

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

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

The Senate Committee on Finance was called to order by Chair Steven A. Horsford at 8:24 a.m. on Saturday, June 4, 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:

Senator Allison Copening, Clark County Senatorial District No. 6
Senator Michael A. Schneider, Clark County Senatorial District No. 11

STAFF MEMBERS PRESENT:

Rex Goodman, Principal Deputy Fiscal Analyst
Eric King, Program Analyst
Mark Krmpotic, Senate Fiscal Analyst
Wade Beavers, Committee Secretary

OTHERS PRESENT:

William Uffelman, Nevada Bankers Association
Garrett Gordon, Southern Highlands Homeowners Association
Bryan Gresh, Community Association Management Executive Officers, Inc.
Renny Ashleman, City of Henderson

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Chris Ferrari, Concerned Homeowners Association Members Political Action Committee

Judy Stokey, NV Energy

Steve Wiel, Nevada Representative, Southwest Energy Efficiency Project

Stacey Crowley, Director, Office of Energy, Office of the Governor; Acting Nevada Energy Commissioner

Rebecca Gasca, Legislative and Policy Director, American Civil Liberties Union of Nevada

Mike Draper, General Motors Company

David Goldwater, Google Inc.

Todd R. Campbell, Director of Public Policy, Clean Energy Fuels

Kyle Davis, Nevada Conservation League

Susan Fisher, City of Reno

Lesley Pittman, United Way of Southern Nevada

Dolores Hauck, United Way of Southern Nevada

Mendy Elliott, United Way of Northern Nevada and the Sierra

Dr. Michael Thompson, Child Care Association of Nevada

Carol Levins, Creative Kids Learning Center

David Walton, Regional Director, Challenger Schools

Maureen Avery, Creative Kids Learning Center

Jack Woodcock

James R. Wells, Executive Officer, Public Employees' Benefits Program

CHAIR HORSFORD:

I will open the hearing on Senate Bill (S.B.) 428.

SENATE BILL 428: Makes an appropriation to the State Gaming Control Board to replace computer and technology hardware. (BDR S-1243)

This bill has been discussed several times and the Committee is prepared to make a decision.

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

Senate Bill 428 allows for an appropriation from the General Fund to the Gaming Control Board for replacement computer and technology hardware in the amount of \$1,256,104. Staff is providing a worksheet ([Exhibit C](#)) which outlines these costs.

Based on testimony which was provided by representatives of the Gaming Control Board, there are several options available to the Committee in reducing the appropriation. This would be based on two scenarios. In the first, as described on page 1 of [Exhibit C](#), all items purchased before or during fiscal year (FY) 2006-2007 would be replaced. Staff has worked with the Board to compile this information. By adjusting the replacement time frame, the appropriation needed for the Board would be a total of \$784,758. In comparison to the original figure, this would amount to a reduction of \$471,346 to the overall appropriation.

The second option, as described on page 2 of [Exhibit C](#), would provide for the replacement of items which fall into the first or second priority groups, as determined by the Board. These items would have been purchased before or during FY 2006-2007, with the exception of one switch which was purchased in FY 2007-2008. This would amount to a cost of \$719,957. In comparison to the original figure, this would amount to a General Fund reduction of \$536,147.

CHAIR HORSFORD:

Based upon this review, and in light of the need for the identified equipment, I would accept a motion to approve the second option as an amendment to [S.B. 428](#).

SENATOR PARKS MOVED TO AMEND AND DO PASS [S.B. 428](#).

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

I will open the hearing on [S.B. 425](#).

[SENATE BILL 425](#): Makes an appropriation to the Department of Motor Vehicles for the replacement of computers and other associated equipment.
(BDR S-1264)

MR. KRMPOTIC:

Staff has provided Amendment 810 to S.B. 425 ([Exhibit D](#)). There were originally 15 or 16 separate bills which identified one-time appropriations for the Department of Motor Vehicles (DMV) from the State Highway Fund. At the request of Chair Horsford, Legal Division Staff have combined each of those individual bills and appropriations into S.B. 425. These are now listed in various sections of the bill. The collective amounts identified in S.B. 425 now total approximately \$3.6 million in State Highway Fund money. This is equivalent to what has been included in the Governor's recommended budget for one-time appropriations to DMV.

I will briefly describe various sections in the amendment. In section 1, there is a provision for the appropriation of \$102,584 for computer hardware, software and printers. This would be made to the Director's Office of DMV, B/A 201-4744.

PUBLIC SAFETY

MOTOR VEHICLES

DMV – Director's Office — Budget Page DMV-1 (Volume III)
Budget Account 201-4744

This was the provision which was originally included in S.B. 425. The identification of the Director's Office as the recipient of these funds has been added in the amendment to provide greater clarity about the destination and the purpose of the appropriation.

Section 2 provides for an appropriation to the Automation account, B/A 201-4715, totaling \$905,210 for replacement of computer hardware, software and printers.

DMV – Automation — Budget Page DMV-15 (Volume III)
Budget Account 201-4715

This section previously represented the appropriation which was included in S.B. 425.

Section 3 is on page 3 of [Exhibit D](#). This is a provision for the appropriation of \$49,323 to the Central Services Division, B/A 201-4741.

DMV – Central Services – Budget Page DMV-40 (Volume III)
Budget Account 201-4741

This appropriation was previously included in S.B. 454 in the same amount. However, the receiving Division has now been specifically identified.

[SENATE BILL 454](#): Makes an appropriation to the Department of Motor Vehicles for the replacement of office equipment. (BDR S-1260)

Section 4 would make a \$23,670 appropriation for replacement office equipment in the Motor Carrier Division, B/A 201-4717.

DMV – Motor Carrier — Budget Page DMV-63 (Volume III)
Budget Account 201-4717

This was previously included in S.B. 455.

[SENATE BILL 455](#): Makes an appropriation to the Motor Carrier Division of the Department of Motor Vehicles for the replacement of a vehicle and office equipment. (BDR S-1252)

The \$23,670 is a reduced amount from the original request of \$41,613, as outlined in section 4 of [Exhibit D](#). The reduction occurred because the appropriation which was originally included in the bill included a replacement vehicle. An amendment, in addition to testimony, has been provided by DMV indicating that they are requesting to make the appropriation for the vehicles to the State Motor Pool. The State Motor Pool would administer the vehicles and DMV would pay them for the use.

This pertains to section 17 of S.B. 425, as amended, which includes the appropriation to the Motor Pool Division for the vehicles.

Section 5 pertains to an appropriation to the Compliance Enforcement Division, B/A 201-4740, totaling \$174,651 for computer hardware, software and printers.

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DMV – Compliance Enforcement — Budget Page DMV-27 (Volume III)
Budget Account 201-4740

This appropriation was previously included in S.B. 456.

SENATE BILL 456: Makes an appropriation to the Department of Motor Vehicles for the replacement of computers and other associated equipment. (BDR S-1259)

Section 6 identifies an appropriation of \$16,516 to the Compliance Enforcement Division for training equipment, office equipment and protective equipment. This appropriation was previously included in S.B. 457.

SENATE BILL 457: Makes an appropriation to the Department of Motor Vehicles for the replacement of vehicles and other equipment. (BDR S-1258)

In this provision, the amount requested has been reduced from a previous total of \$91,837. This is based on the appropriation of vehicles which will now be appropriated from the Motor Pool Division, as described in section 17.

Section 7 would make an appropriation to the Hearings office, B/A 201-4732, in the amount of \$43,041.

DMV – Hearings — Budget Page DMV-11 (Volume III)
Budget Account 201-4732

This appropriation was previously included in S.B. 458.

SENATE BILL 458: Makes an appropriation to the Department of Motor Vehicles for computers and other associated equipment. (BDR S-1255)

Section 8 would make an appropriation to the Field Services Division, B/A 201-4735, in the amount of \$1,123,927 for replacement computer hardware, software and printers.

DMV – Field Services — Budget Page DMV-56 (Volume III)
Budget Account 201-4735

This provision was previously included in S.B. 459.

SENATE BILL 459: Makes an appropriation to the Department of Motor Vehicles for the replacement of computers and other associated equipment. (BDR S-1257)

Section 9 of the bill would make another appropriation to the Field Services Division. This appropriation would total \$164,348 for office equipment. This provision was previously included in S.B. 460.

SENATE BILL 460: Makes an appropriation to the Department of Motor Vehicles for the replacement of office equipment and a vehicle. (BDR S-1256)

This amount has been reduced from the previous request of \$188,366. This is, again, a result of the decision to appropriate the required vehicle from the Motor Pool Division, as is described in section 17.

Section 10 would appropriate \$113,680 to the Administrative Services Division, B/A 201-4745, for a replacement vehicle, forklift, mail scanners, telephones and headsets.

DMV – Administrative Services — Budget Page DMV-21 (Volume III)
Budget Account 201-4745

This provision was previously included in S.B. 461.

SENATE BILL 461: Makes an appropriation to the Department of Motor Vehicles for the replacement of a forklift, mail scanners, telephones, headsets and office equipment. (BDR S-1265)

The vehicle has not been removed from this appropriation because it is a heavy-duty specialty vehicle. It is a special pick-up truck to haul license plates to various offices throughout the State. This would not be a standard Motor Pool vehicle which could be incorporated into a leasing agreement.

Section 11 of the bill would appropriate \$156,145 to the Motor Carrier Division. This provision was previously included in S.B. 462.

SENATE BILL 462: Makes an appropriation to the Motor Carrier Division of the Department of Motor Vehicles for the replacement of computers and other associated equipment. (BDR S-1253)

Section 12 would appropriate \$192,285 to the Administrative Services Division. This provision was previously included in S.B. 463.

