the mining claim fees paid by Nevada mining claimants by \$2, from \$6.50 to \$8.50. The extra revenues generated from this would support the Mackay Schools of Earth Sciences and Engineering (MSESE).

INFRASTRUCTURE

CONSERVATION AND NATURAL RESOURCES

DCNR – Minerals — Budget Page DCNR-153 (Volume III)
Budget Account 101-4219

Major Closing Issue No. 1 is the proposed reorganization of the Division of Minerals under the Department of Conservation and Natural Resources (DCNR). The Governor recommends reorganizing the Division of Minerals under DCNR. Little information was provided about the reorganization in the *Executive Budget*, but it stated that this reorganization could help the Division of Minerals take advantage of the unique skill sets and synergies that exist between the two agencies. Staff would note there is not a cost savings in the budget.

Assembly Bill (A.B.) 516 was submitted on behalf of the Budget Division to move the Division of Minerals from a stand-alone agency under the Commission on Mineral Resources to DCNR. The Division would then be one of seven divisions under DCNR. The bill would remove language allowing the Commission to formulate administrative policies of the Division. It would also change the responsibility of the appointment of the administrator from the Commission to the director of DCNR.

ASSEMBLY BILL 516: Transfers the Division of Minerals from the Commission on Mineral Resources to the State Department of Conservation and Natural Resources. (BDR 46-1207)

At the Agency's General Government Subcommittee budget hearing, the director of DCNR explained that the move was proposed due to programmatic efficiencies and synergies gained from the consolidation. The director went on to describe that both agencies have a bond pool program and abandoned mine program that they have worked together on. Staff would note that DCNR currently has within the Division of Environmental Protection (DEP) the

Mining Regulatory and Reclamation Program which responds to environmental and economic concerns associated with development of Nevada's natural resources. The director also described that being under one department might improve and streamline processes with the federal government since several agencies under DCNR and the Division have to approve federal projects.

On April 30, 2011, there was a hearing on A.B. 516 where the director spoke in support of the bill and there was no testimony in opposition to the bill. The director also explained the Governor mentioned part of the consolidation was to not have small, non-cabinet level agencies independent of any department and to increase the oversight of the division to a departmental level.

At the Agency's budget hearing, the Commission on Mineral Resources and the administrator of the Division expressed their opposition to the proposed reorganization. They said there are inherent policy inconsistencies in the missions and statutes between the Division of Minerals and DCNR. The Commission on Mineral Resources and the administrator of the Division specifically said that the Division of Minerals is responsible for development and promotion of mining and production of petroleum and geothermal resources. The DCNR's mission is to conserve, protect and manage the State's natural resources. There were multiple letters from members of the mining, geothermal, oil and gas industries opposing the consolidation. The Agency has also indicated in their follow-up memo that there might be potential conflicts of interest between DCNR and the Division. If the same agency sets issues and approves bonds for the bond pool program, and is also commenting on environmental assessments and the impact statements for the federal project approval process, there could be a conflict.

Do the Committees wish to support the Governor's recommendation to organizationally move the Division of Minerals to DCNR? If so, it would be necessary to approve A.B. 516.

ASSEMBLYMAN AIZLEY:

Please explain the conflict of interest in further detail.

Ms. ENG:

This is something the Agency mentioned in their follow-up memo. I believe they were speaking to the difference in the mission statements, since the Division's

mission is promoting mining, geothermal and other types of production and DCNR's mission is to conserve and protect natural resources. Both agencies deal with the federal project review process for environmental impact statements. Whenever a project is constructed on federal land you have to complete certain environmental impact statements and get approval from different agencies stating that it will not have an impact. For example, DEP might have a different opinion on an impact statement than the Division of Minerals.

ASSEMBLYMAN HARDY:

I might have some concerns if I had not dealt with Utah in the last one and one-half years on a project. Utah's whole Department of Natural Resources is tied to mining, dam safety and state parks. I asked one of their congressmen why they did that, and he said there are efficiencies there. They cross-train and like the efficiencies that are created. There were financial savings as well because they brought more than one department into it. I am in favor of it.

ALAN R. COYNER (Administrator, Division of Minerals, Commission on Minerals):
With regard to the conflict of interest issue, that involves the State reclamation bond pool which the Division of Minerals administers. The Division acts as a financial arm to the small miners in supplying them with the reclamation bond. The DEP sets up those bonds and releases them. My concern is if you have two individuals under the same roof that are setting and releasing and then issuing and refunding, the possibility of financial conflict does exist.

CHAIR HORSFORD:

I do not see any savings in doing this. I am not for consolidation just for consolidation purposes.

ASSEMBLYWOMAN SMITH:

We have had a lot of contact from the public on this and there is not a cost savings that is documented in the *Executive Budget*. I understand my colleague's comments from his experiences in another state, but I do not feel there is compelling evidence in support of this proposal. I do not like the idea of consolidating these two agencies.

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ASSEMBLYWOMAN SMITH MOVED TO NOT APPROVE THE REORGANIZATION OF THE DIVISION OF MINERALS, B/A 101-4219, TO DCNR.

SENATOR RHOADS SECONDED THE MOTION.

ASSEMBLYMAN BOBZIEN:

I struggle with this because I want DCNR and the Division of Minerals to work together as much as possible. I was open to the idea of the streamlined benefits, but knowing there is not an expressed fiscal savings, the question of the conflicts is a big policy problem. It could have some negative long-term implications. I support the motion.

CHAIR HORSFORD:

We will do a roll call vote.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN GOICOECHEA, GRADY, HAMBRICK, HARDY, HICKEY AND KIRNER VOTED NO. ASSEMBLYMAN CONKLIN WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR LESLIE WAS ABSENT FOR THE VOTE.)

* * * * *

MS. ENG:

Major Closing Issue No. 2 is the revenue projections in the Governor's budget. The Governor recommends a significant reduction in mining claim fee revenues, the account's largest revenue source, to \$960,000 per year as compared to the FY 2009-2010 actual of approximately \$1.15 million. The Governor also recommends a reduction in dangerous mine fee revenue of \$400,000 per year versus the FY 2009-2010 actual of \$463,236. Of the \$8.50 for every mining claim filed, \$6.00 is recorded as mining claim fee revenue and \$2.50 is recorded as dangerous mine claim fee revenue. The administrator indicated in the Base Budget review process for the 2011-2013 biennium that the Division has projected a decrease in the mining claim revenues. This is because of the anticipated reduction in claims from the supplemental mining claim fee approved

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during the Twenty-sixth Special Session which expires at the end of FY 2010-2011.

As of April 29, 2011, the State's financial system shows that the Division has received roughly \$1.15 million in mining claim fee revenue, with two months remaining in the fiscal year to collect. Page 3 of [Exhibit D](#) has a table showing the actual revenues that the Agency has received from these two sources from FY 2007-2008 to FY 2010-2011 to date. In bold is the two-year average of FY 2008-2009 and FY 2009-2010, on which Staff has based the revenue adjustments by using a rounded up method. This would increase the total mining claim fee revenues to roughly \$1.18 million per year and dangerous mining fee revenue to approximately \$460,000 per year. As noted in the introduction, because the Division transfers the \$2.00 per mining claim to Mackay School of Earth Science and Engineering (MSESE), the transfer must also be adjusted. With the revised mining claim fee revenues, Staff also recommends increasing the MSESE transfers by approximately \$66,000 for a total of about \$386,000 per year.

Do the Committees wish to approve the revenue changes and transfers to MSESE as recommended by staff?

