

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

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

The Senate Committee on Finance was called to order by Chair Steven A. Horsford at 9:29 a.m. on Friday, May 27, 2011, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 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.

**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

**GUEST LEGISLATORS PRESENT:**

John J. Lee, Clark County Senatorial District No. 1

**STAFF MEMBERS PRESENT:**

Catherine Crocket, Program Analyst  
Laura Freed, Senior Program Analyst  
Rex Goodman, Principal Deputy Fiscal Analyst  
Mark Krmpotic, Senate Fiscal Analyst  
Heidi Sakelarios, Program Analyst  
Cynthia Clampitt, Committee Secretary

**OTHERS PRESENT:**

Brett J. Barratt, Commissioner, Division of Insurance, Department of Business and Industry  
Michael J. Willden, Director, Department of Health and Human Services

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Barry Gold, American Association of Retired Persons, Nevada  
Bobbette Bond, Health Services Coalition  
Chris Chimits, R.A., Deputy Manager of Professional Services, State Public Works Board  
Michael Fischer, Acting Director, Department of Cultural Affairs  
Steve Woodbury, Chief Deputy Director, Commission on Tourism  
Stacey Crowley, Director, Office of Energy, Office of the Governor  
Scott Scherer, CleanPath Renewables - CA  
Jeffrey Fontaine, Nevada Association of Counties  
Bernard W. Curtis, Chief, Division of Parole and Probation, Department of Public Safety  
Marla McDade Williams, B.A., M.P.A., Deputy Administrator, Health Division, Department of Health and Human Services

CHAIR HORSFORD:

I hereby call this meeting to order and open the Work Session with Senate Bill (S.B. 440).

**SENATE BILL 440:** Creates the Silver State Health Insurance Exchange.  
(BDR 57-1172)

MARK KRMPOTIC (Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

Senate Bill 440 was heard in Senate Committee on Finance on May 18, 2011. The bill would create the Silver State Health Insurance Exchange. The bill must be passed to implement the budget for the Department of Health and Human Services (DHHS) and to comply with the federal Affordable Health Care for America Act.

At the hearing, the director of DHHS proposed four amendments to the bill. I have provided members with a summary of those amendments ([Exhibit C](#)). The first amendment is to section 11 on page 2 of S.B. 440. This section refers to qualified small employers. The current language indicates:

A qualified small employer means a small employer that chooses to make its full-time employees and some, or all of its part-time employees, eligible for one or more qualified health plans offered through the program to assist small employers in Nevada in facilitating the enrollment of their employees in qualified health

plans offered in the small group market. If the employer has its principal place of business in Nevada and chooses to provide coverage through the program to all its eligible employees, regardless of where those employees are employed; or regardless of the location of its principal place of business, chooses to provide coverage through the program to all its eligible employees who are principally employed in Nevada.

The proposed amendment amends the definition of a qualified small employer by stating:

“Qualified small employer” means a small employer that chooses to make all of its full-time employees eligible for one or more qualified health plans offered through the Silver State Health Insurance Exchange to assist qualified small employers in Nevada in facilitating enrollment of their employees in qualified health plans offered in the small group market ... .

The purpose of the amendment, as originally described by the Department, was to match the federal requirements. Staff has reviewed the amendment and has no related concerns.

The second amendment proposed by the Department is found in section 15, subsection 5, of S.B. 440. Section 15 establishes the membership of the Health Exchange Board as consisting of seven voting members. The existing language in section 15, subsection 5 states: “a voting member of the Board may not be a Legislator, hold any elected office in State government or be an employee of the State or a municipality of the State.”

The director testified it was not the intent of DHHS to prohibit State or municipal employees from participating in the Board. Therefore, the Agency suggests striking the language prohibiting State and municipal employees from participating as Board members.

The third proposed amendment is in section 22, subsection 2, paragraph (c), of S.B. 440. Section 22 defines some of the duties of the Board. Subsection 2, paragraph (c), specifies the Board shall contract for services of such professional, technical and operational personnel and consultants as the

execution of its duties empowers and the operation of the Exchange may require.

The Agency asked that section 22 be expanded to include legal services in addition to other authorized service contracts.

The final proposed amendment is in section 28. This section adds the Exchange to the list of agencies exempted from *Nevada Revised Statutes* (NRS) 233B, the Administrative Procedures Act (APA). The Agency suggests adding the following language to partially exempt the Division of Insurance from the APA requirements as it applies to their work related to the Silver State Health Insurance Exchange.

The current language calls for the Exchange to be exempted from provisions of APA. Staff discussed a couple of areas of concern with respect to section 28 with DHHS. Staff suggests further consideration by the Committee of these concerns.

The first are the exemptions from APA under section 28 for both the Silver State Health Insurance Exchange and the partial exemption for the Division of Insurance. The Committee may wish to sunset this provision in four years, on June 30, 2015. There are certain agencies listed that are exempted from APA now. Two of those include the Division of Welfare and Supportive Services (DWSS) and the Division of Health Care Financing and Policy (HCF&P). I believe those divisions are exempted primarily to address any changes in federal law that may affect the provision of benefits under those programs. Also, it would allow the agencies to modify regulation to address any sudden changes in the program.

The other concern Staff has involves the positions established by this legislation. Section 23 begins by stating, "The Board shall appoint an Executive Director of the Exchange." This is not an existing position, but would likely be requested through the Interim Finance Committee (IFC) process when federal funds are received. The executive director is established in the nonclassified service of the State. Staff notes that nonclassified services are primarily reserved for staff of the Governor's Office. The Committee may wish to consider an alternative to establish this position in unclassified State service.

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Furthermore, subsection 4 of section 22 establishes employees of the Exchange are to be appointed in the nonclassified service of the State as well. The Committee may wish to consider two alternatives. The Committee may wish to place those positions in the unclassified State service or in classified State service.

CHAIR HORSFORD:

We will delay the Work Session on S.B. 440 until other members arrive and open the work session on S.B. 231.

[SENATE BILL 231 \(1st Reprint\)](#): Makes various changes relating to concealed firearms. (BDR 20-742)

SENATOR JOHN J. LEE (Clark County Senatorial District No. 1):

In discussions with the Chancellor of the Nevada System of Higher Education (NSHE), it became apparent that because of the language contained in S.B. 231, NSHE might be responsible for buying metal detectors to accommodate large events of more than 1,000 in attendance. The intent was that if someone had a concealed weapon on campus, NSHE could purchase a gun safe to be placed in a law enforcement area.