SENATE BILL 463: Makes an appropriation to the Department of Motor Vehicles for the replacement of computers and other associated equipment. (BDR S-1266)

Section 13 would appropriate \$2,121 to the Hearings Division. This provision was previously included in S.B. 464.

SENATE BILL 464: Makes an appropriation to the Department of Motor Vehicles for the replacement of office equipment. (BDR S-1254)

Section 14 would appropriate \$4,242 to the Director's Office. This provision was previously included in S.B. 465.

SENATE BILL 465: Makes an appropriation to the Department of Motor Vehicles for the replacement of office equipment. (BDR S-1263)

Section 15 would appropriate \$41,589 for computer hardware, software and printers. This provision was previously included in S.B. 466.

SENATE BILL 466: Makes an appropriation to the Department of Motor Vehicles for the replacement of computers and other associated equipment. (BDR S-1262)

Section 16 would appropriate \$345,083 to the Central Services Division for computer hardware, software and printers. This provision was previously included in S.B. 467.

SENATE BILL 467: Makes an appropriation to the Department of Motor Vehicles for the replacement of computers and other associated equipment. (BDR S-1261)

In addition to combining a number of bills into one, Amendment 810 identifies the specific divisions within DMV to which the funds will be appropriated.

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CHAIR HORSFORD:

The Committee will recall hearing these various bills in their original forms. I will accept a motion to pass the recommendations as they are now included in S.B. 425.

SENATOR DENIS MOVED TO AMEND AND DO PASS S.B. 425 WITH AMENDMENT 810.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

I will open the hearing on S.B. 473.

SENATE BILL 473: Revises provisions governing consumer affairs.
(BDR 18-1190)

SENATOR DENIS:

This bill pertains to the Consumer Affairs Division in the Department of Business and Industry, B/A 101-3811.

COMMERCE AND INDUSTRY

BUSINESS AND INDUSTRY

B&I – Consumer Affairs — Budget Page B&I-22 (Volume II)
Budget Account 101-3811

We are examining the possibility of eliminating the Division or suspending that action for two years. We will be keeping the position of the Ombudsman of Consumer Affairs for Minorities.

MR. KRMPOTIC:

The Senate Committee on Finance and the Assembly Committee on Ways and Means have voted to retain the Ombudsman for Minority Affairs position. The Consumer Affairs Division has not been retained through the budget process.

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The Ombudsman for Minority Affairs position has been included in the Director's Office for the Department of Business and Industry, B/A 101-4681.

B&I – Business and Industry Administration — Budget Page B&I-1 (Volume II)
Budget Account 101-4681

The Department has recommended one amendment to S.B. 473. This change would delete section 3, subsection 1, which had been included to repeal the statutory provisions providing for the Ombudsman for Minority Affairs position.

SENATOR DENIS:

I would propose that we approve that change. Rather than eliminate the Consumer Affairs Division, I would propose adding language which would, instead, simply leave the Division unfunded for two years, as has been done previously. In this way, we will be able to return to the issue in the future. Consumer affairs problems are something we will need to continue to address when we have more funding available.

CHAIR HORSFORD:

In other words, the Consumer Affairs Division would be suspended for two years and the decision to restore it would be made by the next Legislature.

SENATOR DENIS:

That is correct.

SENATOR DENIS MOVED TO AMEND AND DO PASS S.B. 473.

SENATOR LESLIE SECONDED THE MOTION.

SENATOR CEGAVSKE:

What would be the fiscal impact of retaining the Ombudsman for Minority Affairs position?

CHAIR HORSFORD:

We have already closed this budget in accordance with this measure. There would be no additional fiscal impact as the budget already accounts for the position's retention. This was included in a budget amendment from the Governor's Office.

MR. KRMPOTIC:

Staff would like to clarify the motion. Does the Committee wish to retain the functions of the Consumer Affairs Division while suspending those functions for two years?

SENATOR DENIS:

It is my intent to do something similar with this Division to what has been done with it over the past two years. It should be "mothballed" for two years.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

I will open the hearing on S.B. 485.

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

MR. KRMPOTIC:

This bill would implement a previously approved budget decision which would require the counties to pay an additional portion under the State Plan for Medicaid county-match program.

This bill was heard several weeks ago. Since that time, on May 24, 2011, the Committees have revised their initial action with regard to this provision resulting in a General Fund reduction totaling \$6 million in FY 2011-2012 and \$8.5 million in FY 2012-2013.

At the original hearing, the Committee was interested in identifying, in statute, the percentages which would implement the budget reductions as has been previously noted.

Staff has received information from the Division of Health Care Financing and Policy which identifies those percentages for each fiscal year based on the budgetary actions taken by the Senate Committee on Finance and the Assembly Committee on Ways and Means. These figures included 142 percent in FY 2011-2012 and 132 percent in FY 2012-2013. Those are the federal

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benefit rate percentages for the county match expansion as it is currently proposed.

No other specific issues have been identified by the Committee on this bill. If the Committee wishes to identify those percentages in the bill, they would be included and the bill would serve to implement the budgetary decisions which have already been made.

SENATOR LESLIE MOVED TO DO PASS S.B. 485.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

I will open the hearing on Assembly Bill (A.B.) 486.

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

MR. KRMPOTIC:

This bill is an appropriation to the Division of Forestry for replacement of equipment. The appropriation, as recommended by the Governor, would come from the General Fund and would total \$677,344. Certain equipment has been identified by the Division as "critical." This included a vehicle exhaust system at the Mt. Charleston fire station; a heavy-duty, tool-equipped truck, costing \$97,527; diagnostic scan tools; the purchase and equipping of two, type-3 wildland fire engines, costing \$517,492; and a multi-use tractor, costing \$35,125. This information was received from the Division at a presentation several weeks ago.

Staff has no recommended adjustments or amendments to this bill.

SENATOR RHOADS MOVED TO DO PASS S.B. 486.

SENATOR DENIS SECONDED THE MOTION.

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THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:
I will open the hearing on A.B. 490.

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

MR. KRMPOTIC:
This bill would make an appropriation to the Legislative Fund. This bill has been submitted by the Legislative Counsel Bureau (LCB).

The appropriation would total \$734,000. It would fund one-time expenditures for information technology purchases, including switches and hardware, totaling \$599,000; new accounting system software, totaling \$125,000; and Granicus hardware and software, totaling \$10,000. These requested appropriations were presented by Mr. Lorne J. Malkiewich several weeks ago. He also provided testimony pertaining to the switches which were being contemplated for purchase.

Staff has no suggested adjustments or amendments for this bill.

SENATOR KIECKHEFER MOVED TO DO PASS A.B. 490.

SENATOR PARKS SECONDED THE MOTION.

SENATOR DENIS:
I asked a question pertaining to the switches at the original hearing on this bill. That information has been provided to me and I am satisfied with the proposed purchases. I will support this motion.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:
I will open the hearing on A.B. 491.

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

MR. KRMPOTIC:

This bill would appropriate \$278,050 to the Division of Forestry. This money would provide for the repair and renovation of 25 crew carriers, each of which have exceeded their use by 100,000 miles.

At the original hearing on this bill, the Division provided information indicating that the crew carriers range in age from 13 to 15 years. The mileage on the crew carriers ranges between 100,000 to 200,000 miles. The Division indicated that the repairs and renovations would allow the vehicles to be kept on the road for an additional three to four years.

Staff has no recommended adjustments or amendments to this appropriation.

SENATOR RHOADS MOVED TO DO PASS A.B. 491.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR HORSFORD:

I will open the hearing on A.B. 492.

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

MR. KRMPOTIC:

This bill would make appropriations to the Legislative Fund for dues to national organizations. This item was submitted by LCB. The appropriation would total \$349,446.

When Mr. Malkiewich presented this bill to the Committee, he provided supplemental information on the organizations which will be included in the payments. They include the National Conference of State Legislatures, the

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Council of State Governments, the American Legislative Exchange Council, the National Conference of Commissioners on Uniform State Laws, the Education Commission of the States and the Interstate Commission on Educational Opportunities for Military Children.

There is an additional appropriation, as included in section 2 of the bill, of \$711,066, which would provide \$355,083 in FY 2011-2012 and \$355,983 in FY 2012-2013 for dues to the aforementioned organizations.

Staff has no recommended amendments or adjustments to this appropriation.

SENATOR RHOADS MOVED TO DO PASS A.B. 492.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

I will open the hearing on A.B. 493.

ASSEMBLY BILL 493: Provides a temporary waiver from certain minimum expenditure requirements for school districts, charter schools and university schools for profoundly gifted pupils. (BDR S-1179)

MR. KRMPOTIC:

This is a budget implementation bill. It would provide a temporary waiver from certain minimum expenditures for school districts, charter schools and university schools for profoundly gifted pupils. The waiver would apply throughout the upcoming biennium.

Under section 1 of the bill, each school district is not required to comply with the provisions governing the minimum amount of money that must be expended during each school year of the biennium for library books, computer software and instruction-related equipment as prescribed pursuant to *Nevada Revised Statute* (NRS) 387.207.

The waiver from the purchase of textbooks was granted for the current fiscal year during the Twenty-sixth Special Session of the Legislature to allow the school districts to address the budgetary reductions that were being implemented.

Staff has no additional information or suggested modifications to this legislation.

SENATOR LESLIE MOVED TO DO PASS A.B. 493.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

I will open the hearing on A.B. 495.

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

MR. KRMPOTIC:

This bill is the third, and last, appropriation bill for the Division of Forestry. It would appropriate \$162,267 for services and equipment necessary to the transfer of the State's high-frequency radio system from wideband to narrowband. This will allow the Division to meet mandates put forward by the Federal Communications Commission.