ASSEMBLYWOMAN SMITH MOVED TO APPROVE THE REVENUE CHANGES AND TRANSFERS TO MSESE IN B/A 101-4219.

SENATOR RHOADS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN CONKLIN WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR LESLIE WAS ABSENT FOR THE VOTE.)

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CHAIR HORSFORD:
What about the letter of intent?

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Ms. ENG:

With Staff's recommended adjustments, the FY 2012-2013 ending reserve would increase from \$443,022 to approximately \$890,000. The Governor recommends total FY 2011-2012 expenditures of roughly \$1.9 million. While the account needs a healthy reserve due to market fluctuations in mining, a three month reserve, according to FY 2011-2012 expenditures, would be roughly \$476,000. This is significantly less than the recent balance forward amounts which have been over \$1 million the last few fiscal years. The Committees may wish to issue a letter of intent to direct the Agency to report semiannually on revenues and reserves. The report would help the Committees to determine if fees are set at a reasonable level.

CHAIR HORSFORD:

We agree with the letter of intent and the semiannual reporting of the revenues and reserves.

SENATOR RHOADS MOVED TO ISSUE A LETTER OF INTENT DIRECTING THE AGENCY TO REPORT SEMIANNUALLY ON REVENUES AND RESERVES IN REGARDS TO B/A 101-4219.

SENATOR PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR LESLIE WAS ABSENT FOR THE VOTE.)

Ms. ENG:

Other Closing Item No. 1, decision unit E-711, is for replacement equipment. The Governor recommends two replacement vehicles for the abandoned mine lands program, one per fiscal year. Since the replacement vehicles follow the State's recommended replacement schedule, according to data provided by the Agency, the Governor's recommendation appears reasonable to Staff.

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Other Closing Item No. 2, decision units E-720 and E-710, is computer replacements. The Governor recommends reserve reductions for new and replacement computer-related equipment totaling \$10,294 in FY 2011-2012 and \$14,708 in FY 2012-2013. Because the Agency has indicated that all Staff utilize the high technology programs on a regular basis, the Governor's recommendation appears reasonable.

E-720 New Equipment — Page DCNR-157

E-710 Equipment Replacement — Page DCNR-156

Other Closing Item No. 3 is the office rent discrepancies. The Governor's recommended rental schedule does not match the current leases, which extend through the upcoming biennium, so Staff recommends adjustments. Do the Committees wish to approve the three other closing items with adjustments recommended by Staff?

SENATOR RHOADS MOVED TO APPROVE DECISION UNITS E-711, E-720 AND E-710 IN B/A 101-4219 AS RECOMMENDED BY THE GOVERNOR; AND TO AUTHORIZE STAFF TO MAKE ADJUSTMENTS TO THE LEASES.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN MASTROLUCA AND OCEGUERA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR LESLIE WAS ABSENT FOR THE VOTE.)

* * * * *

MS. ENG:

The next account is B/A 101-4554, the administration of the Department of Agriculture. This account is funded entirely by cost allocations and General Fund appropriations. Major Closing Issue No. 1 involves the multiple issues throughout the Department's accounts regarding cost allocation and fund mapping. As directed by the Subcommittee, Fiscal Staff has met with the

Department and the Budget Division to discuss the cost allocation and fund mapping concerns. The three offices agree that a fundamental review of the Department's fund maps and cost allocation must be completed, but because of the magnitude of this effort, Staff is suggesting this review be completed during the interim. Staff would note that a change in the cost allocation could result in a negative or positive General Fund impact.

COMMERCE AND INDUSTRY

AGRICULTURE

AGRI – Administration — Budget Page AGRICULTURE-1 (Volume II) Budget Account 101-4554

Some of the Governor's transfers, as well as Staff's concerns, regarding fund mapping has to do with the Legislative Counsel Bureau (LCB) audit which was released on September 29, 2010. They reported several critical findings related to the Department's fiscal management. Specifically, the Department did not always align its payroll and other operating costs with the proper program and funding source. The audit also revealed the Agency overstated reserves in certain instances. The audit did acknowledge that the number of full-time equivalent (FTE) positions has decreased by 29 percent for the Department which has led the Department to redistribute many duties from the former positions to the remaining personnel. There were ten positions identified in the audit as not being in alignment with the appropriate fund source or budget account. The majority of the misalignments were in the Division of Plant Industry. Many of the Governor's recommended transfers serve to realign these positions with the proper budget account.

The audit recommended the Department improve its cost information by aligning personnel costs with the proper budget account using unique job codes for each program and recording payroll expenses for specific programs. Staff notes that while the Governor's budget better aligns the programs and positions in the proper budget account, the fund mapping concerns are still present in regard to how the revenues in those accounts are mapped to particular expenditures and positions.

The Department, Budget Division and Fiscal Staff have met to discuss the fund mapping concerns; however, not all of the concerns have been sufficiently addressed. The Department also indicated to Staff that since the September 2010 release of the audit, it has been implementing better tracking of personnel by assigning unique job codes. The three agencies would like to use 2011 to create better fund maps and go over those in the interim.

There have been inconsistent billings of administrative expenses. This was discussed in the Subcommittee hearing. Staff has found that there have been some inconsistent billings of administrative expenses such as landscaping, contracts and other expenses. This was also discussed at the meeting with the Department and the Budget Division. It was decided that because of the extensive adjustments that would be necessary, this will also be addressed during the interim fundamental review of the cost allocation.

There are several issues regarding the cost allocation that Staff recommends be reviewed and addressed during the interim. The Department's cost allocation is currently established by first determining the total allowable federal indirect reimbursements from each federal grant. They then apply those amounts directly to operating costs within Agriculture's Administration account. The rest of the Administration account's costs are allocated to the other Department's contributing accounts based on the funding percentages for the remaining FTE staff.

The current cost allocation excludes several grant and funding sources from the position-based allocation which creates inconsistencies in the methodology. For the last two fiscal years, the Department has created another spreadsheet, similar to the Department's cost allocation for the federally approved indirect cost rate plan (ICRP), by which the Agency can claim indirect costs from U.S. grants. There are two different methodologies being used to capture indirect costs associated with the Administration account. This creates inconsistency and equity issues, but also the practice causes unnecessary additional work for the Department which already has limited fiscal positions.

When reviewing the cost allocation and the federal indirect cost rate, consideration should be given as to whether an FTE-based cost allocation, which is the current method, is the most appropriate method for the Department. Alternatively, the Department could examine other methods

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including percent of total funding, the portion of indirect over direct, as is being used for the ICRP, or the number of fiscal transactions processed to measure the divisions' time spent per budget account.

Staff recommends the Committees issue a letter of intent directing the Department to work with Fiscal Staff and the Budget Division to complete a fundamental review of cost allocation, fund mapping, and related methodologies used in distributing administrative costs. The Department should report to IFC semiannually on the status of the evaluation.

SENATOR KIECKHEFER MOVED TO ISSUE A LETTER OF INTENT TO THE DEPARTMENT DIRECTING THEM TO WORK WITH STAFF AND THE BUDGET DIVISION TO COMPLETE A FUNDAMENTAL REVIEW OF COST ALLOCATION, FUND MAPPING AND RELATED METHODOLOGIES USED IN DISTRIBUTING ADMINISTRATIVE COSTS IN B/A 101-4554.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

ASSEMBLYMAN CONKLIN:

I chaired the Subcommittee that reviewed this and I want to mention two things. First, I support issuing the letter of intent. It needs to be direct and there needs to be an understanding that there will be consequences if these things do not get done. Second, there are new people in the Department and I am satisfied that they understand the Department has issues and that they would like to fix those issues. I appreciate their attempt to do everything they can to fix them; however, it does not mean we should be lenient. I feel better now, then I did at this time last Session.