The NSHE responded with a large unsolicited fiscal note. Since that time, I have talked with Chancellor Daniel Klaich and we have determined a placard could be placed on the event buildings stating, "No firearms allowed here." We are working to eliminate the costs associated with the fiscal note. If S.B. 231 is passed from the Senate, it will receive a hearing in the Assembly and the Assembly Committee on Government Affairs may remove portions of the bill resulting in elimination of a fiscal impact.

I am requesting S.B. 231 to pass from Committee today so that further amendments can be made.

CHAIR HORSFORD:

This was an unsolicited fiscal note. However, with the agreement of the sponsor of the bill and the willingness of members of the Assembly to work on the legislation, I will accept a motion to make no recommendation on S.B. 231 and refer it to the Floor of the Senate.

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SENATOR DENIS MOVED TO REFER S.B. 231 TO THE FLOOR OF THE SENATE WITHOUT RECOMMENDATION.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS RHOADS, CEGAVSKE AND KIECKHEFER WERE ABSENT FOR THE VOTE.)

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SENATOR LEE:  
Does the Committee wish to hear S.B. 227 at this time?

SENATE BILL 227 (1ST REPRINT): Revises provisions governing the financial administration of the Real Estate Division of the Department of Business and Industry. (BDR 54-982)

MR. KRMPOTIC:  
Senate Bill 227 is a policy bill involving the Real Estate Division of the Department of Business and Industry that would essentially make the Division self-supporting through fee revenue. The money committees have closed that budget with General Fund appropriations included in the Real Estate Administration account. An amendment was proposed by the Agency at the request of Senator Lee to address the fiscal impact of the bill. One of the key aspects of the amendment is that it delays implementation until the 2013-2015 biennium. Staff would like a further opportunity to review the amendment. Staff suggests bringing S.B. 227 back to the Committee at the next Senate Committee on Finance meeting.

B&I – Real Estate Administration — Budget Page B&I-141 (Volume II)

Budget Account 101-3823

SENATOR LEE:  
I appreciate your consideration.

CHAIR HORSFORD:

We will reopen the hearing on S.B. 440. The other members of the Committee have been notified and have had ample time to complete their other business. A proposed amendment to this bill has been presented.

What is the rationale for the amendment to section 28 exempting the Division of Insurance from APA as it applies to their work related to the Exchange? The proposal seems overly broad.

BRETT J. BARRATT (Commissioner, Division of Insurance, Department of Business and Industry):

Insurance plans will conceivably be offered inside the Exchange and outside the Exchange and I need to ensure Nevada maintains market parity. The intent is for the Exchange to have the ability to promulgate regulations faster than they can at present because the Division is subject to APA. I want to have the ability to move as quickly as the Exchange does to ensure that rules or regulations that apply inside the Exchange will also apply outside the Exchange.

I am requesting a narrowly tailored exemption only for the purposes of the Exchange to ensure market parity. I am not requesting exemption for any current practices.

CHAIR HORSFORD:

The APA is very important.

MR. KRMPOTIC:

The exemption would allow the Agency to implement regulations without review by the Legislative Commission. The agencies have identified the need to draft and implement regulations quickly in response to receipt of new federal regulations. I believe the process of establishing regulations through the Legislative Commission can take anywhere from three to six months. The Agencies are requesting the ability to act more quickly to federal regulation changes.

Staff suggests a possible sunset for S.B. 440 of either two or four years into the future. If a sunset is placed on this legislation, the Committee will have further opportunities to review the process and discuss the appropriateness of the provision's continuation.

CHAIR HORSFORD:

The agencies can adopt emergency regulations by request of the Governor. Why do the agencies not utilize that process instead?

MR. BARRATT:

Our intent was that if the Exchange was exempt and there were regulations the Exchange adopted that could lead to market disparity outside the Exchange, the Insurance Commission could be exempt for the same purposes. I understand your point and the request of emergency regulations is perhaps another option.

CHAIR HORSFORD:

The regulatory process is an important part of the overall process. Problems occur when the process is not consistently followed. The regulatory process is an opportunity for the public and other stakeholders to understand how the procedures, programs, services and products will work. Because of the power within the Governor's Office and that of DHHS to promulgate emergency regulations, I do not understand why this is necessary. Is there something other than the regulatory provisions included in this section of the bill?

MICHAEL J. WILLDEN (Director, Department of Health and Human Services):

Emergency regulations are a bit more cumbersome than what is proposed. However, the divisions of DHHS that are currently exempt from the APA requirements still go through a process of public notice, hold workshops, hold hearings and adopt regulations. Our goal is to quickly adopt regulations to comply with new federal regulations.

CHAIR HORSFORD:

The DHHS can adopt and enact emergency regulations through the Governor.

MR. WILLDEN:

That is accurate.

CHAIR HORSFORD:

The request to ensure market parity within and without the Exchange seems overly broad as well.

MR. BARRATT:

The Exchange Board will have options when establishing procedures. One option would be that insurance could only be purchased through the Exchange and the



individual and small group market. Another option would be to allow purchase of insurance inside the Exchange, which is the only place the subsidies are allowed by the federal government, will be available. There would also be a market outside the Exchange similar to today's procedures. The two markets need to be the same because the risk pool is the same. I do not want the Exchange to move ahead with regulations that do or do not apply to them placing the Exchange out of parity with the outside market. I do not want to see adverse selection occur either inside or outside the Exchange.

CHAIR HORSFORD:

The Agency is asking to be exempt, allowing it to make determinations on a policy unrelated to the Exchange that is then overly broad in its authority. It would allow modifications and adjustments to meet the intent of the Exchange.

MR. BARRATT:

That is possible. The reality is, the Exchange is the "new show in town" and it will be changing and evolving for all states and for the federal government. My concern is that the traditional market will be unable to keep up. There is not an advantage for brokers or individuals to purchase a policy inside the Exchange.

CHAIR HORSFORD:

The Legislature is responsible to enact clear laws and policies. With that concern, is there another way you can achieve what is needed for the Exchange without having overly broad authority to make adjustments outside the Health Insurance Exchange or without utilizing the regulatory review process?

MR. BARRATT:

The purpose is to ensure market parity, but that is what is currently stated in the proposed amendment. Perhaps we could narrow the language.

CHAIR HORSFORD:

We will give the Agency representatives time to discuss other options.