The bill includes \$5,400 for programming costs, \$53,918 for 9 new mountaintop repeaters and \$102,949 for 26 new radio consoles which will replace those in stations and at the Elko Dispatch Center which cannot be upgraded to meet the new requirement.

Staff has no recommended adjustments or amendments to this bill.

SENATOR RHOADS MOVED TO DO PASS A.B. 495.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

I will open the hearing on S.B. 265.

SENATE BILL 265 (1st Reprint): Revises provisions governing sentencing of criminal offenders and determining eligibility of prisoners for parole. (BDR 14-311)

SENATOR DAVID R. PARKS (Clark County Senatorial District No. 7):

Senate Bill 265 provides for the aggregation of consecutive sentences for inmates. Under current processes, an inmate may be eligible for a parole hearing on a lesser charge shortly after entering prison, even though they would not be eligible for release for decades to come. The current process places a burden on the Board of Parole Commissioners and, especially, the victims of crime. By aggregating consecutive sentences, an inmate will not receive his or her first parole hearing until he or she has served the minimum time from the total of all consecutive sentences.

In Nevada's prison system, between 10 and 20 percent of inmates are serving consecutive sentences. An example would be an inmate who serves one year in a county jail prior to being found guilty of three charges of burglary, assault and second-degree murder. The burglary charge would elicit a one-year to five-year sentence. Therefore, the inmate would become eligible for a parole hearing on the burglary charge immediately after entering prison. Senate Bill 265 would add the minimum of all three sentences. The first parole hearing would take place only after a total minimum time had been served.

This bill will have several easily identifiable effects. The first would be that victims would not become revictimized by being forced to attend a parole hearing within several years of the crime.

Second, there is often confusion among inmates in trying to understand how to proceed toward parole hearings. This will streamline the process. Inmates will

know, upon entry into prison, what the minimum amount of time for all charges will be before they can receive a parole hearing.

This legislation would become effective after July 1, 2012.

In our previous hearing on this bill, the Department of Corrections indicated that they would have to revamp their NOTIS system for parole hearings. They estimated the cost of this to be approximately \$100,000. I do not know whether they have refined that estimate. It was indicated that they would work with a consultant to revise that figure.

There are no further amendments proposed for this bill.

CHAIR HORSFORD:

With the bill explanation, there is no reason for us to hold this bill. I will accept a motion to do pass S.B. 265 as amended.

SENATOR LESLIE MOVED TO DO PASS S.B. 265 AS AMENDED.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS CEGAVSKE AND KIECKHEFER VOTED NO.)

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CHAIR HORSFORD:

There is no one here from the Attorney General's Office to testify on S.B. 72. I have not been informed of the final outcome of the negotiations on the fiscal impact of that bill. I will not hear that bill today unless someone wishes to testify on that issue.

[SENATE BILL 72 \(1st Reprint\)](#): Revises provisions governing the assignment of certain criminal offenders to residential confinement. (BDR 16-120)

I will open the hearing on S.B. 174.

[SENATE BILL 174 \(1st Reprint\)](#): Revises provisions relating to common-interest communities. (BDR 10-105)

SENATOR ALLISON COPENING (Clark County Senatorial District No. 6):

I will present S.B. 174. An outline of my testimony has been submitted to Staff ([Exhibit E](#)). A copy of proposed Amendment No. 7336 has also been included ([Exhibit F](#)). This bill is an omnibus homeowners' association (HOA) bill which has been vetted by two different working groups. The second of these was led by Assemblyman William Horne with participation by Assemblyman James Ohrenschall.

Stakeholder positions considered at the meeting included HOA industry professionals, including those from the Howard Hughes Corporation in the Southern Highlands Golf Club and Community, legal aid centers from northern and southern Nevada, realtors, investors, bankers and homeowners.

The goal of S.B. 174 is primarily to put a collection policy in place whereby hard caps will be enforced on the amount of fees which can be charged to homeowners who stop paying their assessments. Regulations are currently in place, but this collection policy would be more restrictive of collection costs than is provided in current regulations.

The collection policy can be found in section 3.5, page 11 of the proposed amendment. An overview handout has been provided to Staff ([Exhibit G](#)) outlining the difference between the proposals and current regulation.

The bill provides a \$1,500 cap on collection services. Current regulations allow a cap of \$1,950. This legislation would create a \$1,000 cap on third-party hard costs charged to a unit owner. The current regulation has no cap. This legislation has a \$600 cap on collection services related to a fine. Current law has no cap.

This bill also includes a cap on collection services, not including attorney fees, which might be incurred by an association because a unit owner has filed for bankruptcy or when an action has been filed pertaining to the related enforcement of a past-due obligation when attorney fees are authorized by the governing documents of the association. Current law has no cap in this area.

This bill provides a nine-month super-priority for collection costs and reasonable attorney fees on past-due obligations. Current law provides for an exemption of Fannie Mae and Freddie Mac in this particular situation.

This bill also requires mandatory payment plans for homeowners in default. This is an important issue. This was an important provision for the representatives of the legal aid centers. They wanted to make sure that homeowners in default are offered payment plans before liens are applied to their homes.

This policy is important because some collection companies have been charging substantial fees to collect on the delinquent accounts of HOA unit owners. This negatively affects the person who might buy the foreclosed home. It makes it more difficult for realtors to sell homes. It negatively affects the profits of investors who buy the home to resell.

It also affects those homeowners in default who may be trying to make their accounts current before foreclosure.

The policy also clarifies that an HOA will be the first to be paid back when a foreclosure occurs on a home. This is otherwise known as a "super-priority lien." This includes up to nine months of back-assessments and costs incurred by HOAs for attempting to collect the delinquent assessment. This has been the practice of the banking industry for years, but the current language in statute is not sufficiently specific and it has been challenged. Despite the challenges, judges in three separate district court cases have concluded that collection costs and reasonable attorney fees for unpaid HOA assessments are included in super-priority liens. The language in S.B. 174 clarifies this.

The bill also includes elements of A.B. 448, per an agreement made with the Chair of the Assembly Committee on Judiciary, Assemblyman William Horne. Assembly Bill 448 did not make it to the Senate before the second house passage deadline, but it had some homeowner protections which we believe should be included in S.B. 174.

[ASSEMBLY BILL 448 \(1st Reprint\)](#): Revises provisions relating to real property.
(BDR 10-513)

I have received notification from representatives of certain HOAs who have continuing issues with certain sections of the bill. We will work with them to resolve those problems.

The bill includes provisions for a study to be performed by LCB on HOA-related bills to determine whether an interim Legislative committee should be

established to vet HOA issues and bring forward committee bills. Some legislators feel that too much time is spent vetting conflicting HOA bills, requiring an excessive expenditure of staffing hours. One staff member, in particular, has told me that he spends 50 percent of his time in the interim working on nothing but HOA bills. This represents a significant cost to the State. The study will allow us to determine the necessity of a statutory interim committee.

The collection policy in this bill is designed to help homeowners, but it is also designed to help keep HOAs solvent. I am aware of two HOAs which have gone bankrupt resulting from a high number of homeowners who do not pay their assessments. Almost all of the HOAs are suffering from the results of foreclosures, and many of them are in dire financial straits. Some HOAs are borrowing money against the reserve funds in order to continue operation. This may quickly become a serious problem. According to guidelines established by Fannie Mae and the U.S. Department of Housing and Urban Development (HUD), it is a requirement that the reserves of an HOA be adequately funded. To the extent that the HOAs are borrowing against these reserves, they may already be out of compliance with those guidelines. The housing data in Nevada indicates that 49 percent of all homes purchased in the month of March were financed through the Federal Housing Administration. Future loans are at risk if we do not ensure that these HOAs stay solvent.

Currently, other HOAs are raising monthly assessments or levying special assessments in order to pay their bills. We must find a way to keep these HOAs financially sound.

The HOAs are currently made whole when the home is foreclosed upon and lending institutions have paid collection costs and other fees as the first lien holder, otherwise known as super-priority. Recently, there has been some misinformation disseminated by an investor group called the Concerned Homeowner Association Members Political Action Committee (CHAMP). They have stated that S.B. 174 may negatively affect Fannie Mae and Freddie Mac financing for our State if the HOA is paid in the super-priority lien category. This is false. Fannie Mae and Freddie Mac have absolutely nothing to do with this bill and this fact has been confirmed by Mr. Bill Uffelman of the Nevada Bankers Association. Mr. Uffelman has confirmed that Fannie Mae and Freddie Mac have always reimbursed the first security lien holder up to six months of assessments only, per federal regulations, even though current Nevada statute allows for an

association to collect up to nine months of back-assessments. This pay schedule will remain the same under this bill, as Fannie Mae and Freddie Mac have a specific carveout in our current statutes. This carveout language can be found on page 36 of Amendment 7336, lines 37 through 45 and it continues on page 37, lines 1 through 4.

When a bank forecloses, the super-priority letter from an HOA, asking for up to nine months of the assessments and collection costs for the association, goes to the first security lien holder. The lender complies and then pays the association. The lender then turns to Fannie Mae and Freddie Mac and requests reimbursement for the six months of assessments and collection costs. This is allowable per federal regulations. Fannie Mae and Freddie Mac have always paid these claims. The lender pays for the other three months of assessments and collection costs. The association never deals directly with Fannie Mae and Freddie Mac, and, under S.B. 174, nothing about this process will change. Federal law always trumps State and local law. Mr. Uffelman has confirmed that Fannie Mae and Freddie Mac would continue to pay only the six months of assessment and collection costs, and this bill would not affect the process.

It bears repeating, however, that if HOAs are forced to dip into reserves to make up for delinquent accounts and they are not the first to be made whole at foreclosure, we will most certainly see an issue arise from loans being denied by HUD.