ASSEMBLYMAN GOICOECHEA:

I would like to echo my colleague's comments. Clearly, there is a big issue, but with the change in personnel, I am looking for some very positive things to come from the Department.

ASSEMBLYMAN HAMBRICK:

I think it would be appropriate to ask the Audit Division to follow up on this and make sure they report to IFC sooner, rather than later, which might give IFC a better handle on the situation.

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CHAIR HORSFORD:

There are six-month reporting requirements after an audit, so they will stay on top of it.

MS. ENG:

We have recommended other items for the Department to report on related to the audit findings.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MS. ENG:

Major Closing Issue No. 2 is Fiscal Staff's cost allocation adjustments. There are multiple adjustments that Staff has recommended for the actual cost allocation spreadsheet. First has to do with adjusting the indirect reimbursements from the Department's federal grants. Second is accounting for two positions in the Governor's recommended budget that were not included in the cost allocation. Third is changing the position mapping for all the contributing budget accounts to match the revised fund maps. Fourth is adjusting the cost allocation spreadsheet to more clearly demonstrate how each account's FTE allocation is determined. Fifth is to adjust the distribution of known operating costs to the applicable budget account based on the changed mapping percentages of General Fund versus fee funds per account.

Staff is recommending a different methodology change for the allocation of utility costs for both the Sparks and Las Vegas locations. The Governor's recommended cost allocation spreadsheet currently uses a square footage allocation for utility costs based on the current space occupied per budget account. However, the rest of the cost allocation supporting the Governor's budget, which is position based, is based on the position transfers and eliminations recommended in the budget. The utility allocation was not updated to reflect the position changes per account. Staff is recommending adjustments to the utility allocation for each account's portion of utility expenses based on the account's total FTE count. The allocation of the utility expenses would

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change from square footage to FTEs per budget account. This change can also be reevaluated in the square footage per position when completing the fundamental review of the cost allocation during the interim.

I would also note most of the closing adjustments reflected in pages 5, 6 and 7 of [Exhibit D](#) are the recommended cost allocation adjustments. Most of these are adjustments to revenue because Administration is completely funded by the cost allocation. When you update the cost allocation, you have to change each decision unit in the Administration account.

The table on page 11 illustrates Staff's recommended cost-allocation adjustments as compared to the *Executive Budget*. Staff's recommended adjustments would result in net General Fund savings of \$72,836 in FY 2011-2012 and \$89,219 in FY 2012-2013.

CHAIR HORSFORD:

Do we have a motion to approve Fiscal Staff's recommended cost-allocation adjustments? I am glad to see we are moving to FTE-based allocation.

SENATOR RHOADS MOVED TO APPROVE FISCAL STAFF'S
RECOMMENDED COST-ALLOCATION ADJUSTMENTS IN B/A 101-4554.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS
ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. ENG:

Major Closing Issue No. 3, decision unit E-620, is the transition to centralized personnel services. The Committees have already heard this in the Division of Human Resources closing. The Department of Agriculture is one of the agencies proposed to join the centralized personnel services under the Department of Administration. Staff is recommending a technical adjustment because the position end date was erroneously changed to January 2012. With the

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corrected position end date that will result in additional savings of approximately \$27,000 in FY 2011-2012 and approximately \$66,000 in FY 2012-2013. Approval would be consistent with prior actions taken by the Committees in regards to the Division of Human Resource Management closing.

E-620 Staffing and Operating Reductions — Page AGRICULTURE-4

Do the Committees wish to approve the elimination of the personnel technician III position and the recommendation for the Department of Agriculture to participate in centralized personnel services with the recommended technical adjustments, resulting in net General Fund savings of \$21,563 over the 2011-2013 biennium as compared to the Governor's budget?

SENATOR LESLIE MOVED TO APPROVE DECISION UNIT E-620 IN B/A 101-4554; TO APPROVE THE DEPARTMENT OF AGRICULTURE PARTICIPATING IN THE CENTRALIZED PERSONNEL SERVICES; AND TO APPROVE RECOMMENDED TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MS. ENG:

Major Closing Issue No. 4, decision unit E-801, is the elimination of the Measurement Standards cost allocations due to the Division's reassignment to DMV. We can review this further once we get to the Weights and Measures account. Staff requests authority to make technical adjustments based upon the Committees' actions on the recommended cost allocation changes and the transfer of the Measurement Standards Division.

E-801 Cost Allocation — Page AGRICULTURE-6

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SENATOR LESLIE MOVED TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS TO DECISION UNIT E-801 IN B/A 101-4554 BASED ON THE CLOSING ACTIONS TAKEN IN THE WEIGHTS AND MEASURES ACCOUNT.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN BOBZIEN AND OCEGUERA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. ENG:

Other Closing Item No. 1, decision unit M-160, continues the position reductions from the Special Session by \$49,171 in FY 2011-2012 and \$50,059 in FY 2012-2013. Other Closing Item No. 2, decision unit E-600, is budget reductions totaling \$10,274 per year. These appear reasonable to staff. Do the Committees wish to approve the other two items as recommended by the Governor?

M-160 Position Reductions Approved During Biennium — Page AGRICULTURE-2

E-600 Budget Reductions — Page AGRICULTURE-3

SENATOR LESLIE MOVED TO APPROVE DECISION UNITS M-160 AND E-600 IN B/A 101-4554 AS RECOMMENDED BY THE GOVERNOR; AND TO AUTHORIZE STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN BOBZIEN AND OCEGUERA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

* * * * *

MS. ENG:

The second account is the Nevada Junior Livestock Show (NJLS) Board, B/A 101-4980. In the *Executive Budget* the Governor recommends changing the funding of this account from General Fund appropriations to participant registration fees which will be transferred from an outside bank account and completely replace the General Fund appropriations. At the hearing, the Agency said they would like to close the account and make it a private nonprofit fund. The Agency indicated in its follow-up memo that all operating costs of the Board would be funded through outside accounts and from private funds and donations. Assembly Bill 515 has been submitted on behalf of Budget and Planning. As written, the bill would create the fund for the Board and authorize the Board to impose an entry fee for participation in the NJLS and the Nevada Youth Livestock and Dairy Show. The bill would also repeal part of the language that provides for General Fund appropriations as well as funding for the Board for per diem and other such reimbursements.

[ASSEMBLY BILL 515](#): Revises certain provisions governing the Nevada Junior Livestock Show Board. (BDR 50-1208)

AGRI – Nevada Junior Livestock Show Board — Budget Page AGRICULTURE-9
(Volume II)
Budget Account 101-4980

The Department has submitted a proposed amendment which would eliminate statutory language regarding pay and travel reimbursements for the Board as well as the provision of General Fund appropriations.

Fiscal Staff has reflected adjustments to all decision units in the account that would eliminate the Governor's recommendation to transfer revenues from the outside account and would eliminate all the account's expenditures. It will close the account.

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Do the Committees wish to approve the recommended adjustments to close the NJLS Board account which is consistent with the Governor's revised recommendations as reflected in A.B. 515?