MR. KRMPOTIC:

Another amendment was provided by Mr. Barry Gold, representing the American Association of Retired Persons. Section 15 of S.B. 440, subsection 2, paragraph (d), provides for the membership requirements for the Board and identifies appointments made by the Majority Leader of the Floor of the Senate, the Speaker of the Assembly and other members. Subsection 2, paragraph (d),

currently reads, "experience as a consumer who would benefit from services provided by the Exchange ... ." The amendment proposed by Mr. Gold expands that subsection by adding, "... experience as a consumer or consumer advocate with experience in consumer outreach and education for those who would benefit from services provided by the Exchange."

BARRY GOLD (American Association of Retired Persons, Nevada):  
We urge adoption of this proposed amendment.

BOBBETTE BOND (Health Services Coalition):  
We are a collection of self-funded insurance plans. However, we are considered a hybrid group because many of our plans also purchase commercial insurance for a portion of services we provide. Based on the testimony from Commissioner Barratt, we urge that S.B. 440 contain as much transparency as possible because we agree with the concerns of market parity.

We have found through the health care reform implementation process that the impact of health care reform on self-insured plans is not always taken into consideration by divisions of insurance in any state. The exchanges will dramatically impact self-funded plans, including those outside the Exchange.

CHAIR HORSFORD:  
Does your organization have any further amendment proposals?

Ms. BOND:  
No, but we would be happy to work on the bill with other stakeholders to ensure the regulatory process remains intact.

CHAIR HORSFORD:  
We will hold S.B. 440 at this time awaiting optional proposals. We will now open the Work Session on S.B. 427.

**SENATE BILL 427**: Provides for the merger of various state agencies into the Department of Administration. (BDR 18-1161)

MR. KRMPOTIC:  
Senate Bill 427 was heard in Committee last week as well. I will direct the Committee members to Mock-up Amendment 6791 of approximately 74 pages posted on the Nevada Electronic Legislative Information System. The bill enables

various budget actions approved by the Senate Committee on Finance and the Assembly Committee on Ways and Means, "the money committees," thus far. Those budgetary actions specify reorganizations within the Executive Branch including the merger of the Department of Information Technology into the Department of Administration (DOA) and the merger of the Department of Personnel into DOA. Those two entities would now be divisions within DOA.

The bill also transfers the:

- Division of State Library and Archives, currently under the Department of Cultural Affairs (DCA) into DOA.
- Dissolves DCA by October 1, 2011.
- Transfers the Division of Museums and History into the Commission on Tourism and renames that entity the Department of Cultural Affairs and Tourism.
- Transfers the Office of Historic Preservation to the Department of Conservation and Natural Resources.

Senate Bill 427 also addresses the reorganization of those entities after the transfers. A number of Staff in our office have reviewed the bill to ensure it only implements the decisions made by the money committees up to this point and that no unintended consequences will result. I have asked Mr. Rex Goodman to review a few issues Staff has identified. Certain areas of the bill caused concerns for the Committee members. Those include the establishment of unclassified positions.

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

Staff in our office, who have assignments for the budgets of the various entities affected by the merger, reviewed these sections of the bill. One item of concern is in section 89, on page 39, which addresses the State Public Works Board (SPWB) that is now proposed to become the State Public Works Division.

Currently, the SPWB recommends, and the Governor appoints, the manager of the Board and the deputy administrator for code compliance. Both positions are designated in the unclassified State service. Under the provisions of S.B. 427 the positions would remain unclassified, but they would move from being recommended for appointment by the Board to being recommended by the director of DOA.

In discussions with the Budget Division of the Department of Administration and the SPWB members, the recommendation was explained as aligning the appointment of these two positions in the same manner as other administrators within DOA. Currently, the division administrators of the Administrative Services Division, Division of Buildings and Grounds and Motor Pool Division are designated as unclassified positions appointed by the Governor, but recommended by the director of DOA. The Committee may wish to consider that currently, the Majority Floor Leader of the Senate and the Speaker of the Assembly recommend two members of SPWB, whereas, the director of DOA is appointed by the Governor without legislative input. Therefore, while the two positions would still be appointed by the Governor, the Legislature would have less input.

The concern is that certain positions are proposed for transfer to the unclassified service. A number of positions are identified in S.B. 427 to be transferred to the unclassified service. Many of those have been unclassified previously, but the incumbents in those positions have chosen to remain in the classified service. During each Legislative Session, a portion of the Unclassified Pay Bill includes a section allowing individuals who are in the classified service and wish to remain in the classified service may do so. Although new legislation may have moved the position to the unclassified service the incumbents are allowed to remain in classified service.

Section 144.5 of the mock-up includes similar language for a number of positions addressed in S.B. 427 that allows incumbents to retain their classified status. The heads of the units of the new Division of Enterprise Information Technology Services would no longer be chiefs of divisions; they would be named heads of the units of the new Division and would move into the unclassified service. They are already in unclassified positions in current statute, but have historically retained their classified status. This proposal appears reasonable to Staff because it follows the practice of the last several biennia.

CHRIS CHIMITS R.A. (Deputy Manager of Professional Services, State Public Works Board):

I wish to speak to the concerns expressed in section 89 of S.B. 427. The administrator and deputy administrator — building officials — of the new division are currently subject to SPWB in terms of their decisions and the established appeal process. The appeal process will continue under S.B. 427.

Two steps of the appeal process are germane to the Committee's consideration. When the deputy administrator of code, under the new merger bill, makes a decision, in terms of code interpretation, if the agency affected does not agree with his decision, they have the right to appeal it to the appointed members of the Board. The Board then forms an advisory committee composed of technically based experts. The committee renders an opinion of the building official's decision and reasoning process; and takes part in a negotiated solution. However, there has never been an instance in which SPWB has had to utilize the advisory board methodology. We have gained consensus in more than 150 cases utilizing our expertise and that of the State fire marshal and the Occupational Safety and Health Administration.

The second level of the appeal process is that any decision made by the administrator of the new division or the deputy administrator, building official, can be appealed to the Board at any point. That existing influence as exercised by the Board would not dissipate.

MICHAEL FISCHER (Acting Director, Department of Cultural Affairs):  
The Staff of the Fiscal Analysis Division was provided a proposed amendment from the Office of the Lieutenant Governor because no position of director was specified for the Division of Tourism created within S.B. 427. I am not aware of the current status of that proposed amendment.