Senate Bill 174 helps many different demographics and entities, including homeowners who are delinquent in paying their HOA assessments, realtors who are trying to sell foreclosed homes to clients, investors who are buying foreclosed homes, first-time home buyers, the banking industry, clients of legal aid who are struggling financially, HOAs which are struggling financially and homeowners who must contribute financially to keep the HOAs solvent.

I would like to refer to an article ([Exhibit H](#)) by Hubble Smith in the *Las Vegas Review-Journal*. It was published yesterday. It shows the favorability of S.B. 174. It is important to note that the author interviewed real estate agent Rutt Premsrirut, who is a leader in CHAMP. Mr. Premsrirut feels lawmakers should limit the abilities of HOAs to foreclose upon property owners because of unpaid dues and assessments. We have done that with this bill. The legislation would require the offering of mandatory payment plans for homeowners in default.

Mr. Premsrirut went on to say that a measure which was passed in North Carolina would require dues or assessments to remain unpaid for 90 days before an association could begin foreclosure action against a property owner. In this bill, we have actually made that requirement stronger and proposed that the time frame be 120 days.

Mr. Premsrirut declares that the North Carolina statute would require the HOAs' executive board to vote to begin any foreclosure proceedings against an owner. This has also been included in S.B. 174. The HOA executive boards in Nevada would also be required to meet before taking any action on a foreclosure.

We have addressed all of the issues which have been raised by investors. We have also addressed an issue which was raised by the City of Henderson. The members have received an e-mail from Renny Ashleman, a representative of the City of Henderson, expressing concerns about language in section 6 requiring that a government agency which owned a security wall would be responsible for its repair. We have agreed to remove the term "government entity" in section 6 of the bill. This should satisfy the concerns of the representative from Henderson.

CHAIR HORSFORD:

We have received letters from the Federal Housing Finance Agency ([Exhibit I](#)) and the Howard Hughes Corporation ([Exhibit J](#)) and Robert A. Massi ([Exhibit K](#)) which will become part of the public record.

WILLIAM UFFELMAN (Nevada Bankers Association):

I will verify Senator Copenig's statements on my behalf. She has truly stated what is, to my understanding, the position of the federal home loan agencies relative to the payment of six months of back-assessment of HOA fees.

The aim of the banks, throughout the drafting of this bill, has been to control costs. During the 2009 Legislative Session, the process we thought to implement was derailed. This bill, with the limitations and caps that it has included, will be an important factor in the banks' calculations relative to foreclosures. The caps on attorney fees, relative to the limitations on the fees on which attorney fees can be claimed and awarded, will also push down some of these costs.

Banks finance the HOAs. In 2009, I discovered that one of my members was doing this, and they were supportive of a bill that the rest of the industry was opposed to. We have been hurt by the foreclosures because of the problems associated with bad loans. We have been hurt by the costs associated with delinquency. We are hurt when the HOAs who bank with us do not have the ability to do their job. If we could get these problems resolved, it would be a step forward for the State of Nevada.

GARRETT GORDON (Southern Highlands Homeowners Association):

I will speak as a representative of the Southern Highlands Homeowners Association, Southern Highlands Management Company and Olympia Companies LLC in support of this bill.

I would like to stress three important points. The first is that this bill represents a compromise. I have worked on approximately 20 HOA bills during the 2011 Session. In each instance, we have pulled out the collection aspect, as it has proven to be highly controversial. Since February 2011, we have spent a significant amount of time with members of the affected industry in developing a compromise. Last Friday, the Chair of the Assembly Committee on Judiciary, Assemblyman William Horne, and Assemblyman James Ohrenschall met with Jon Sasser from the Legal Aid Center of Southern Nevada, myself and several other industry representatives in order to develop a fair compromise which benefits, not only industry, but homeowners and the State.

Second, this proposal offers benefits over existing law. Current law caps collection fees at \$1,950. There is no cap on hard costs or attorney fees. This law would cap collection costs relative to past due assessments at \$1,500. It would place a hard cap on costs at \$1,000. It would also significantly limit attorney fees.

Third, I would like to stress the importance of the super-priority provision. In the nine month-priority, it will include attorney fees and collection costs. We compromised by agreeing to this so long as the hard caps are in place.

This bill will have an impact on each of the stakeholder groups. Many HOAs are bordering on bankruptcy and are considering raising assessments for all members who are able to pay the assessments on time in response to delinquencies on the part of other unit holders. This bill will provide certainty for

the industry pertaining to what collection costs can be incurred. This will also prevent increases in assessment rates for the dues-paying owners.

Collection companies have sometimes been known to charge egregious fees. This will cap those rates. In current law, only service fees are capped. This bill will cap hard costs and attorney fees.

We work closely with Jon Sasser from the Legal Aid Center of Southern Nevada. His interest was in attempting to delay some of these actions and implement payment plans. We have pushed back the ability of HOAs to file liens. We are trying to work with the homeowners to allow them to get back on their feet. The payment plan provision will be mandatory. The HOA must accept the payment plan in order to work out the problem with the Legal Aid Center.

BRYAN GRESH (Community Association Management Executive Officers, Inc.):
I will speak as a representative of Community Association Management Executive Officers, Inc. We represent approximately 450,000 homes throughout northern and southern Nevada.

This bill is not perfect, but it is a great step from where we have been.

RENNY ASHLEMAN (City of Henderson):

I am speaking as a representative of the City of Henderson. The City of Henderson, contrary to the testimony of Senator Copening, did not agree to be satisfied by the removal of the term "government entity" from section 6 of the bill. It is our position that section 6 should be removed entirely. This provision would change existing law. Under current statute, HOAs are responsible for the exterior walls of a community. These can pose a danger. Sometimes the exteriors crumble and could cause harm. They are a problem in combating urban blight. It is difficult to get these fixed when each homeowner must be assessed for the damages. Nearly 25 percent of the homeowners are in foreclosure. We much prefer keeping existing law and have HOAs be responsible for repairs of the exterior walls.

I have had conversations with representatives of the industry. Representatives of the Southern Highlands Homeowners Association agree to the elimination of section 6. I would respectfully propose that an amendment be made to that effect.

CHAIR HORSFORD:

This issue is over the maintenance of exterior community walls. If an HOA is unable, due to a lack of reserves, to maintain the wall, does the government entity not have responsibility for maintaining it, under other local ordinances?

MR. ASHLEMAN:

We do not have any legal responsibility to that effect. In some instances, we have assisted to ensure that the safety issues were taken care of. This has been done voluntarily. We believe it is far more likely that an HOA will be able to handle the situation than an individual homeowner. Section 6 recommends transferring the responsibility for the maintenance to the individual homeowners.

MR. GORDON:

If this bill is able to move forward, we would be willing to pull more parts out of section 6. We will continue to work to make Mr. Ashleman and his clients more comfortable.

MR. ASHLEMAN:

I would far prefer to have section 6 taken out entirely. I continue to ask that the Committee remove that section.

CHRIS FERRARI (Concerned Homeowners Association Members Political Action Committee):

I am speaking as a representative of CHAMP.

No matter what is allowed through statute, an HOA will never receive more than nine months of past-due assessments. If a lien is \$6,000 to \$8,000, and the HOA assessment is \$50 a month, the most that the HOA will ever receive is \$450.

In our view, this bill is not a compromise in any way. On the Assembly side, we were not invited to participate in any meetings on this bill in any capacity. I would also note that several other parties were excluded, including homeowners themselves.

The current practice of collection is under great scrutiny as it pertains to HOAs. This bill would create an approximate \$3,600 cap. I will not debate the merit of the cap, but I would like to address the overall policy of the bill.

This bill will charge people \$100 to enter into a repayment plan. If they are not able to pay the dues, this will likely present an issue. Additionally, section 15.3 sets a very low standard for initiating foreclosure processes which are either six months or \$500 overdue. An executive board, usually consisting of two or three people, can make that ultimate decision on whether or not someone will go into foreclosure.

I would like to reference [Exhibit I](#). There are proponents of this bill here today from the collection and management side. There are also opponents and third-parties. The impact of this bill is much larger than any one stakeholder. There will be a significant impact on our State as it pertains to financing. The letter contained in [Exhibit I](#) was sent to the Governor's legal counsel from the Federal Housing Finance Agency which is the overseeing agency for Fannie Mae and Freddie Mac. The letter was composed by the Agency's general legal counsel, Mr. Alfred M. Pollard. He provides assistance in matters relating to the Agency's relations with states, other government agencies and the White House. He is highly credentialed.

In [Exhibit I](#), he states his concerns about S.B. 174. I would ask the Committee to consider those concerns and how S.B. 174 might negatively impact lending in our State. Prior to passing this legislation, I would suggest that approval be sought from the federal government to ensure that the bill does not have a negative impact on the real estate market in Nevada.

CHAIR HORSFORD:

Does anyone have a copy of the federal codes pertaining to these provisions? Federal law always trumps state and local law. The provisions of the bill are meaningless if they will be contradicted by federal law. I would like copies of the federal codes which pertain to this issue.

MR. FERRARI:

I will be happy to get that information for the Committee. Our concern is broader in that we do not want to jeopardize lending in the State.

CHAIR HORSFORD:

If federal law says that it cannot, then it will not.

I will close the hearing on S.B. 174 and hold the bill. I would like to get an answer to my question before we take action.

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I will open the hearing on S.B. 313.

[SENATE BILL 313 \(1st Reprint\)](#): Revises certain provisions relating to energy.
(BDR 58-236)

SENATOR MICHAEL A. SCHNEIDER (Clark County Senatorial District No. 11):
An agreement has been reached on this bill with NV Energy and the Southwest Energy Efficiency Project (SWEET). This bill is ready to proceed.

JUDY STOKEY (NV Energy):
I will speak as a representative of NV Energy. I will only address one part of S.B. 313.