ASSEMBLYMAN CONKLIN MOVED TO APPROVE FISCAL STAFF'S RECOMMENDATION TO ADJUST DECISION UNIT E-680 AND CLOSE B/A 101-4980 WITH TECHNICAL ADJUSTMENTS AS REFLECTED IN A.B. 515.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

MS. ENG:

The next account is Plant Health and Quarantine Services, B/A 101-4540. I would note that this is the main Plant Industry Division budget account. The 2009 Legislature approved the elimination of the Agriculture Enforcement Unit (AEU) in the Plant Industry Division. It also approved transferring some Plant Industry programs from this account, which is funded by the General Fund, to the Registration Enforcement account. However, there were some remaining Plant Industry fee funds as well as positions in this main General Fund Plant Health and Quarantine Services account. Also, there were some livestock expenses remaining, including the livestock division administrator position.

Some of the General Fund-supported positions remained in the account, including the plant industry division administrator, plant industry regional manager, livestock division administrator and a few other positions. While General Fund appropriations are the primary funding source for these positions, they predominately oversee fee-funded positions and programs in other budget accounts in the Plant Industry and Livestock Identification Divisions. This is

one of the items the audit addressed. The positions oversee fee-funded accounts but the positions themselves are supported by General Fund appropriations which the transfers seek to address. Many of the transfers continue a small portion of General Fund support for those positions which is based on the audit conclusions.

AGRI – Plant Health & Quarantine Services — Budget Page AGRICULTURE-12
(Volume II)
Budget Account 101-4540

Major Closing Issue No. 1, decision units E-900 and E-901, is the transfer of remaining Agriculture Enforcement Program expenses and the transfer of the livestock administrator. Major Closing Issue No. 2, decision unit E-902, is the transfer of the agriculturist IV, who is the seed and organic program manager, and the transfer of revenues from phytosanitary licenses and fees and conditional inspection fees to the Grade and Certification account. Staff would note that we are recommending eliminating a \$719 contract for phytosanitary inspections.

E-900 Trans Livestock Admin frm Plant to Livestock — Page AGRICULTURE-15

E-901 Trans Vehs frm Plant Health to Livestock Inspectio — Page
AGRICULTURE 15

E-902 Trans Agriculturist from Plant to Grade & Cert — Page AGRICULTURE-16

Major Closing Issue No. 3, decision unit E-903, is the transfer of four positions to the Registration and Enforcement account. Staff would note that the transfer reduces General Fund appropriations by about \$271,000 in FY 2011-2012 and approximately \$275,000 in FY 2012-2013. The transfers would continue some General Fund support per the audit. Staff is recommending technical adjustments to fix the e-mail accounts and Department of Information and Technology services. Staff is also recommending that three vehicles be transferred in this decision unit. These adjustments are based on what the agency has indicated to Staff that they need.

E-903 Trans Positions from Plant Heath to Registration — Page
AGRICULTURE-16

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Major Closing Issue No. 4, decision unit E-904, is the transfer of the pesticide and pest control operating program revenues to the Registration and Enforcement account. Some of the pest control operator and pesticide programs are already in the Registration and Enforcement account.

E-904 Trans Fees frm Plant to Registration/Enforce — Page AGRICULTURE-17

The proposed transfers in the *Executive Budget* would effectively eliminate all remaining expenses and revenues related to the nursery program, pest control operator program, livestock inspection division and the AEU from Plant Health and Quarantine Services. It would leave the account with only two positions, the plant pathologist and entomologist. The account would be supported totally by General Funds. The Governor's recommendation appears reasonable to Staff and it serves to better align positions and program revenues in the proper budget account. Do the Committees wish to approve the four major issues as recommended by the Governor with Staff's recommended technical adjustments?

ASSEMBLYMAN CONKLIN MOVED TO APPROVE DECISION UNITS E-900, E-901, E-902, E-903 AND E-904 IN B/A 101-4540 AS RECOMMENDED BY THE GOVERNOR; AND TO APPROVE STAFF'S RECOMMENDED TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

MS. ENG:

The next account is the Grade and Certification of Agriculture Products, B/A 101-4541. Major Closing Issue No. 1, decision units E-501 and E-902, is the transfer of the position and fee revenues described from the Plant Health

and Quarantine Services account to this account. Decision unit E-501 erroneously combined two revenues and Staff is recommending separating the revenues. It also changes the funding of the agriculturist IV position and includes General Fund support of 20 percent of the position's costs which is consistent with the audits findings.

AGRI – Grade & Certification of AG Products — Budget Page AGRICULTURE-20
(Volume II)
Budget Account 101-4541

E-501 Adjustments to Transfers In E-902 — Page AGRICULTURE-21

E-902 Trans Agriculturist from Plant to Grade & Cert — Page AGRICULTURE-22

Major Closing Issue No. 2 is Staff's recommendation for revenue adjustments. First are the charges for services from the United States Department of Agriculture (USDA) country of origin labeling (COOL) agreement. The Governor currently recommends \$41,974 in each year of the upcoming biennium for this revenue; however, it does not appear that the Agency has consistently received this high amount from this revenue source. Staff recommends adjusting it to a three year average which would make the total \$15,728 per year.

Second, it is important to point out that it appears revenues might not be posted accurately in this account. In the Agency's description and their follow-up memo, the amounts they should be receiving in reimbursements from the federal government did not match what was in the State's financial system or the actual numbers for FY 2007-2008, FY 2008-2009 and FY 2009-2010. Staff recommends the Committees direct the Agency to review, via letter of intent, the revenue mismatches and report to the Budget Division and the Fiscal Analysis Division the reason for the inconsistencies with a solution prior to the close of FY 2010-2011.

Staff is also recommending adjustments to the USDA organic cost-share agreements based on the federal fiscal year (FFY) 2010-2011 award amounts. Do the Committees wish to approve Staff's recommended revenue adjustments?

Major Closing Issue No. 3 is inspection fees insufficient to recover inspection costs. This was discussed during the Department of Agriculture's hearing. The 2010 LCB audit conclusion was that some of the inspections done in the Grade and Certifications account were being subsidized by the General Fund. This was because other positions in other budget accounts funded by the General Fund were providing these inspections. The Agency has responded that it has instituted unique job codes for tracking the positions performing these inspections. However, the Agency did not identify the positions that perform these particular inspections. The Agency has also noted that, due to the Governor's instructions, fee increases were not considered. Since the Committees have approved the letter of intent in the administration account, the Committees may wish to also have the Agency provide a report of the full-time and seasonal staff performing inspections which identifies how much of their time in FY 2010-2011 was spent on specific grade and certification inspections. The updated fund maps the Agency will provide in the report should also reflect seasonal positions as funded by revenues related to particular inspections they perform.

ASSEMBLYWOMAN SMITH MOVED TO APPROVE DECISION UNITS E-501 AND E-902 IN B/A 101-4541 WITH TECHNICAL ADJUSTMENTS; TO APPROVE REVENUE ADJUSTMENTS DECREASING THE BUDGETED AMOUNT FOR THIS REVENUE TO \$15,728 PER YEAR OF THE BIENNIUM; TO ISSUE A LETTER OF INTENT DIRECTING THE AGENCY TO REVIEW THE REVENUE MISMATCHES AND REPORT THE REASON FOR THE INCONSISTENCIES AND A SOLUTION PRIOR TO FY 2010-2011 CLOSE; TO APPROVE STAFF'S RECOMMENDED ADJUSTMENTS TO THE USDA ORGANIC COST SHARE AGREEMENTS; AND TO DIRECT THE AGENCY TO PROVIDE A REPORT OF THE FULL-TIME AND SEASONAL STAFF PERFORMING INSPECTIONS WHICH IDENTIFIES HOW MUCH OF THEIR TIME IN FY 2010-2011 WAS SPENT ON SPECIFIC GRADE AND CERTIFICATION INSPECTIONS.

SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN HARDY AND OCEGUERA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. ENG:

The next account is the agriculture registration and enforcement account, B/A 101-4545. Major Closing Issue No. 1 is revenue adjustments. The fee projections in the *Executive Budget* were determined using different methodologies. Staff has recommended adjusting anticipated fee revenues to the three year average of FY 2007-2008, FY 2008-2009 and FY 2009-2010, and resulting decreases in reserves as well to accommodate the change in revenues. The Agency has indicated that some of the grant amounts that are currently in the budget have changed. Staff has recommended adjustments to the grants based on the Agency's updated revenue projection worksheet.

AGRI – Agriculture Registration/Enforcement — Budget Page AGRICULTURE-25
(Volume II)
Budget Account 101-4545

CHAIR HORSFORD:

I will relinquish the gavel to Chair Smith.

CHAIR SMITH:

I will accept a motion.

SENATOR LESLIE MOVED TO APPROVE REVENUE ADJUSTMENTS IN
B/A 101-4545.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN HARDY AND
OCEGUERA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR HORSFORD WAS ABSENT
FOR THE VOTE.)

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Ms. ENG:

Major Closing Issue No. 2 is the fertilizer and antifreeze inspections not being completed. It was an audit conclusion that the Department has not done these inspections for several years. These are required by the *Nevada Revised Statutes* (NRS). They plan to collect and analyze fertilizer samples twice per year and complete an analysis on thirty samples, or roughly 10 percent of the total antifreeze registration products. If the Committees wish, you may want to issue a letter of intent to have the Department provide semiannual reports to IFC on the number of tests conducted and the positions performing these duties.

SENATOR RHOADS MOVED TO APPROVE ISSUING A LETTER OF INTENT DIRECTING THE DEPARTMENT TO REPORT SEMIANNUALLY TO IFC INDICATING THE NUMBER OF TESTS CONDUCTED AND THE POSITIONS PERFORMING THOSE DUTIES.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR HORSFORD WAS ABSENT FOR THE VOTE.)

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Ms. ENG:

Major Closing Issue No. 3 is another audit conclusion based on the financial operations of the nursery program and the pest control operator program. This also has to do with the accurate fund mapping. Considering the Department has implemented unique job codes, it will be easier in the interim to review what the actual costs are per program. Staff recommends that the Department continue to report quarterly on reserve levels and, as part of the report, the Agency submit an updated fund map that demonstrates the revenues that make up the reserve and fund the account's positions.

ASSEMBLYMAN BOBZIEN MOVED TO DIRECT THE AGENCY TO CONTINUE REPORTING QUARTERLY ON RESERVE LEVELS AND AS PART OF THAT REPORT THE AGENCY SUBMIT AN UPDATED FUND

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MAP THAT DEMONSTRATES THE REVENUES THAT MAKE UP THE RESERVE AND FUND THE ACCOUNT'S POSITIONS.

SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR HORSFORD WAS ABSENT FOR THE MOTION.)

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MS. ENG:

Major Closing Issue No. 4, decision units E-903 and E-500, is the position transfers that were described in the Plant Health and Quarantine Services account. Decision unit E-500 adjusts the revenue sources based on the audit conclusions on how much of the General Fund should be transferred from Plant Health and Quarantine to support the positions. While some of the fund mapping issues were addressed during the meeting with the Budget Division and the Department there are still remaining issues and we want to update the fund map after FY 2010-2011 closes. The Governor's recommended transfers would serve to better align positions and program revenues in the proper budget account. These recommendations appear reasonable to Staff with the contingency that fund maps will be reevaluated after the Agency has compiled more complete job code information. The Committees may wish to ask the Agency to work with Staff on this effort during the upcoming biennium.

E-903 Trans Positions from Plant Health to Registration — Page AGRICULTURE 30

E-500 Adjustments to Transfers in E-903 — Page AGRICULTURE-28

SENATOR RHOADS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION IN DECISION UNITS E-903 AND E-500 IN B/A 101-4545 AND TO DIRECT THE DEPARTMENT TO WORK WITH STAFF OVER THE UPCOMING BIENNIUM.

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ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR HORSFORD WAS ABSENT FOR THE VOTE.)

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Ms. ENG:

Major Closing Issue No. 5, decision units E-904 and E-502, is the transfer of pest control operator program fees. Decision unit E-502 adjusts the revenues in the transfer. The Governor's recommended transfer would serve to better align positions and program revenues in the proper budget account. This appears reasonable to Staff with the contingency that fund maps be reevaluated after the Agency compiled more complete job code information. Do the Committees wish to approve the position and fee transfer as recommended by the Governor?

E-904 Trans Fees frm Plant to Registration/Enforce — Page AGRICULTURE-31

E-502 Adjustments to Transfers in E-904 — Page AGRICULTURE-28

ASSEMBLYMAN HARDY MOVED TO APPROVE DECISION UNITS E-904 AND E-502 IN B/A 101-4545 AS RECOMMENDED BY THE GOVERNOR; AND TO DIRECT THE AGENCY TO REEVALUATE FUND MAPS AFTER THE AGENCY HAS COMPILED MORE COMPLETE JOB CODE INFORMATION.

SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR HORSFORD WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

MS. ENG:

The next item is the Pest, Plant Disease Noxious Weed Control account, B/A 101-4552. The Agency has indicated to Staff, in a December 2010 meeting, that most of the federal grants are received on a reimbursement basis, where the Agency makes expenditures and gets reimbursed. However, Staff has noted several instances where they are in the negative. Since B/A 101-4552 is an account in the General Fund, it appears that General Fund appropriations are temporarily funding these expenses until they are reimbursed by the federal government. The Agency has indicated to Staff that they plan on implementing monthly reimbursements starting at the end of April 2011. Staff notes that as of April 28, 2011, the account was overdrawn by approximately \$88,000 which is a significant improvement from the amount overdrawn of \$818,000 on February 17, 2011.

In a separate, but related issue, Staff has noted multiple examples of inaccurate reconciliations of federal grants, where the reconciliations do not match the FFY draws and expenditure information in the State's financial system. The Committees may wish to issue a letter of intent requesting the Department to provide semiannual reports to IFC on the status of improvements to the reimbursement process. The Committees should also encourage the Agency to perform full cash reconciliations on all reimbursable federal grants consistent with data in the integrated financial system.

AGRI – Pest Plant Disease Noxious Weed Control — Budget Page
AGRICULTURE-34 (Volume II)
Budget Account 101-4552

SENATOR RHOADS MOVED TO ISSUE A LETTER REQUESTING THE DEPARTMENT TO PROVIDE SEMIANNUAL REPORTS TO IFC ON THE STATUS OF IMPROVEMENTS TO THE REIMBURSEMENT PROCESS AND TO PERFORM FULL CASH RECONCILIATIONS ON ALL REIMBURSABLE FEDERAL GRANTS CONSISTENT WITH DATA IN THE INTEGRATED FINANCIAL SYSTEM.

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ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

ASSEMBLYMAN GOICOECHEA:

I understand what a mess the books were in the Department and I am positive they will attempt to fix all the issues. However, there are so many programs that are new and we are going to be looking at the new federal requirements coming out of the federal Food Safety Modernization Act that is on the board. We have to understand that this is truly a work in progress and the Department is our frontline defense, where we implement these federal regulations that are coming along, whether it is COOL or the federal Food Safety Act. It is going to be difficult to get us there, but this is the Department that will get us there.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR HORSFORD WAS ABSENT FOR THE VOTE.)