MR. KRMPOTIC:  
Staff has provided a copy of the proposed amendment for the Committee ([Exhibit D](#)).

MR. FISCHER:  
This proposed amendment would have no budget impact. It has been through an Executive Branch review. Existing resources would be utilized to fill the position within the Division of Tourism as it is created.

CHAIR HORSFORD:  
This is a director-level position. What existing resources are at a director level?

MR. FISCHER:  
This would be a division administrator position. It would be filled with someone who has an existing salary within the Department of Tourism.

CHAIR HORSFORD:

Would an existing funded position be reclassified as the administrator of this division?

MR. FISCHER:

The intent is to have no deleterious budget impact by using existing budget resources within the current Department of Tourism.

CHAIR HORSFORD:

Is this position funded in the final budget?

MR. KRMPOTIC:

Staff conversed with Mr. Fischer regarding this position. The position is funded in the budget. However, it is not funded at the salary level that either the Lieutenant Governor or DOA would like. Staff checked the Tourism budget account and there are sufficient reserves to provide for the increase in salary. If approved, the position would need to be included in the Unclassified Pay Bill. It is not identified in the current draft of that legislation. An administrative position exists in the current administration portion of the Agency.

MR. FISCHER:

Mr. Steve Woodbury from the Department of Tourism is present and could discuss the budget issue more thoroughly.

STEVE WOODBURY (Chief Deputy Director, Commission on Tourism):

We concur with the statement that the reserves are sufficient if we wanted to increase the salary of this position and if this amendment is approved. It would provide parity with other positions under the reorganization.

SENATOR LESLIE:

I am puzzled as to why this was not brought out during the budget process. It seems like a last-minute proposal. Why is this needed?

MR. FISCHER:

It was discovered there were division administrator positions for the newly created Department of Tourism and Cultural Affairs. Similar positions are addressed in the other reorganization proposals. The change in structure of the new Department adds similar duties. This situation was discovered at the last minute.

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CHAIR HORSFORD:

I will relinquish the gavel to the Vice Chair at this time.

VICE CHAIR LESLIE:

How could that have been missed? It seems a little fishy. It might be completely legitimate, but I would be more comfortable if this had been discussed during subcommittee hearings.

SENATOR DENIS:

A couple of opportunities were provided to discuss this request.

MR. FISCHER:

I agree. It is not fishy. It is an honest, inadvertent oversight much like other historical situations. The Agency felt it was better to bring this forward now, rather than to deal with it at a later time. This was only discovered on May 18, 2011.

VICE CHAIR LESLIE:

Will there be a budget amendment presented to rectify the salary disparity using reserve funds?

MR. KRMPOTIC:

The position would need to be established in the Unclassified Pay Bill. Currently, it is not. Neither the title, nor the salary of the position is established.

Additionally, if the amendment is approved, rather than reopening the budgets, the Agency could come to the IFC with a work program proposal to adjust the salary.

SENATOR DENIS:

Even though this item was not discussed in subcommittee, it is not a bad proposal. It appears to be an appropriate proposal.

VICE CHAIR LESLIE:

I will now return the gavel to the Chair.

CHAIR HORSFORD:

What is the pleasure of the Committee regarding S.B. 427?

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SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS S.B. 427 INCORPORATING THE MOCK-UP AMENDMENT AS PRESENTED AND THE ADDITIONAL AMENDMENT TO ALLOW THE APPOINTMENT OF AN ADMINISTRATOR FOR THE DIVISION OF TOURISM.

SENATOR PARKS SECONDED THE MOTION.

CHAIR HORSFORD:

The motion is made with the understanding that the position will be included in the Unclassified Pay Bill.

MR. KRMPOTIC:

The position would need to be identified in the Unclassified Pay Bill with an established salary. Staff is currently working through the Unclassified Pay Bill, the General Appropriations Act and the Authorized Expenditures Act. If technical issues are identified that conflict with the language in S.B. 427, Staff requests permission to bring those items back to the Committee.

SENATOR DENIS:

The Agency will need to come before IFC with a Work Program to adjust salary differences.

MR. KRMPOTIC:

That is correct. It appears there would be a difference in salary for the proposed position. If the amendment is approved, the Agency would need to appear before IFC to fund the salary difference for the position.

CHAIR HORSFORD:

We have a motion with that understanding and the amendment to the Unclassified Pay Bill.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

We will now return to S.B. 440.



MR. WILLDEN:

For discussion purposes, there are probably two possibilities. Is the Committee concerned whether the Silver State Exchange would be exempt from APA or whether the insurance commissioner would receive a partial exemption from APA?

If the issue is simply the insurance commissioner's partial exemption, that exemption would not be needed for another two years. We could leave the Silver State Exchange exempt as was proposed, but delete the amendment to add the insurance commissioner to the exemptions. Those market parity issues will not arise until 2014. That is Option No. 1.

The second option is, if it is felt both the Exchange and the insurance commissioner should follow APA guidelines, the emergency regulation process may be acceptable. We have been in contact with our lawyers. The process for emergency regulations is; an agency can recommend and the Governor can concur, that an emergency regulation is necessary. Emergency regulations are in force for 120 days. I have been advised that there is no requirement for public input to adopt emergency regulations. The DHHS believes in transparency in all its actions.

When an action is exempt from APA requirements, DHHS has committed to always hold a public hearing, workshops and provide 30 days notice. Therefore, the emergency regulation process can work, but there is no requirement for public input in that process. We would need to move to permanent regulations within the 120 days involving a public input process.

Our preference is that the Silver State Exchange should be exempt because of the timeliness needed for passage of regulations. We can defer the insurance commissioner discussion for two years.

CHAIR HORSFORD:

We will hold the proposed amendment to exempt the insurance commissioner at this time. How will you approach the process for the Exchange if DHHS is exempt from APA?

MR. WILLDEN:

The current practice in the current divisions that are exempt is, that when we need to adopt a regulation or change a State plan, we issue a notice to the

public at least 30 days prior to adoption of the regulation. We hold workshops where public input is gathered. Then an adoption hearing is held and the administrator of that division adopts the regulation based on the public input.

CHAIR HORSFORD:

What happens in a situation where APA requirements are being met?

MR. WILLDEN:

If DHHS needed an emergency regulation under APA, my office would approach the Governor stating a regulation needs to be adopted within the next 30, 60 or 90 days. The Governor would either approve or deny the request. The request would become regulation upon approval by the Governor. The emergency regulation is valid for 120 days. We would then need to develop a temporary or a permanent regulation through the normal process.