We are neutral on the bill, but we are very concerned with the language in section 3, subsection 5, in which the language reads that the Nevada Energy Commission shall give preference to measures and sources of supply. We are concerned that this might lead to higher customer rates in giving preference to what might be a more expensive option. The new language proposed would indicate that the Commission shall consider all practical measures and sources of supply, eliminating the requirement that the Commission give any kind of preference.

STEVE WIEL (Nevada Representative, Southwest Energy Efficiency Project):
I will speak as the Nevada representative of SWEET.

In discussions with Ms. Stokey, we have agreed on the language as it has been proposed. The purpose is to change the term "may" to "shall" in section 3, subsection 5. The language which has subsequently been proposed by Ms. Stokey captures the essence of what we seek to accomplish. We simply want all of the practical economic and environmental options to be available to the State.

Section 1 of the bill establishes regulations for appliance standards. These regulations will essentially stimulate the market and then allow the free market to find ways to make various appliances more efficient. These would only be the appliances which are not already regulated by the federal government. The federal government extensively regulates certain appliances, but not all of them, and many states have found it beneficial to provide additional standards.

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The fiscal note shows that there will be an investment of \$60,000 a year for the regulations. That investment will result in tens of millions of dollars of benefit to the Nevada economy.

The fiscal note from the Public Utilities Commission on the later portions of the bill goes away with the deletions that have been made. Also, section 3 has no fiscal impact.

SENATOR KIECKHEFER:
Do we have a copy of an amendment available?

CHAIR HORSFORD:
It has been described by Ms. Stokey.

STACY CROWLEY (Director, Office of Energy, Office of the Governor; Acting Nevada Energy Commissioner):
We submitted a fiscal note on this bill. That estimate is probably higher than what the actual cost will be. We will be able to draw resources from other states. It will take some money and time to implement this legislation, but we do not know how much.

SENATOR SCHNEIDER:
States like California already have these types of standards, and we can adopt most of the language and testing from them. For this reason, the fiscal note should end up being reduced substantially.

CHAIR HORSFORD:
I would like someone to repeat the proposed amendment.

MR. WIEL:
In section 3, subsection 5 of the bill, the language would substitute the words "consider all practical" for the words "give preference to the."

SENATOR CEGAVSKE:
How will this legislation affect the consumers? Will the costs be passed on to them?

MR. WIEL:

There are two aspects to the costs. The cost of the regulations come out of the General Fund. When the standards are put in place, they will only be adopted if they are cost effective for the consumer. The consumer may have to pay an increased cost for the purchase price, but they would more than recover that additional cost in energy savings over time. In the experience gleaned from use of the federal standards, these types of standards sometimes result in increased costs and other times they do not. It depends on the type of appliance.

SENATOR SCHNEIDER:

The greatest savings to Nevada will come in another form. There are companies in California and other states who have enacted these standards. When one of these companies, Sears or Costco, for example, handles appliances, they will dump their less efficient appliances in a state like Nevada. Our consumers are then purchasing highly energy-inefficient products. We will sit as an easy market for out-of-date equipment. As a developer, I frequently see this problem with air conditioning units.

SENATOR LESLIE MOVED TO AMEND AND DO PASS S.B. 313.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS CEGAVSKE AND KIECKHEFER VOTED NO.)

* * * * *

CHAIR HORSFORD:

I will open the hearing on S.B. 336.

SENATE BILL 336: Revises certain provisions relating to prescription drugs.
(BDR 40-234)

SENATOR SCHNEIDER:

This bill is on the topic of medical marijuana. A copy of proposed Amendment 7212 has been provided ([Exhibit L](#)).

I have also provided a copy of an Associated Press article discussing recent findings which suggest that the global war on drugs has failed ([Exhibit M](#)).

Former United Nations Secretary General Kofi Annan headed up a committee including former White House Cabinet Secretary George P. Schultz. That committee issued a statement concerning the global problem with drugs. Their findings pertain to the issues addressed in S.B. 336.

To paraphrase the article, the commission was especially critical of the United States, saying that we must change our antidrug policies from being guided by anticrime approaches to strategies rooted in health care and human rights. The commission went on to say that they hope the United States can at least consider alternatives.

In Las Vegas, we have billboards advertising the "Doctor Reefer" enterprise. We have 67 "head shops" operating in Las Vegas selling some version of marijuana. Most of them are breaking numerous laws.

Since the availability of medical marijuana has been provided for in *The Constitution of the State of Nevada*, we should upgrade the system. I am suggesting that we develop a pilot project which would eliminate all of those head shops. We could designate a compounding, licensed pharmacy in Nevada to oversee all marijuana sales. That entity would be in charge of a warehouse where the marijuana would be grown under the supervision of the Nevada Department of Agriculture. The State Board of Pharmacy would oversee the entire operation and would develop regulations for the program.

I have brought forward an amendment to S.B. 336, [Exhibit L](#). Currently, in our law, there is a \$100 tax on a gram of marijuana. If a person gets caught selling marijuana, law enforcement can place a \$100 tax on the volume in possession and, basically, take that person's property and house. In this new amendment, I am proposing a \$1 per-gram tax from the warehouse to the pharmacy. Currently, when people buy prescription drugs, we do not tax them.

The pharmacy will only be able to sell the drugs in carrying out the pilot program. Doctors will be required to take a class on marijuana just as they would have to take a class on oxycodone or any other prescription drug. They will have to know about marijuana and its safety concerns and the different uses for it. The Board of Medical Examiners, which oversees doctors in the State, will write the regulations, and the doctors will write the prescriptions. Marijuana will be established as a Schedule III drug.

Every step of the process will be tracked on the computer. We will eliminate these unsavory, underground entities which currently distribute marijuana.

I have had conversations with Daniel Bogden, United States Attorney for Nevada. He is interested in this measure and believes that it could be beneficial for the State.

The pharmacy who is selected to be the authorized distributor will have to provide the money up front to cover the cost of the program. This measure will, in actuality, save the State a significant amount of money. We are spending a great deal of resources having Las Vegas police officers bust entities like "Dr. Reefer" every week for violation of drug laws. This legislation will enable us to save a great deal of money and provide the medication to patients for whom it is necessary.

We need to monitor situations in which doctors are writing hundreds of prescriptions for marijuana every week. This would be revealed through computer records and the proper authorities would be alerted and would be able to investigate. This can all be tracked.

REBECCA GASCA (Legislative and Policy Director, American Civil Liberties Union of Nevada):

I will speak as a representative of the American Civil Liberties Union (ACLU) of Nevada.

The ACLU of Nevada has conflicting feelings about S.B. 336. The State has neglected its constitutional responsibilities for providing access to medical marijuana. We understand the complicated policy implications pertaining to this issue here and throughout the Nation. Nonetheless, some states have been proactive in moving the programs forward, and it is time that the State of Nevada does the same.

There are serious fiscal concerns with leaving the law as it is currently written. Patients are currently unable to purchase their medication. They cannot pay a caregiver to grow the medication for them. As a result, we are seeing underground "grow houses" spring up around the State because patients have no other options. The existence of these operations, and those like "Dr. Reefer" in Las Vegas, is a result of the neglect of the State to provide adequate planning on this issue. Money is being wasted for law enforcement efforts. There is also

a constitutional issue in the way the State currently shares patients' private medical information with other governmental entities.

These are not the only issues, but we believe that it is time for the State to take responsibility for its lack of responsiveness to this constitutional mandate which was supported by voters ten years ago. We should be ready to move forward with a program which can help provide better access for patients and address the fiscal problems associated with the holes in current statute.

SENATOR SCHNEIDER:

I want to follow up Ms. Gasca's point about the inability of patients to acquire their medication. I have a friend who has severe migraine headaches. He tried everything that was available to ease the pain. He asked his doctor about the possibility of treating the pain with marijuana. His doctor said that it might help, but he could not write a prescription.

My friend's wife was forced to go out on the streets of Las Vegas to get him some marijuana. She risked being charged with a felony so that her husband could try a new type of treatment.

CHAIR HORSFORD:

I will close the hearing on S.B. 336 and bring forward S.B. 371.

SENATE BILL 371: Makes various changes concerning the protection of children. (BDR 38-3)

Amendment 7369 (Exhibit N) has been provided for S.B. 371. I will accept a motion to pass the bill with the recommended amendment.

SENATOR CEGAVSKE MOVED TO AMEND AND DO PASS S.B. 371 WITH AMENDMENT 7369.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

I will open the hearing on A.B. 511.

[ASSEMBLY BILL 511 \(2nd Reprint\)](#): Revises certain provisions governing transportation. (BDR 43-1109)

MIKE DRAPER (General Motors Company):

I will speak as a representative of the General Motors Company.

This bill is an advanced technology bill which will help place Nevada at the forefront of modern "green" vehicle technologies.

The bill can be separated into two distinct parts. I am here today to discuss section 6 and section 7, along with the proposed amendment ([Exhibit O](#)).

Both at a local and State level, Nevada has made a strong commitment to being a worldwide leader in both the development and production of the newest technology promoting "green" energy and alternative fuels. It is imperative that we continue to encourage and promote the adoption of newer and cleaner technology sources wherever possible. In this year's State of the Union Address, President Barack Obama called for one million electric vehicles to be on the road by 2015. This is an ambitious, but worthwhile, goal.

Sharing similar visions, local, State and federal agencies around the Nation are working hard to lay a foundation for cleaner vehicle technologies. Assembly Bill 511 aims to begin that process. It is designed to encourage and promote the use of electric vehicles in Nevada.