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MS. ENG:

Other Closing Item No. 1 is the American Recovery and Reinvestment Act of 2009 funds that were discussed during the Subcommittee hearing. The issues have been resolved. Other Closing Item No. 2, decision unit E-606, is a position elimination, because of the loss of the USDA's Sudden Oak Death grant which funded the position. Other Closing Item No. 3, decision unit E-800, is cost allocation adjustments. Do the Committees wish to approve these items?

E-606 Staffing and Operating Reductions — Page AGRICULTURE-37

E-800 Cost Allocation — Page AGRICULTURE-38

ASSEMBLYMAN GOICOECHEA MOVED TO APPROVE DECISION UNITS E-606 AND E-800 IN B/A 101-4552.

SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR HORSFORD WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

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Ms. ENG:

The next account is Mormon Cricket and Grasshoppers, B/A 101-4556. This was not previously heard by the Subcommittee because it was a Staff closing account; however, Staff was informed two days ago that the Agency received notification that the Mormon cricket and survey grant will not be funded in the upcoming biennium. Staff had to make last minute closing adjustments to reflect the elimination of this grant. The account's main grant is also being eliminated in March of FY 2011-2012. There will be no more funding for this account in FY 2012-2013. Staff has noted, however, that the Governor's budget had continued to balance forward through the end of the biennium. There would be a reserve continuing into FY 2012-2013. Staff would request authority to work with the Agency to make sure all the adjustments have been made to accurately reflect the elimination of the Mormon cricket and survey grant, and the correct balance forward of the remaining Mormon cricket suppression grant in the upcoming biennium. It is important to note that in the cost allocation, the grant that is being eliminated was supposed to give roughly \$60,000 to the Department's cost allocation. Staff will have to make additional adjustments to the cost allocation which will impact the General Fund in the administration account.

AGRI – Mormon Cricket & Grasshoppers — Budget Page AGRICULTURE-42
(Volume II)
Budget Account 101-4556

ASSEMBLYWOMAN MASTROLUCA MOVED TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS IN B/A 101-4556 AND MAKE NECESSARY ADJUSTMENTS TO THE COST ALLOCATION.

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SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLYMAN GOICOECHEA:
Can we use the reserve balance for suppression?

MS. ENG:
Both of the grants in this account are ending, but the reserve balance is continuing through FY 2012-2013 which does not appear to be accurate, so we need to adjust that.

ASSEMBLYMAN GOICOECHEA:
Can what is left be used for suppression?

JIM R. BARBEE (Acting Director, State Department of Agriculture):
Yes.

SENATOR LESLIE:
What are we expecting from the Mormon cricket and grasshoppers since the insects are prevalent in southern Nevada?

MR. BARBEE:
I have briefly talked with the state entomologist who oversees the program. The funds balanced forward will continue to support the activities as they have in the past. We are beginning to survey this week because temperatures have just risen enough. We are not sure what the season is going to look like because they have just started.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR HORSFORD WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

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Ms. ENG:

The next account is livestock inspection, B/A 101-4546. Major Closing Issue No. 1, decision units E-500, E-501, E-900 and E-901, is the transfer of the livestock administrator position, which was discussed in Plant Health and Quarantine Services, and the modification of revenue sources. The Governor's recommended transfers appear to Staff as they complete the balance of transfers between budget accounts consistent with the 2010 LCB audit findings. Do the Committees wish to approve the Governor recommendation to transfer the livestock inspection division administrator and the remaining AEU expenses from the Plant Health and Quarantine Services account?

AGRI – Livestock Inspection — Budget Page AGRICULTURE-44 (Volume II)
Budget Account 101-4546

E-500 Adjustments to Transfers in E-901 — Page AGRICULTURE-46

E-501 Adjustments to Transfers in E-900 — Page AGRICULTURE-47

E-900 Trans Livestock Admin frm Plant to Livestock — Page AGRICULTURE-49

E-901 Trans Vehs frm Plant Health to Livestock Inspectio — Page
AGRICULTURE-50

ASSEMBLYMAN HARDY MOVED TO APPROVE DECISION UNITS E-500,
E-501, E-900 AND E-901 IN B/A 101-4546 AS RECOMMENDED BY THE
GOVERNOR.

SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLYMAN GOICOECHEA:

I am concerned that the Livestock Inspection account will not be able to fund these position transfers. There are recording fees, the brand book and other fees that are collected on site.

Ms. ENG:

Approximately one-half of the position salary costs were being funded by the Livestock Inspection account and they were transferring the money. It will now pay for 100 percent of the salary, versus the General Fund paying 50 percent of

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the cost. It is to align the position in the Livestock Inspection account rather than in the Plant Health and Quarantine Services account.

ASSEMBLYMAN GOICOECHEA:
With that realignment, will it be fairly balanced?

MR. BARBEE:
Yes.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR HORSFORD WAS ABSENT FOR THE VOTE.)

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MS. ENG:
Major Closing Issue No. 2, decision units E-902 and E-903, is the transfer of laboratory testing fees to the Veterinary Medical Services account. It is important to note that because of General Fund reductions in the Veterinary Medical Services account, the laboratory fees are now going to help pay for positions and other operating expenses in the Veterinary account. However, it would eliminate all of the laboratory fees from the Livestock Inspection account and all of the laboratory expenses and fees would be posted to the Veterinary Services account. Do the Committees wish to approve the transfer of laboratory testing fees to the Veterinary Medical Services account as recommended by the Governor?

E-902 Trans EIA from Livestock Inspection to Vet Med — Page
AGRICULTURE-50

E-903 Trans Lab Charges frm Livestock Inspect to Vet Med — Page
AGRICULTURE-50

ASSEMBLYMAN GOICOECHEA:
I want to disclose that my son is a veterinarian and uses this lab, but it will not affect him any differently than anyone else. I also raise livestock, but the

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changes in brand inspection fees will not impact me anymore than it does anyone else. I will be voting on this issue.

SENATOR LESLIE MOVED TO APPROVE DECISION UNITS E-902 AND E-903 IN B/A 101-4546 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR HORSFORD WAS ABSENT FOR THE VOTE.)

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Ms. ENG:

The other closing item is the cost allocation adjustments, decision units M-800 and E-800.

M-800 Cost Allocation — Page AGRICULTURE-46

E-800 Cost Allocation — Page AGRICULTURE-49

SENATOR LESLIE MOVED TO APPROVE DECISION UNITS M-800 AND E-800 IN B/A 101-4546.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATORS CEGAVSKE AND HORSFORD WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

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Ms. ENG:

The next account is Veterinary Medical Services, B/A 101-4550. Major Closing Issue No. 1, decision units E-500, E-501, E-902 and E-903, is the transfer of laboratory testing fees and the equine infectious anemia program from Livestock Inspection to Veterinary Medical Services account. This is needed due to General Fund reductions. It is needed to align the laboratory costs and program fees in the Veterinary Services account. Staff would also note that the Governor's budget would appropriate total General Funds of \$469,949 in FY 2011-2012 and \$479,427 in FY 2012-2013. This is about a 44 percent reduction in General Fund support from the 2009-2011 legislatively approved budget.