SENATOR LESLIE:

Is there any prohibition for solicitation of public input in an emergency regulation before it is submitted to the Governor?

MR. WILLDEN:

There is no prohibition. It is an issue of timeliness. As an example, if a patient safety issue occurs, we may take action without public input, but if it is something where we have 45 or more days, as specified through statute, we would utilize a public hearing process.

SENATOR LESLIE:

I am concerned that if the APA requirements are exempt, from what other requirements are you exempt?

MR. WILLDEN:

Section 28 of S.B. 440 lists the agencies that are currently exempt. The two exemptions in DHHS are DWSS and HCF&P.

SENATOR LESLIE:

Why are those entities exempt?

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MR. WILLDEN:

We need to move quickly when new federal regulations are received. Sometimes those regulations are either retroactive or require implementation within 30 days.

SENATOR LESLIE:

Do you typically seek public input?

MR. WILLDEN:

We always include public input.

CHAIR HORSFORD:

I will entertain a motion on S.B. 440 with the amendments as proposed excluding section 28, subsection 2, and with Mr. Gold's amendment.

MR. KRMPOTIC:

Does the Committee wish to discuss the nonclassified positions in the bill? They are included in section 23, where the bill establishes an executive director as a nonclassified position and the other employees in nonclassified positions as well.

SENATOR LESLIE MOVED TO AMEND AND DO PASS S.B. 440 WITH THE AMENDMENTS EXCLUDING SECTION 28, SUBSECTION 2, AND INCLUDING MR. GOLD'S AMENDMENT.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

We will now consider S.B. 446.

[SENATE BILL 446](#): Revises provisions governing the composition of the State Department of Conservation and Natural Resources. (BDR 18-1209)

MR. KRMPOTIC:

Senate Bill 446 was heard by the Committee last week. This is also a budget implementation bill.

Section 1 of the bill is cleanup language to eliminate two assistant directors and establish one deputy director for the Department of Conservation and Natural Resources.

The bill modifies the sections of statute concerning the conservation districts and elimination of the State Conservation Commission which oversees the conservation districts. It also eliminates the Commission for the Preservation of Wild Horses.

The bill was originally submitted to eliminate the conservation districts. However, the Committee acted to continue a portion of funding for the conservation districts with the establishment of one position and related operating costs as flow-through funding allocated to the conservation districts.

At the request of the Committee, the Department submitted an amendment ([Exhibit E](#)). The amendment would enable the changes in the bill to agree with the budgetary actions of the Committee.

Page 2, section 1 of the amendment retains the State Conservation Commission consistent with the actions taken by the money committees. Related travel and operating costs associated with the Commission were included in the bill. The Commission oversees the conservation districts.

Page 3 of the mock-up amendment retains the State Conservation Commission.

Page 4 of [Exhibit E](#) proposes to establish the conservation districts as a program rather than as a division. The conservation districts were previously identified as a division of the Department under NRS 232.090. It was the desire of the Agency, through the amendment, to establish this as a program given the size and stature of the entity now. Members of the public did not voice objections to that change during the hearing on S.B. 446.

The original bill language of S.B. 446 was eliminated which provided for the oversight of the conservation districts by the State Environmental Division. Now

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that the conservation district funding has been retained, the Agency proposes that the State Conservation Commission oversee the conservation districts.

Page 9 of [Exhibit E](#) retains the duties of the State Conservation Commission beginning in section 15.

Page 10 of [Exhibit E](#) again identifies the conservation districts as a program rather than as a division.

Those are the major provisions associated with the amendment. The remaining pages of the bill and the amendment submitted by the Agency primarily concern language retaining the Commission and the conservation districts program.

Staff has reviewed the bill and has no additional concerns related to actions taken in the budget.

CHAIR HORSFORD:

I will entertain a motion on S.B. 446.

SENATOR RHOADS MOVED TO AMEND AND DO PASS S.B. 446.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR HORSFORD:

The Committee will stand in recess at 10:47 a.m. until the call of the Chair.

The Committee will reconvene at 4:26 p.m. and open the hearing on S.B. 60.

[SENATE BILL 60 \(1st Reprint\)](#): Revises provisions relating to the Fund for Renewable Energy, Energy Efficiency and Energy Conservation Loans. (BDR 58-410)

MR. KRMPOTIC:

I would propose that Ms. Stacey Crowley present amendments to this bill. This bill was heard on April 20, 2011, and amendments were discussed. The

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Committee has not heard the proposed amendments from the Office of Energy. The first amendment has been provided to the Committee ([Exhibit F](#)).

STACEY CROWLEY (Director, Office of Energy, Office of the Governor):  
Senate Bill 60 regards the revolving loan program begun with American Recovery and Reinvestment Act of 2009 funding. The program has been successful.

The amendment would expand the uses of the fund to include energy efficiency and conservation projects. Currently, the Program only addresses renewable energy. Therefore, the first amendment clarifies that the director may consider multiple funding sources to fund its projects. At the last Senate Committee on Finance meeting, it was noted the existing language does not allow loans to be made if there are other grants or monies provided through other government entities. The revolving loan funds rely on multiple funding sources to begin proposed projects.

The new language would state: "The director shall take into account all funding sources an applicant has ... when making a determination as to how much additional funding the applicant may reasonably need." The Office of Energy is not providing funds for free.

The second part of the amendment clarifies that the director may use the interest earned on the original funds and the interest earned on loans made from the fund. This would defray in whole, or in part, the costs for administration of the fund.

I took each amendment separately in case the Committee wants to vote them individually.

The second amendment ([Exhibit G](#)) is based on a conversation at a Committee meeting last month. The Office is finding that in these types of projects, we need to be as flexible as possible with the funding sources. Therefore, we wanted to ensure the director has the authority to utilize these loans in cooperation with other third party sources.

The Office's intent was to have the ability to enter into agreements with third parties to provide for enhanced leveraging. We have talked with several

financial consultants and they suggested adding the language in [Exhibit G](#) to S.B. 60.

SENATOR LESLIE MOVED TO AMEND AND DO PASS S.B. 60 WITH THE PROPOSED AMENDMENTS.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR DENIS WAS ABSENT FOR THE VOTE).

\*\*\*\*\*

CHAIR HORSFORD:

We will now open the Work Session on S.B. 426.