Currently, all but two states, Hawaii and Alaska, have, or are working on, incentives, programs, rebates and services designed to promote the use of electric vehicles. Plug-in vehicles and alternative fuel vehicles can immediately impact our dependence on foreign oil, and would have a significant impact on air pollution. In order to fully realize this potential, it will take a coordinated and comprehensive strategy to lay the foundation for these new, advanced vehicle technologies.

Sections 6 and 7 of A.B. 511 essentially establish an electric vehicle parking program which would allow participating drivers of qualified electric vehicles to park for free in publically owned, pay-for-parking facilities such as meters,

garages and surface lots. It is imperative that we begin to implement a statewide policy which will embrace and encourage these types of fuels and technologies. The concept for this parking program was originally to be administered through DMV, and would have granted free parking at all applicable facilities throughout the State.

With the help and input of DMV and several municipalities throughout the State, it was determined that the program would be better administered and less disruptive if it was administered at the local level, where local municipalities would have the freedom to structure it as they see fit based on the original criteria outlined in this bill. The municipalities would be allowed the option of charging an administrative fee to participants of up to, but no more than, \$10 annually to cover costs associated with administering and marketing the program. If a municipality decided to charge an administrative fee for participation, it would be essentially like purchasing a parking pass for electric vehicles. The municipalities would not be required to charge that administrative fee, and if they did, the measure would need to be voted on and approved by the relevant county commissioner or city council.

The program would sunset after six years. Participating vehicles would have to adhere to all standard rules and procedures currently governing paid parking areas, including time limits and overnight parking rules.

Further designated special event parking would also be exempt from this provision. The program would not apply to airport parking areas, and it is not intended to supersede any current contracts which the municipalities might already have in place.

Similar versions of this program are used across the country, including major metropolitan areas including Cincinnati, Los Angeles and Salt Lake City. Information on the program in Salt Lake City ([Exhibit P](#)) and Cincinnati ([Exhibit Q](#)) has been submitted.

Assembly Bill 511 provides a purchase incentive from 2012 to 2018 for electric vehicles. Early adoption of this new technology would be rewarded with free parking in our more congested urban areas. Programs like this can help make the jump from niche market to mass market for these vehicles. The program could also be used as a marketing and promotional tool in supporting our State's commitment to being "green." This is one more step for us to take toward being

a worldwide leader in the use and development of renewable and alternative energy services.

I would like to propose a brief amendment to the bill. In our work with other stakeholders, we have decided to include vehicles other than electric vehicles in section 6. This would include certain alternative fuels, such as compressed natural gas, hydrogen and propane. This amendment was vetted through all of the local municipalities which originally signed off on the bill, and it has their support. This would still only apply to vehicles which run on clean energy. In both sections 6 and 7, we replaced every instance of the term "plug-in electric vehicle," with the term "qualified alternative-fuel vehicle." The vehicles must meet the U.S. Environmental Protection Agency's tier 2, bin 2, exhaust emission standards. This is one of the strictest standards in the Nation.

We believe that this is a comprehensive program which could be a building block for the future as we begin to move toward this type of technology.

DAVID GOLDWATER (Google, Inc.):
I will speak as a representative of Google, Inc.

There are several sections of A.B. 511 which are related to the operation of autonomous vehicles. This would be enabling legislation which would allow DMV to establish an endorsement of Nevada driver's licenses after the vehicles have been vetted for safety. A brief outline of the provisions has been provided ([Exhibit R](#)).

The vehicle, which has been developed by Google Inc., is a self-driving car which uses artificial intelligence, global positioning system, radar, lasers, cameras and internal sensors to create a three-dimensional view of the road. It can operate, virtually, on its own, without any human presence. We should all be able to imagine some of the potential for this kind of technology.

This would not be a specially manufactured car. Technology could be put into a Toyota Prius or an Audi TT. There are currently three Priuses and one Audi outfitted with the system.

We are unique, as a State, in proposing this legislation. It is extremely forward-looking. Most of the time, technology outpaces the law. In some rare

instances, however, some states are able to get the laws in place ahead of the technology. This is what we are trying to do with A.B. 511.

The DMV would certify the safety and efficacy of this kind of technology. Having created an environment in Nevada in which this type of technology can be engineered, manufactured and developed, we will see tremendous opportunities open up. We have both the geographic and political ability in this State to be able to attract new business of this kind.

We are not asking for money, grants or tax breaks. We simply wish to allow DMV to develop regulations for this type of technology. The DMV testified in policy hearings for this bill that they are in full support. We are currently in discussions with the Director of DMV about the possibility of being highlighted in his presentation to his national convention.

In looking at pictures of the vehicle in [Exhibit R](#) the committee will notice that the only apparent unique element is the apparatus on top of the roof. This device creates a radar which generates a three-dimensional view of the road.

This is a law which will place Nevada at the forefront of developing technology. It will not be a burden or an expense for the State. The DMV will ensure the public safety of the program.

SENATOR KIECKHEFER:

There are already vehicles which have technology to autonomously parallel park. Would DMV be creating regulations and requiring additional certifications for drivers of those vehicles as well?

MR. GOLDWATER:

That would not be the case. If those vehicles were allowed on public roads today, there would be no further certification required or envisioned under this bill.

SENATOR KIECKHEFER:

Where are those vehicles excluded in the language?

MR. GOLDWATER:

Those vehicles are not autonomous vehicles, by definition. The DMV would develop a definition of the autonomous vehicle.

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SENATOR KIECKHEFER:

The language in the bill stipulates that DMV would create regulations for a motor vehicle which uses artificial intelligence, sensors and global positioning system coordinates to drive itself without the active intervention of a human operator. Is that not what happens when you push the button and the car parks itself?

MR. GOLDWATER:

That function would require the use of sensors but not all of those other criteria. I do not envision it being the Committee's intent, with this bill, to require special certification for those types of vehicles.

SENATOR KIECKHEFER:

That is certainly not the case.

TODD R. CAMPBELL (Director of Public Policy, Clean Energy Fuels):

I will speak as a representative of Clean Energy Fuels. We distribute natural gas and transportation fuel. We also have a subsidiary, BAF Technologies, which I am also representing. This subsidiary is a qualified volume modifier for Ford Motor Company.

We are in strong support of A.B. 511 and the amendments which have been proposed. Our company recently opened our seventh natural gas station in Clark County last week. Representatives of the Governor's Office and the office of U.S. Senator Harry Reid were present at the opening. Our company plans to extend this network through the northern part of Clark County through Pilot Travel Centers LLC, with whom we contract. We see a significant opportunity for us to increase investment in this State.

Nevada business, including Bell Trans, Henderson Taxi, MGM, Whittlesea Blue Cab and even public agencies such as the Regional Transportation Commission of Southern Nevada all use natural gas to power their vehicles. By doing so, they save between \$1 and \$2 a gallon over using gasoline or diesel fuel.

This use would also displace dependence on foreign oil, on which Americans are currently spending approximately \$1 billion per day. This money goes to countries which may not be aligned with our interests.

Use of natural gas improves regional air quality. Natural gas vehicles are some of the cleanest vehicles on the road today. The Honda Civic GX has been singled out as the cleanest car on the road for the last eight years in a row. It runs on compressed natural gas.

We also support local jobs. We have personally invested \$14 million of our capital in the State of Nevada over the past three years.

Assembly Bill 511 does not necessarily apply to these fleets, as incentives are limited to compressed natural gas vehicles which weigh less than 8,500 pounds. However, the bill does encourage Nevada residents and small businesses to purchase compressed natural gas vehicles, adding further support to existing and continued growth of the natural gas fueling infrastructure.

It should be noted that only 7,000 compressed natural gas vehicles nationwide would qualify for the provisions in A.B. 511. There should not be a significant impact from this legislation on municipal parking situations. Furthermore, the amended language would require that manufacturers of the qualified vehicles would be original equipment manufacturers or qualified volume modifiers who are granted permission to produce those vehicles by original equipment manufacturers. Therefore, we would see warranties and safety-minded consumer protections added through this language.

We ask for the Committee's strong support of A.B. 511 and the accompanying amendments.

KYLE DAVIS (Nevada Conservation League):

I am speaking as a representative of the Nevada Conservation League.

We support A.B. 511 and the proposed amendments. The environmental benefits generated by these types of technologies have been well-outlined here today. Encouraging the use of these types of vehicles will generate a significant positive effect on air quality in this State. We urge the passage of this legislation.

SUSAN FISHER (City of Reno):

I will speak as a representative of the City of Reno.

The City of Reno supports A.B. 511 and the proposed amendment. We have not submitted a fiscal note on this measure because we do not foresee any significant costs to the City.

It is consistent with City Council action to encourage the use of electric vehicles. We have been looking into providing parking and electrical charging stations in some of our public parking garages. We would be enacting an ordinance to cover the exemption for these vehicles.

On a personal level, I support the amendment to include compressed natural gas vehicles as the owner and crew chief for the world's fastest compressed natural gas vehicle. We must currently go out of State to get fuel. I look forward to having some fueling stations in northern Nevada.

CHAIR HORSFORD:

Two letters from the president of Whittlesea Blue Cab ([Exhibit S](#)) and Henderson Taxi ([Exhibit T](#)) have been submitted in support of this bill as well.

I support this concept. I had an opportunity to travel to Berlin, Germany several years ago with the Senate Presidents' Forum. The conference was on renewable energy. A great deal of focus was placed on the emerging sector of alternative fuel. The United States is far behind other countries in this regard. Cities such as Austin, Texas and San Diego, California, in particular, have initiated pilot programs to promote this type of use. Those cities have diversified their economies and moved toward the implementation of these types of initiatives. Nevada should be positioned to take advantage of these opportunities to grow and diversify.

I will accept a motion to amend and do pass A.B. 511, with the amendments as proposed.

SENATOR LESLIE MOVED TO AMEND AND DO PASS S.B. 511.