AGRI – Veterinary Medical Services — Budget Page AGRICULTURE-53
(Volume II)

Budget Account 101-4550

E-500 Adjustments to Transfers in E-902 — Page AGRICULTURE-55

E-501 Adjustments to Transfers in E-903 — Page AGRICULTURE-56

E-902 Trans EIA from Livestock Inspection to Vet Med — Page
AGRICULTURE-58

E-903 Trans Lab Charges frm Livestock Inspect to Vet Med — Page
AGRICULTURE-59

Major Closing Issue No. 2, decision unit E-600, is budget reductions and the remapping of funds. There were some discrepancies over whether the proposed expenditure reductions were going to actually result in General Fund reductions. Staff has worked with the Agency and the Budget Division to redo the fund mapping and make sure the General Fund reductions are realized. Some of the positions in the account are now mapped to the grant from the State health division from the West Nile program which provided for personnel expenditures. Currently, in the Governor's recommended budget none of the subgrant appropriations fund personnel expenditures. Staff has recommended adjustments based on the revised fund maps. Do the Committees wish to approve the E-600 reduction, with the technical adjustments recommended by Fiscal Staff?

E-600 Budget Reductions — Page AGRICULTURE-56

SENATOR LESLIE MOVED TO APPROVE DECISION UNIT E-600 IN B/A 101-4550 WITH TECHNICAL ADJUSTMENTS BY STAFF.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN AIZLEY AND OCEGUERA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR HORSFORD WAS ABSENT FOR THE VOTE.)

Ms. ENG:

Major Closing Issue No. 3, decision unit E-690, is the elimination of the Elko laboratory position. This was discussed in the Subcommittee Work Session. The Governor recommends eliminating the senior veterinary diagnostician which is the only veterinary medical services position in the Elko office. This would result in the closure of the Elko laboratory. The position elimination would result in General Fund savings of approximately \$111,000 in FY 2011-2012 and about \$113,000 in FY 2012-2013. Staff would note that the employee who is the diagnostician has had several absences due to military leave and is currently on a six-month deployment.

E-690 Budget Reductions — Page AGRICULTURE-58

On page 41 of [Exhibit D](#) are four bullet points that discuss the impacts of the loss of the position. Essentially, most of the tests conducted by the Elko laboratory will now need to be sent to the Sparks laboratory which would require shipment costs that are not in the *Executive Budget*. There will be certain laboratory tests that will not be done in Elko anymore and necropsy tests will be reduced to zero. However, the Agency has also indicated that when asked about updated performance indicators they explained that the indicators will not be changed because the laboratory will attempt to minimize the loss of submissions as much as possible. The Subcommittee expressed some concern during the budget hearing about the loss of this position and

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whether tests might be mishandled or invalidated from temperature and time controls. The Agency provided further information explaining that during the diagnostician's first period of military leave no additional samples were transferred to Sparks. Also, due to the position's military leave, there have not been any ruined samples.

SENATOR RHOADS:

I would be against eliminating this position. Elko is the third largest cow county in the United States, according to population. If we do not have that position in Elko we would have to take the samples to Sparks. We do not have a plane going from Elko to Reno and it would be inconvenient to ship it on a bus or through the United Parcel Service.

ASSEMBLYMAN GOICOECHEA:

Because my son is a veterinarian, and we do freeze samples, I understand Senator Rhoads' concerns. My son drives from Eureka and puts them on a bus to Carlin because that is the only way he can get them to the lab in a frozen condition. I do understand the budget crisis we are in. It is very difficult to get Coggins, tritrichomonas, brucellosis and necropsies tests that need to be done on fetuses. Typically, they end up in Washington or somewhere else. Shipping them is a hardship. At this point, I do not know where we would find the \$250,000 to keep the position.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE DECISION UNIT E-690
IN B/A 101-4550.

SENATOR DENIS SECONDED THE MOTION.

SENATOR DENIS:

We had the discussion in the Subcommittee about having to ship the samples and that is why we asked how many had been ruined. Part of the issue is, if you have to ship it, and there are temperature and time constraints, it could be ruined. The information we received was that they have not had any samples ruined in the time since the veterinary diagnostician has been on military leave. The other part of the discussion was where would we find the money based on where the budget is. I support the motion, however I do understand the needs that they have.

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ASSEMBLYWOMAN CARLTON:

This is about the position in general. There are guidelines on eliminating positions for those who are on deployment. I would hate to see us put ourselves in an awkward position. If this person is on deployment and we are discussing eliminating their position, it is something we need to be very careful of.

CHAIR SMITH:

We will get a clarification on that. It seems like a personnel situation and not a budget discussion.

ASSEMBLYMAN GOICOECHEA:

It is not only a case of the quality of that sample when it does get to the laboratory. It may not be ruined, but it does not take much to kill a bug and they may be getting there at 34 degrees, but you do not know what that does to the sample. There are always issues when you have to ship a sample, especially over hundreds of miles. If there was an opportunity to put it back in place I think it would be great, but I also understand the budget constraints.

SENATOR KIECKHEFER:

I had the same concern as Assemblywoman Carlton. It does not sit right that we eliminate this position while an employee is serving their country. In the discussion, the person is fully aware of the situation and was talking about moving out of the position whether or not it still exists. From the information that was given to us in the Subcommittee, it has been an open line of communication and it is an issue that everyone understands.

ASSEMBLYMAN CONKLIN:

There are two issues here. First, do we want this position? Is there a compelling reason to add this back? I made the motion from the point of view that there is no compelling reason because the position has been empty. Second, with the person holding the position while on deployment, does that prevent us from doing something with this position? We discussed this in Committees and they are not sure the person is even coming back.

CHAIR SMITH:

We have a budget issue and a personnel issue. We are discussing the personnel issue today.

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MR. COMBS:

We mentioned the deployment issue as part of the analysis to determine the impacts of not having the position filled during deployment. We are not suggesting that the deployment has anything to do with the Governor's recommendation to eliminate the position, or that you would be factoring that into your decision. Deployment, or no deployment, this was a decision made on budget considerations rather than the particular circumstances of this position.

CHAIR SMITH:

That is the point I was trying to make also.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR RHOADS VOTED NO. SENATOR HORSFORD WAS ABSENT FOR THE VOTE.)

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CHAIR SMITH:

We will take a motion on the other items.

SENATOR LESLIE MOVED TO APPROVE DECISION UNITS M-800 AND E-800 IN B/A 101-4550 AND AUTHORIZE STAFF TO MAKE ANY TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR HORSFORD WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

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Ms. ENG:

The next account is Predatory Animal and Rodent Control, B/A 101-4600. In decision unit E-600, the Governor recommends the elimination of a field assistant II from the Reno office to assist in meeting the General Fund reduction target. The Agency has identified that this is a mountain lion specialist in western Nevada. The remaining mountain lion specialist would be in east Ely. The elimination would decrease General Fund appropriations by roughly \$40,000 per year in the biennium and transfers from the Nevada Department of Wildlife (NDOW) by \$26,000 per year.

AGRI – Predatory Animal & Rodent Control — Budget Page AGRICULTURE-62
(Volume II)
Budget Account 101-4600

E-600 Budget Reductions — Page AGRICULTURE-64

According to the Agency, the loss of this position will have an impact to public safety, particularly in western Nevada because the field position II is responsible for removing mountain lions from that area which threaten both livestock and people. Staff would note that the field assistant II is currently one of two positions partially funded by NDOW transfers. The Agency's fund maps reflect two positions funded by NDOW transfers totaling \$66,000 per year. The other five positions in the account are entirely funded by General Fund appropriations. If one of the other five field assistant II positions funded entirely by General Fund appropriations were selected for elimination, this would result in additional General Fund savings between roughly \$17,000 and \$25,000 per year in the 2011-2013 biennium. However, this position was selected because the elimination of this position would not result in a layoff and an elimination of a different position would result in a layoff. Do the Committees wish to approve the Governor's recommendation to eliminate one field assistant II position in Reno, which the Agency has indicated is one of two mountain lion specialists, resulting in General Fund reductions of \$41,459 in FY 2012-2012 and \$42,422 in FY 2012-2013 and NDOW transfer reductions of \$26,000 per year?