[SENATE BILL 426](#): Makes various changes related to energy. (BDR 58-1156)

MR. KRMPOTIC:

The Agency has proposed amendments for S.B. 426 which are provided to the Committee ([Exhibit H](#), [Exhibit I](#) and [Exhibit J](#)).

MS. CROWLEY:

There are three proposed amendments to S.B. 426. This bill is what we call the "merger bill." It seeks to merge the Office of Energy and the Nevada Renewable Energy and Energy Efficiency Authority. There were questions raised and clarification requested at the original hearing on this bill regarding how the Office of Energy engages in these contracts. The SPWB has comments on one of the amendments.

Amendment 1 to S.B. 426 adds a new subsection to section 34 which would allow the director to contract for certain energy-related services for the benefit of State agencies. We would utilize the same requirements and processes that other agencies follow under NRS 333. The amendment would allow the Office to enter into contracts for renewable energy and energy efficiency projects where there might be a gap in up-front funding needed by SPWB. The projects we tend to consider under these guidelines are those that can be done either with third-party contractors or financing as performance contracting or power purchase agreements.

The suggested addition to S.B. 426, requested by SPWB, states the contractor associated with these projects must submit a request for a permit through SPWB. That would allow the Office of Energy and SPWB to be in collaboration of these projects.

Amendment 2 in [Exhibit I](#) is a follow-up to the budget as closed by both the Senate and the Assembly. Currently, within the Renewable Energy Tax Abatement Program a portion of the tax revenue from those applicants is allocated to the Renewable Energy Fund. The policy states that 75 percent of that tax revenue is allocated to offset the cost of electricity to retail customers of a public utility. The remaining 25 percent stays in the fund for use by the director of the Office of Energy.

During the budget closings, as well as in other discussions, we hoped to reduce the amount that is used to offset the cost of electricity to retail customers and allow a larger portion to be utilized by the Office of Energy to perform its programs and meet statutory requirements.

MR. GOODMAN:

I was just informed that the budget accounts were closed utilizing 75 percent included for cost offsets. If that is changed to 50 percent, we may want to clarify what the budgetary impact would be.

MS. CROWLEY:

In the past, there has been no specific process for movement and division of those funds. This is a new program. Under the provisions of the Seventy-fifth Legislative Session, it was indicated that the funds would be allocated to the Public Utilities Commission (PUC). They have not planned for those funds, it is not in their budget and we have no written or verbal agreement in place at this time. In our discussions with PUC, as long as the funds are allocated to offsetting costs, PUC has no authority to receive the funds.

I believe the changes would only affect the budget in a positive manner. No other agency has sought allocation of those funds.

CHAIR HORSFORD:

I will pass the gavel to the Vice Chair.



VICE CHAIR LESLIE:

Is that sufficient? There appears to be a discrepancy.

MR. KRMPOTIC:

I would ask a Staff person to explain how the 75 percent portion is built into the budget.

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

The budget for the Office of Energy has been closed with 75 percent of the revenue from the Property Tax Abatement Program being allocated to offset the utility costs as regulated through PUC and the remaining 25 percent made available to the Office of Energy. The 25 percent is allocated for operating and personnel expenses. If this amendment were to be approved, it would decrease the amount of funding that would be available to offset costs to utility customers. There is also no designated intent for use of the funds within the Office of Energy budget account during the upcoming biennium.

SENATOR KIECKHEFER:

If the 75 percent to be utilized to offset energy costs is reduced to 50 percent will it have an impact on the ratepayer's bill?

MS. SAKELARIOS:

The Agency will need to answer that question. It appears current procedures do not include a defined mechanism to implement the 75 percent designated for PUC-regulated utilities. I am not aware of how that will be translated to a customer.

MS. CROWLEY:

In conversations with PUC, they have expressed their opinion that they have no authority to allocate those funds. If they did, they felt it would be *de minimis* on a rate payer's bill. The amount would be less than 1 cent, when spread among all rate payers.

SENATOR KIECKHEFER:

Is the PUC not utilizing the 75 percent being allocated to them at this time?

MS. CROWLEY:

That is correct. It is a new program; therefore, funds are just beginning to be received into the fund. No plan or process has been put in place.

Offsetting costs to ratepayers can be accomplished in multiple ways. Some of the programs we would like to implement, that are authorized in statute, are to provide incentive grant opportunities, public education and similar programs. That is our intent with an adequate funding allocation.

SENATOR KIECKHEFER:

What amount of revenue would ultimately be generated when it is fully implemented?

MS. CROWLEY:

This program is based on the number of applicants who apply for renewable energy tax abatements. The funding is fairly unstable. Based on five applications that were approved prior to our budget closing, we believe the revenue will be approximately \$900,000 annually, or \$300,000 for the Office of Energy. The amount of funds divided among all ratepayers is essentially very small.

SENATOR KIECKHEFER:

It seems like there might be a better way to utilize this revenue. If the funds will not actually offset costs to ratepayers, as required in statute, perhaps it can be utilized more appropriately in the Office of Energy.

VICE CHAIR LESLIE:

How much money are we talking about? Never underestimate ratepayers. I have had individuals call me because they are mad about 13 cents on their power bills.

MS. CROWLEY:

I do not have that information with me today.

MS. SAKELARIOS:

According to the documents that were used when the budget account was closed, the revenue projections were \$1.65 million in FY 2011-2012 and \$1.63 million in FY 2012-2013. A portion of that funding was allocated for administrative costs within the Office of Energy. The committees voted to close that account with additional funds from this revenue being used as a

General Fund offset. The 75 percent amount is in excess of \$1 million designated for the PUC offset.

VICE CHAIR LESLIE:

Does Staff have any further insight on this matter?

MR. KRMPOTIC:

There was not a detailed discussion of exactly how the 75 percent would be used or the impact on the ratepayers. If the policy changes, it appears there is an extra 25 percent of the revenue that becomes available. I am unsure how that would be applied or where it would be applied. If the offset amount is reduced to 50 percent, where will the remaining 25 percent be allocated?

MS. CROWLEY:

We would like to utilize the funds to implement programs that are authorized in statute. Several sections of the bill mention a "fund." There is another fund allocated to the Office of Energy in statute that is unclear as to where the funds are derived or how they are spent. It does state it is to be used for public education, grants and opportunities for folks to reduce their energy costs. My intent is to use the 25 percent to implement those programs. There is no other funding source for those programs.