SENATOR PARKS SECONDED THE MOTION.

SENATOR CEGAVSKE:

I want to verify that there is no fiscal note for this bill.

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MR. DRAPER:

Initially, DMV had submitted a fiscal note on this bill. That note was removed through amendment in the Assembly Committee on Ways and Means two weeks ago.

CHAIR HORSFORD:

I would like to receive confirmation from DMV verifying that condition.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR HORSFORD:

I will open the hearing on A.B. 546.

[ASSEMBLY BILL 546 \(2nd Reprint\)](#): Makes various changes to provisions governing early childhood care and education. (BDR 38-739)

LESLEY PITTMAN (United Way of Southern Nevada):

I will speak on behalf of the United Way of Southern Nevada which represents 2,400 business and community leaders. We are in full support of A.B. 546. We want to increase the standards and quality of early childhood education throughout the State. Our children are at the prime age for learning. We want to ensure that, when our children reach kindergarten, they will be ready to learn.

Assembly Bill 546 extends the life of the Early Childhood Advisory Council. This is comprised of business representatives and early childhood education experts. We want the existence of the Council to be placed in statute and under the jurisdiction of the Department of Health and Human Services. The bill provides the responsibilities of the Council which include strengthening coordination among, and identifying barriers to, early childhood programs in the State. The language would allow them to conduct periodic statewide needs-assessments on the quality and availability of early childhood care in Nevada. They would be charged with developing recommendations for increasing participation in existing federal, State and local programs. They would work toward a statewide professional development system for early childhood teachers and assess the existing capacity and effectiveness of higher education programs in developing teachers in the field of early childhood education.

The bill also provides that the Council will work with the Department of Education to establish prekindergarten content standards and training goals for those employed in early child care. They will assist Nevada agencies in developing qualifications required of persons who conduct training in the prekindergarten content standards. They will be charged with creating or adopting a model for highly effective teachers which can be used as a statewide resource for teachers and caregivers. They will study and develop recommendations for appropriate group sizes in child care settings.

The bill requires the Department of Education to develop a training module. To the extent that money is available, that training should be made available at no cost, or reduced cost, to licensed child care facility employees. The Board for Child Care would be required to establish new regulations on training course requirements for child care facility employees. Each employee of a licensed facility would be obligated to receive 24 hours of annual training. At least 16 of those hours would be tied to Nevada's prekindergarten standards.

We believe that it is important to extend the life of the Early Childhood Advisory Council. It is a useful body which provides inclusivity among business and private operators who, together with early childhood experts, can work together to increase the quality of early childhood education.

We also believe that it is important to align the training for our early childhood educators with the existing prekindergarten standards. We should not have prekindergarten standards in Nevada unless we are providing training to them.

It is our understanding that the cost of existing training programs ranges from free online classes to an average of \$12 an hour. Similar to what was provided by S.B. No. 317 of the 75th Session, there are free training programs available online. That previous legislation pertained to financial literacy.

Several private child care operators will testify today with objections to this bill. Our repeated efforts to reach out to them to address their concerns have, unfortunately, been unsuccessful. I will say, however, that we had a positive and productive meeting yesterday with representatives of the Early Care and Education Office of the State Division of Welfare, the Nevada Registry, Teach Nevada and the Nevada Association for the Education for Young Children. In that meeting, we were able to address their concerns with the bill. We have pledged to work together throughout the regulatory process to ensure

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that the training program's design and implementation is effective and successful for all parties.

I would like to submit a letter for the record ([Exhibit U](#)) which attests to our collaboration.

As in many other categories, Nevada ranks well below nearly every other state in the requirements and training standards of our early childhood educators. I appreciate the consideration of the Committee in enhancing those standards through this legislation.

SENATOR LESLIE:

Are the other organizations with whom you met yesterday now in support of this bill?

Ms. PITTMAN:

Teach Early Childhood Nevada, Nevada Pre-K Standards, the Nevada Registry and the Nevada Association for the Education of Young Children are now in support of the bill. Their principal concerns were with a statutory component of the bill. We impressed upon them they will be a part of the regulatory process.

SENATOR KIECKHEFER:

In section 12 of the bill, training requirements are described. What is currently in the regulations pertaining to training in this area?

Ms. PITTMAN:

My understanding is that the only current requirements for early childhood educators, at this time, is 15 hours of annual training. It is not tied to any mandated subject areas.

SENATOR KIECKHEFER:

Is it correct that this bill would increase that number to 24 hours, 16 of which would have to be in early childhood development?

Ms. PITTMAN:

Sixteen of those hours would need to be tied to the State's established prekindergarten standards.

SENATOR KIECKHEFER:

It appears that the remainder of the bill relates primarily to advisory issues. Would the Council have any regulatory control or power other than helping, assisting and advising?

MS. PITTMAN:

My understanding is that they serve as volunteers and their role is restricted to advisory council.

SENATOR KIECKHEFER:

It appears that the only direct requirement being placed on child care providers in the bill is the training requirement.

MS. PITTMAN:

That is correct.

DOLORES HAUCK (United Way of Southern Nevada):

We have made efforts to remove the fiscal note for this bill so that we can move forward. We have been able to build consensus among the entities and key stakeholders who will be affected. A great deal of misinformation has been corrected. We look forward to working with all entities involved.

We will attempt to address the challenges in rural Nevada by going online to find Internet-based training opportunities.

To Senator Kieckhefer's question pertaining to current training regulations, I would report that currently, 15 hours are required through the approval of the Nevada Registry. They can be linked to the core knowledge areas, but they can include anything from CPR to basket-weaving to more serious types of training which could actually help the child care provider.

MENDY ELLIOT (United Way of Northern Nevada and the Sierra):

I am speaking as a representative of the United Way of Northern Nevada and the Sierra. Our chapter supports the United Way of Southern Nevada in their efforts to develop consistency with respect to training for prekindergarten providers and caregivers in our State. The alignment of this training will support those who are providing education to our most precious asset, our children. We recognize that there are concerns with this measure. We want to assure the

Committee that there will be an opportunity, through the regulatory process, to work through those issues.

We support an inclusive regulatory process. Ms. Pittman has worked with Assemblyman Bobzien in reaching out to those individuals who will be impacted by A.B. 546. Assemblyman Bobzien and Ms. Pittman have worked with Dr. Keith Rheault, the Superintendent of Public Instruction, to ensure that the Department of Education is supportive of these efforts.

SENATOR CEGAVSKE:

I have spoken with former Senator Ann O'Connell, who sits on a Governor's advisory board which examines the possibility of eliminating some of the councils or committees that have been formed. They recently proposed the cessation of the Nevada Early Childhood Advisory Council which was created in 2009. She wanted me to ask what the reason would be for retaining an identical council to the one which is proposed to be eliminated.

Also, concerns have been brought to me from private businesses who are concerned about the proposed additional costs to their child care centers. I have received information indicating that it now costs \$169 per year for the 15 hours of training which are now required. Under this measure, that cost could go up to \$340. On page 4, the following language is included: "To the extent that money is available to pay for the training, the Department of Education shall arrange to have the training provided at no or reduced costs to the employees." Is that language part of the proposed amendment?

MS. PITTMAN:

I will begin by addressing Senator Cegavske's first question. The Early Childhood Advisory Council, which was established by Governor Jim Gibbons, was due to expire in July. This provision would put the Council's existence into statute. I cannot speak for Governor Sandoval's administration, but I have had several conversations with representatives of his Office who have indicated that they would accept this legislation.

In answering the question about the cost of training hours, I would like to defer to Ms. Hauck.

MS. HAUCK:

As of last night, a study was published by the Nevada Registry on these training costs for child care providers. According to this study, there can be an average cost of less than \$12 per hour for the 15 total training hours over the course of the year. Studies indicate that the majority of the monthly classes are at no cost. As a provider, one can choose to take a class with or without cost. It is up to the provider to select where, when and how the training will occur.

Money for training from the Department of Education and from the National Head Start Association would be pooled, along with any other private dollars, to leverage and absorb any costs so that we can avoid passing them on to the community. The goal is to educate child care providers and raise the standards, not to create financial hardships.

SENATOR CEGAVSKE:

Is federal money being supplied to United Way for this purpose?

MS. HAUCK:

No federal money is being used in developing these measures. All of the money has come from private sources and foundations.

SENATOR CEGAVSKE:

Will any federal money be available for the training?

MS. HAUCK:

No federal money will come through United Way of Southern Nevada, but the money that will be made available for training through the National Head Start Association will come from federal sources.

SENATOR CEGAVSKE:

There will continue to be concern about the costs to the centers, particularly with the economy in its present condition. These operators have expressed concerns that they may not be able to afford these additional costs. Many of these child care providers earn minimum wage.

CHAIR HORSFORD:

What is the average cost to keep a child in day care?

MS. HAUCK:

The cost reimbursed by the State in southern Nevada is \$115 a week for day care. This equates to \$23 a day for a three- to five-year-old child. Over the course of the year, the day care scholarship program of United Way contributes \$2,990. The parent would provide a copay on that amount.

CHAIR HORSFORD:

I want to address this concern that somehow the fee, if there is one, of \$100 for 15 hours of training will jeopardize these child care centers when a parent typically pays, on average, \$500 to \$700 per month for one child to be enrolled. The training costs do not equate to an onerous request.

We are talking about training which costs \$169 for one year. I pay \$610 per month for my daughter to go to day care. This is not a significant burden on these providers.

DR. MICHAEL THOMPSON (Child Care Association of Nevada):

I am speaking as a representative of the Child Care Association of Nevada. We would like to voice our strong opposition to this bill. The discussion so far has not captured the arguments that we have against this legislation.

Our opposition is not based on the training requirement. We have been strong supporters of teacher and staff development and training for many years. There are other issues at hand.