ASSEMBLYMAN GOICOECHEA MOVED TO APPROVE DECISION UNIT E-600 IN B/A 101-4600 IN ACCORDANCE WITH THE GOVERNOR'S RECOMMENDATION.

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SENATOR CEGAVSKE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR HORSFORD WAS ABSENT FOR THE VOTE.)

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CHAIR SMITH:
I will take a motion for the other closing items.

SENATOR CEGAVSKE MOVED TO APPROVE DECISION UNIT E-800 IN B/A 101-4600 AND GIVE AUTHORITY TO STAFF FOR TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR HORSFORD WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

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E-800 Cost Allocation — Page AGRICULTURE-65

Ms. ENG:
The next account is weights and measures, B/A 101-4551. Major Closing Issue No. 1, decision unit E-900, is the merger of gas pollution standards and weights and measures accounts. There was not much information provided for the reason of this merger and the Governor has submitted Budget Amendment No. 287 which would reverse the merger and keep the two accounts separate. Considering Budget Amendment Nos. 287 and 287A propose to reverse

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decision unit E-900 and there did not appear to be a clear reason for the merger of the two accounts, Staff does not recommend approving this recommendation.

PUBLIC SAFETY

MOTOR VEHICLES

DMV – Weights Measures and Standards — Budget Page DMV-69 (Volume III)
Budget Account 101-4551

E-900 Trans Gas Pollution Standards to Weights & Measure — Page DMV-73

Major Closing Issue No. 2, decision unit E-500, is the reorganization of the Division of Measurement Standards under the Department of Motor Vehicles (DMV). This was discussed intensely during the Work Session. This would move 21 positions out of the Department of Agriculture to DMV and that would cause increases to the Department of Agriculture because of cost allocation increases. This would cause General Fund increases of \$252,285 over the biennium in the administration account. During the budget hearing, the Subcommittee questioned the rationale for the merger and the move of the accounts to DMV. The Subcommittee noted that while there was a logical connection between gas pollution and DMV, there did not appear to be a similar association with weights and measures and DMV. Weights and measures functions are a significant part of the Division of Measurement Standards and are mandated by NRS 581, 582 and 590.

E-500 Adjustments to Transfers to DMV — Page DMV-71

Senate Bill 468 was submitted on behalf of the Division of Budget and Planning and addresses these statutes and changes some of the functions to DMV as well as transfers the Division of Measurement Standards to DMV. However, the Governor's Office has submitted budget amendments that modify the *Executive Budget* proposal to move the weights, measures and standards account to DMV. Six budget amendments were also submitted which would reverse the Governor's recommendation as well as the account merger. Budget Amendment No. 287 would reverse the proposed merger of the two accounts. It would also add back contributions to the Department of Agriculture's cost

allocation of \$357,422 in FY 2011-2012 and \$353,641 in FY 2012-2013, with resulting reserve decreases. It would result in General Fund savings of \$126,813 in FY 2011-2012 and \$125,472 in FY 2012-2013 as well as decreases in cost allocations from the Department's other three divisions. I would note that is because the Division would be retained in the cost allocation and they could provide cost allocation contributions.

SENATE BILL 468: Makes various changes related to the Department of Motor Vehicles. (BDR 40-1221)

The budget amendments reversing decision units in the Governor's recommended budget are reflected in the reserve additions for several of the contributing accounts and General Fund savings, for net General Fund savings of \$287,219 over the biennium as compared to the *Executive Budget*. As we discussed in the administration account, Staff has recommended adjustments to the cost allocation which was already approved in the administration account. These adjustments have not been made because we were waiting on approval from the Committees on this item. With Staff's recommended adjustments to cost allocation there would be total General Fund savings for retaining weights and measures and gas pollution in Agriculture of \$448,526 over the biennium. There would be cost-allocation adjustments for the contributing accounts.

In the Work Session, the Subcommittee's consensus was to not approve the reorganization of the measurement standards under DMV and to retain the Division's current structure under the Department of Agriculture. There are two decisions to be made: (a) do the Committees wish to confirm the Subcommittee's consensus and retain the weights and measures standards and gas pollution standards as two separate accounts under the Department of Agriculture; and (b) do the Committees wish to give Staff authority to revise the Department's cost allocation based on retaining the measurement standards division?

ASSEMBLYMAN CONKLIN:

Both (a) and (b) are in order. That leaves us where we are today. In the *Executive Budget* they had it moved around and that is what caused the General Fund cost allocation in the first place. Would this be a General Fund savings?

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Ms. ENG:
Yes.

ASSEMBLYMAN CONKLIN:

Part of the reason for doing this stems from some activities from last year. This deals with the process that we currently go through to decide what is acceptable to put in gasoline. We can still address this through other measures. There is a bill in regard to this. Mr. Andrew Clinger and I discussed putting some language in the budget bill or finding another vehicle where the actual regulatory process of determining what goes into gasoline is moved to the DMV. The weights and measures functions of it still remain in this account. I would approve both (a) and (b).

ASSEMBLYMAN CONKLIN MOVED TO NOT APPROVE DECISION UNITS
E-900 AND E-500 IN B/A 101-4551.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS
ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR HORSFORD WAS ABSENT
FOR THE VOTE.)

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ASSEMBLYMAN CONKLIN MOVED TO AUTHORIZE FISCAL STAFF TO
MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS.

SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS
ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR HORSFORD WAS ABSENT
FOR THE VOTE.)

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BUDGET CLOSED.

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MS. ENG:

The next account is gas pollution standards, B/A 101-4537. Decision unit E-900 is the merger of the two accounts as we discussed. Staff requests authority to make any necessary adjustments to be consistent with the decision you made in weights and measures.

DMV – Gas Pollution Standards — Budget Page DMV-76 (Volume III)
Budget Account 101-4537

E-900 Trans Gas Pollution Standards to Weights & Measure — Page DMV-80

Other Closing Item No. 1, decision unit M-160, continues a policy decision made during the Twenty-sixth Special Session to eliminate a chemist III position. Other Closing Item No. 2, decision units M-800 and E-800, is cost allocation adjustments.

M-160 Position Reductions Approved During Biennium — Page DMV-77

M-800 Cost Allocation — Page DMV-78

E-800 Cost Allocation — Page DMV-80

ASSEMBLYMAN CONKLIN MOVED TO GIVE STAFF AUTHORITY TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS TO BE CONSISTENT WITH THE CLOSING ACTIONS OF B/A 101-4551; TO APPROVE DECISION UNITS M-160, M-800 AND E-800 AND TO APPROVE ANY NECESSARY TECHNICAL ADJUSTMENTS IN B/A 101-4537.

SENATOR CEGAVSKE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

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SENATE: THE MOTION CARRIED. (SENATOR HORSFORD WAS ABSENT
FOR THE VOTE.)

BUDGET CLOSED.

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CHAIR SMITH:
Seeing no further business, we will adjourn at 11:17 a.m.

RESPECTFULLY SUBMITTED:

Madison Piazza,
Committees Secretary

APPROVED BY:

Senator Steven A. Horsford, Chair

DATE: _____

Assemblywoman Debbie Smith, Chair

DATE: _____

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Heidi Sakelarios	Senate Finance and Assembly Ways and Means Committees Meeting Jointly Closing List #8
	D	Erica Eng	Senate Finance and Assembly Ways and Means Committees Meeting Jointly Closing #9