MR. KRMPOTIC:

If the Committee wishes to adopt this amendment, Staff suggests the Agency be asked to approach IFC to request use of the funds in an alternative manner. Therefore, the Committee would have the final voice as to whether they find the proposed projects to be meritorious and consistent with the mission of the Agency.

MS. SAKELARIOS:

In current statute, any revenue generated in the current biennium for this program was designated for allocation to the General Fund. The funding would be allocated to the Office of Energy on July 1, 2011, with the proposed funding split.

SENATOR PARKS:

In reviewing the proposed language for section 34, subsection 8, of Amendment 1, the first line indicates Engineering and Construction in initial

capital letters, which would normally indicate it is a specific program. Should those be in lower case?

MS. CROWLEY:

I am unsure why they are indicated in capital letters. There is no such program at this time.

Amendment 3, in [Exhibit J](#), is based on new information that has been revealed through the Department of Taxation on May 4, 2011. Mr. Scott Scherer will explain the Department of Taxation ruling that led to this amendment.

VICE CHAIR LESLIE:

I will now return the gavel to the Chair.

CHAIR HORSFORD:

We are in a Work Session; therefore, comments need to be made expeditiously.

SCOTT SCHERER (CleanPath Renewables - CA):

There was an exemption in the statute under NRS 701A.200, formerly in Chapter 361. The Nellis solar energy project was built under that exemption. We had obtained an interpretation of the statute at that time that the exemption did apply both in the State and with the Clark County Assessor. Recently, other developers who are trying to build similar projects, specifically one for the City of Reno, were told that they did not meet the definition of a qualified system because it was a municipal building, not a commercial industrial building and it would be owned by a third party. The owner would be an energy developer rather than the City of Reno.

We testified before the Senate Committee on Commerce and Labor on behalf of the Nellis project to ensure when the statute was recodified, the interpretation would not change. Both the Department of Taxation and the Committee confirmed their intent that the previous interpretation would not change. The Office of the Attorney General's opinion states the statutory language, especially when being narrowly construed as an exemption, does not support the legislative intent.

We are requesting Amendment 3 to clarify the intent. There are a number of important solar energy projects within municipalities awaiting this change. The tax has not been collected because of the prior interpretation. It is not a loss of

tax revenue. In fact, there will be a gain in sales tax and modified business tax revenue through these projects. If the projects go forward, a number of jobs will be created. The amendment in [Exhibit J](#) would clarify the language. I am not aware of anyone who is opposed to this proposed amendment.

CHAIR HORSFORD:

Are there any other proposed amendments to S.B. 426?

MS. CROWLEY:

No, there are not.

JEFFREY FONTAINE (Nevada Association of Counties):

I want to clarify a comment made by Ms. Crowley concerning the source of revenue. The source of revenue related to her amendment to fund the Office of Energy is derived from local property taxes. It is not based on the number of applications for projects. It is based upon approval of the projects. With all due respect to Ms. Crowley, this sets up a conflict where her budget is premised on approval of projects.

More importantly, are the comments made as to *de minimis* benefits to ratepayers and use of the funds by the Office of Energy? We would submit it would be better for the funds to go back to the counties and local governments from which it was derived.

Why did the original bill delete the requirement to provide the analysis of the impact of tax abatements to the local governments? It is now at the discretion of the Department of Taxation and the Energy Commissioner. Those analyses are important, particularly to the rural counties so they understand what impact approval of these projects would have on their budgets.

CHAIR HORSFORD:

Three amendments have been proposed to S.B. 426. Amendments 1 and 3 seem reasonable. Amendment 2 will not be included and we will provide the Office of Energy with the opportunity to appear before IFC to request any funds necessary based on specifications of the proposed programs.

MR. KRMPOTIC:

Staff had a concern under Amendment 1 regarding circumventing the SPWB process. Ms. Crowley indicated they would entertain language changes to

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include submission of building permits to SPWB. Staff requests that language be included in the amendment.

CHAIR HORSFORD:

I see no objections to that suggestion.

SENATOR LESLIE MOVED TO AMEND AND DO PASS S.B. 426 WITH AMENDMENT 1, INCLUDING CLARIFYING LANGUAGE, AND AMENDMENT 3.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

We will now open the Work Session on S.B. 443.

SENATE BILL 443: Requires counties to pay the expense of presentence or general investigations and reports made by the Division of Parole and Probation of the Department of Public Safety. (BDR 14-1202)

MR. KRMPOTIC:

Senate Bill 443 is enabling legislation to require the counties to pay for the expense of presentence investigations (PSIs) within the Division of Parole and Probation. The Committee is aware this issue has received considerable discussion and focus. The Governor's original budget recommendation was for the Division to eliminate the related positions. The presumption was that the counties would begin to perform PSIs themselves. Subsequent to the Governor's original budget submittal, the Budget and Planning Division of the Department of Administration submitted a budget amendment to retain the positions and the duties in the budget and to bill for reimbursement from local governments. The counties would pay for the services provided to the courts throughout the State. The money committees ultimately approved the budget to include charging the counties for 70 percent of the cost and adding a General Fund appropriation to reflect the State assuming 30 percent of the costs. Staff suggests a change to the language in S.B. 443.

CATHERINE CROCKET (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

Staff has a proposed an amendment for this bill to limit payment from the counties to 70 percent of the expenses incurred for PSI functions. Staff would also suggest removal of the section of the bill that references NRS 176.133 to 176.159 and limit the bill to two sections including only PSI and the general investigations. We also suggest exclusion of the expenses for the psychosexual evaluations. We recommend the counties pay the expenses on not less than a quarterly basis to the Division of Parole and Probation.

MR. KRMPOTIC:

Currently, S.B. 443 would charge the entire cost of this function to the counties. There are a couple of choices for the Committee:

- Include the 70 percent amount in statute.
- Include language "in the proportion authorized by the Legislature."

The proportion for the 2011-2013 biennium would then be 70 percent. Ms. Crocket has indicated that the statute should exclude the psychosexual evaluations. That was a request by the Agency because the function would be retained by the Division.

There were no recommendations from the Agency regarding the billing process. The "not less than quarterly basis" is a suggestion on the part of Staff. The Committee may wish to ask the Agency if that is acceptable.

BERNARD W. CURTIS (Chief, Division of Parole and Probation, Department of Public Safety):

We concur with your Staffs' suggestions. The psychosexual evaluations were a budgeted item for our Division and we can continue to perform that function.

MR. FONTAINE:

We understand the situation and appreciate the fact that the original cost has been reduced to 70 percent, but we still have questions regarding the bill. Are we funding 77 PSI writers or are we funding 77 staff that have additional duties? Most PSIs written are for felony charges and those individuals are sentenced to the State system whereas most misdemeanors are sentenced into the county systems.

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CHAIR HORSFORD:

Your situation has improved in the last 24 hours, so hopefully your position has too.

SENATOR LESLIE MOVED TO AMEND AND DO PASS S.B. 443 WITH THE AMENDMENTS PROVIDED BY THE FISCAL ANALYSIS DIVISION STAFF INCLUDING THE 70/30 SPLIT AND THE QUARTERLY PAYMENTS.

MS. CROCKET:

Staff would also recommend that the Agency adopt regulations to explain the billing mechanism.

SENATOR LESLIE MOVED TO ADD THE AMENDMENT CONCERNING REGULATIONS TO HER MOTION.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

We will now open the Work Session on S.B. 471.

[SENATE BILL 471](#): Revises provisions relating to public health. (BDR 40-1200)

MR. KRMPOTIC:

I will ask our Staff to explain the budget closing to the Committee and on what the bill was originally premised.

LAURA FREED (Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

Senate Bill 471 was originally intended to cover a few more items than it does in its present form due to the budget closing decisions.

Section 1 of the bill as introduced refers to the fact each county shall reimburse the Health Division for services provided pursuant to NRS Chapters 432A, 439, 441A, 444, 446, 450B and 583 without limitation. Given the budget closings for the Health Division, the need is less in that section to cite various chapters



of NRS. Staff believes it would be necessary to have Chapters 439, 444, 446 and 583 of NRS remain in the bill. The bill would require the counties to pay for consumer health protection services, specifically the environmental health inspection services.

In addition, we suggest section 2 of S.B. 471 be amended to add the language similar to the last bill, "The Health Division shall bill each county, not less than quarterly" and add a section requiring the Health Division to adopt any regulations necessary to implement the provisions of the act on or before October 1, 2011.

Staff suggests a further amendment to the bill to implement a mechanism for informing IFC in the event that counties choose to provide certain public health services on their own. In that case, Staff suggests a budget reduction plan, a description to IFC of the attendant impact on the State's public health mechanism and a plan for assuring the public health safety and welfare should the counties decide to provide those services.

MARLA MCDADE WILLIAMS, B.A., M.P.A. (Deputy Administrator, Health Division, Department of Health and Human Services):

No one has discussed the proposed amendment with our Division. Could Ms. Freed restate the chapters of NRS that would not apply?

MS. FREED:

Those chapters are Child Care Facility Licensure in NRS Chapters 432A and 450B relating to emergency medical services licensure and training.

MS. WILLIAMS:

If the proposal eliminates those items and retains NRS Chapters 439, 441A, 444, 446 and 583, the Health Division would support the amendment. Perhaps permissive language could be added if any changes in the affected chapters occur because I am unsure about the Child Care Facility Licensure. We agree with all other proposals.

MR. KRMPOTIC:

In other legislation that seeks reimbursement from the counties or transfers services to the counties, the Committee has heard testimony from certain local entities regarding the possibility of assuming services in the future. That has not been unanimously voiced by all counties, but certainly Carson City, Washoe,

Lyon, Douglas and Storey Counties have voiced their willingness to assume certain functions. Staff is working on universal language that may be included in S.B. 471 and a number of other bills of a similar nature.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS S.B. 471.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. KRMPOTIC:

The final item Staff would bring to the attention of the Committee is S.B. 427 which was heard and passed by the Committee earlier today. In approving that bill, the Committee adopted an amendment that would provide for a division administrator position in the Division of Tourism. That position would be established by utilizing another existing unclassified position and modifying the title. The Agency spoke with Staff regarding establishment of a salary for the position. Staff indicated this morning that the position was to be included in the Unclassified Pay bill.

Rather than going back and adding the position into the Unclassified Pay bill, Staff would suggest the Committee move forward with the amendment establishing the position in S.B. 427 and that the Committee make a determination regarding the salary level for the position. The Agency's position is to set the salary level at a level equal to other administrators in the Department. The salary cost would be approximately \$95,000 annually. That amount includes the 2.5 percent salary reduction previously approved by the Committee. The Committee may wish to hear from Mr. Fischer or the Lieutenant Governor supporting that salary level.

MR. GOODMAN:

The exact annual salary for that position would be \$95,453 which is equivalent to the other administrators that would be transferring from the Department of Cultural Affairs.

MR. KRMPOTIC:

The budgets were closed without that higher salary level included. Staff suggests the Agency return to IFC to request a transfer from its reserve. The reserve is approximately \$2.8 million and representatives from the Commission on Tourism testified this morning that the Agency had ample reserves to meet the higher salary level not included in the budget.

A clarification of the motion should address the situation rather than reopening the budget if the maker of the motion agrees. It could be added to the bill with that clarification in the amendment previously identified.

SENATOR KIECKHEFER MOVED TO AMEND HIS PREVIOUS MOTION ON S.B. 427 TO ALLOW A SALARY ADJUSTMENT FOR THE DIRECTOR POSITION FROM THE RESERVE FUNDS.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

Seeing no further business to come before the Committee, this meeting is adjourned at 5:13 p.m.

RESPECTFULLY SUBMITTED:

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Cynthia Clampitt,  
Committee Secretary

APPROVED BY:

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Senator Steven A. Horsford, Chair

DATE: \_\_\_\_\_

<b><u>EXHIBITS</u></b>			
<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Attendance Roster
S.B. 440	C	Mark Krmpotic, Fiscal Analysis Division, LCB	Proposed Amendment
S.B. 427	D	Mark Krmpotic, Fiscal Analysis Division, LCB	Mock-up Amendment 6791
S.B. 446	E	Mark Krmpotic, Fiscal Analysis Division, LCB	Proposed Amendment
S.B. 60	F	Stacey Crowley, Office of Energy	Proposed Amendment 1
S.B. 60	G	Stacey Crowley, Office of Energy	Proposed Amendment 2
S.B. 426	H	Stacey Crowley, Office of Energy	Proposed Amendment 1
S.B. 426	I	Stacey Crowley, Office of Energy	Proposed Amendment 2
S.B. 426	J	Stacey Crowley, Office of Energy	Proposed Amendment 3