We represent small, family-run day care centers; private, small business child care centers; and corporate child care centers in schools. We represent all of these organizations in that we represent staff who care for infants as young as eight weeks old. These people teach potty training to toddlers.

We represent working parents, single mothers and fathers and grandparents who raise and care for children. These people depend on child care every day. There is universal opposition to this bill from most of the entities who have historically regulated child care. These are the entities who create staff training within the State. There is opposition from those who develop professional development tracks for child care staff. There is even opposition from higher education professors who teach early childhood development.

This bill makes no sense, and I will explain why. I need to describe the issues at hand because they are not easily understood from reading the language in the bill.

It makes no sense to give regulatory authority to a committee which is due to expire on July 31, 2011. It makes no sense to allow a government takeover of child care by an unaligned Department of Education. While we have been highly regulated throughout our existence in this State, we have never been regulated by the Department of Education. The Department of Education will now be able to regulate private industry. This is a slippery slope.

It makes no sense to require 16 continuing education credits a year in prekindergarten standards for those who love and nurture infants and do not need to know prekindergarten standards. At least two out of every three staff members at our centers do not even work with prekindergarteners. These people are teaching children how to go to the bathroom. They do not need to learn prekindergarten standards.

I question the true motives of the sponsors of this bill.

CAROL LEVINS (Creative Kids Learning Center):

I operate the largest private chain of child care centers in Nevada, serving over 1,500 students and employing about 200 caregivers. I have been operating this business for the past 31 years.

Preschool education is not mandatory in this State. Parents have a choice as to if, and where, they place their child.

I believe in the necessity of regulations that protect the health and safety of our children. The State has done a satisfactory job in this regard. I am opposed to A.B. 546, however, because it appears to be a regulation of curriculum. The individuality of each program, as it exceeds licensing standards, should be at the discretion of the individual proprietor.

Section 5, subsection 3, paragraph (b) of the bill indicates that there should be developed a statewide, unified system for collecting data relating to early childhood programs. This language indicates reporting responsibilities of private child care organizations regarding their status and the performance of their students. We are not part of the public school system. We should not be

required to furnish feedback on the academic achievements of three year-old and four year-old children. These children may only attend for one month or two months before their parent loses their job and they can no longer attend. The data would be askew.

I respectfully ask that the Committee not pass A.B. 546 as it will have a negative impact on our industry.

DAVID WALTON (Regional Director, Challenger Schools):

I am speaking as a representative of Challenger Schools in Las Vegas. We have three campuses in Las Vegas. We are a private, preschool through eighth grade institution.

I would like to voice opposition to this bill. This would have a negative impact on private providers. The provisions of this bill have not been discussed with private providers.

MAUREEN AVERY (Creative Kids Learning Center):

I will speak as a representative of Creative Kids Learning Center. I have worked for Creative Kids Learning Center, with eight centers located throughout the Las Vegas area, for 30 years.

I am in opposition to A.B. 546. It is not necessary to make various changes to provisions governing early childhood care and education outside of the already-established State licensing process. In the last ten years, the field of early childhood care has made tremendous strides in the State of Nevada. The Early Care and Education Office of the Division of Welfare and Supportive Services and the State licensing requirements have been beneficial. We have also seen benefits from the work of the Teacher Education Assistance for College and Higher Education Grant Program, the Nevada Registry, the Children's Cabinet and the Southern Nevada Health District. These entities have established a cooperative atmosphere among early childhood professionals. The nonprofit and for-profit entities have recently joined forces to revamp licensing requirements and regulations and health district regulations and have worked toward positive change and improvement. I am distressed because, after all of this cooperative effort, we are faced with additional requirements and oversight within this bill which was formulated and submitted with no input from those of us who work every day in the early child care profession.

We work under 286 pages of regulations. We work with the State licensing agency to maintain the required standards and we feel that change and improvement, which have always been an integral part of our profession, are necessary. We ask that we be allowed to be a part of the decision making process, and we urge the Committee to vote against this bill at this time.

MS. PITTMAN:

I want to emphasize that we have reached agreement with other entities who play major roles in early child care. They understand that there is an inclusive process associated with the council and the regulatory process. This should help address the infant and toddler questions which have been raised.

JACK WOODCOCK:

I am speaking as an owner of a child care facility in Las Vegas.

Some of the commentary regarding the input of child care providers is disingenuous, at best. There has been little attempt, during the drafting of this bill, to get the consideration of those who are actively involved in early child care.

We represent child care facilities which provide a level of care exceeding every standard. We teach the basic things that children need before going to kindergarten. This curriculum is exemplary. We teach manners and the types of human relationship skills which will allow these children to get along with teachers. We adhere to the highest standards in all of these services.

I ask the Committee to vote against A.B. 546 because it goes far beyond the original intent of the bill.

MS. ELLIOTT:

I want to assure the Committee that, through the actions of the advisory council, people, such as Mr. Woodcock and Ms. Levins will be included in the regulatory process. We want to ensure that everyone's voice is heard. We want to have representatives of the child care industry on the council. We want to achieve consistency with the educational approach. Those facilities who already have exemplary programs in place should be included at the table because we want to hear from all of the experts in the field.

CHAIR HORSFORD:

With the structure change in allowing the Governor to appoint the State Superintendent of Public Instruction and with the Board of Education being appointed by members of the Executive Branch and the Legislative Branch, this will provide a level of assurance, going forward, that these issues will be handled in a way that ensures all voices and constituencies will be heard.

I am hearing concern that, in leading up to the development of the provisions of this bill, people feel they were not included. The policy of the bill, however, sets up a process which includes regulatory hearings. In those hearings, each individual stakeholder would be able to voice their opinions. This would include child care providers, parents and community leaders.

I feel strongly that this is a measure which should move forward.

SENATOR LESLIE MOVED TO DO PASS A.B. 546.

SENATOR PARKS SECONDED THE MOTION.

SENATOR DENIS:

I agree that early child care education is important. I will vote for the bill.

I would like to note, however, that I am the Chair of the Senate Committee on Education and this is the first time I have seen this bill. No one has approached me about this legislation. I will vote for the bill to keep it moving forward, but I reserve my right to change my vote on the floor once I have more time to review the provisions.

SENATOR CEGAVSKE:

I will not support the bill unless something changes before it is brought forward for a floor vote. I am concerned about the costs to the child care providers. The additional costs could go up to \$400 a year. This will be a burden on day care centers and the private sector. I support the mission of United Way, but I will not be supporting this bill.

THE MOTION CARRIED. (SENATORS RHOADS, CEGAVSKE AND KIECKHEFER VOTED NO.)

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CHAIR HORSFORD:
I will open the hearing on A.B. 563.

ASSEMBLY BILL 563 (1st Reprint): Establishes for the next biennium the amount to be paid to the Public Employees' Benefits Program for insurance for certain active and retired public officers and employees. (BDR S-1223)

JAMES R. WELLS (Executive Officer, Public Employees' Benefits Program):
I provided all of my testimony on this issue at the hearing yesterday. I am available for questions.

MR. KRMPOTIC:
This bill implements the State subsidies for Public Employees' Benefits Program (PEBP) participants and retirees. This bill is required to implement the budget. Information has been provided by Mr. Martin Bibb of the Retired Public Employees of Nevada on the impact to Medicare retirees in conjunction with the policy measures which have been provided this Session for PEBP.

Staff would indicate that this is a matter which could possibly be discussed during the interim with the Interim Retirement and Benefits Committee. This could be held earlier than the scheduled meeting in December 2011. Staff keeps a close watch on these issues and this issue could be brought back subsequent to the enrollment period as more information is provided on the impact to retirees.

CHAIR HORSFORD:
With the motion on this bill we should include a letter of intent requesting that PEBP provide that information to Fiscal Staff. They would also be directed to provide twice-yearly reports to IFC.

SENATOR CEGAVSKE MOVED TO DO PASS A.B. 563; AND TO ISSUE A LETTER OF INTENT REQUIRING PEBP TO PROVIDE ADDITIONAL INFORMATION ON THE IMPACT OF THIS LEGISLATION ON RETIREES, AND TO MAKE TWICE-YEARLY REPORTS TO IFC ON THIS MEASURE.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

I will now open the hearing on the budget-related bills which are proposed to be introduced.

MR. KRMPOTIC:

The first proposed bill will implement the capital improvement program (CIP) for the upcoming biennium, as approved by the Senate Committee on Finance and the Assembly Committee on Ways and Means.

ERIC KING (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

I will provide a summary of the various sections of Bill Draft Request (BDR) S-1316 ([Exhibit V](#)).

BDR S-1316: Authorizes and provides funding for certain projects of capital improvement. (Later Introduced as S.B. 504.)

Section 1 approves approximately \$27.1 million in general obligation bonds for projects which are enumerated under the same section.

Section 2 provides a reversion date of June 30, 2015, for all of those projects enumerated in section 1.

Section 3 specifies that the State Board of Finance will issue the bonds for the 2011 Capital Improvement Projects (CIPs) when it is deemed appropriate. Section 3, subsection 2, allows the State Controller to advance General Fund money if bonds have not been sold to finance the projects approved in the 2011 CIP plan.

Section 4 approves approximately \$2.4 million in State Highway Fund dollars for projects enumerated in section 4 for the 2011 CIP.

Section 5 provides a reversion date of June 30, 2015, for the State Highway Fund money which was approved for projects in the 2011 CIP.

Section 6 provides for reimbursements on projects funded from the Highway Fund once information has been provided which substantiates the costs for those projects.

Section 7 pertains to the reallocation of about \$11.6 million from CIP Project 09-CO2a. This was the 36-bed hospital and adolescent care facility for Southern Nevada Child and Adolescent Services. That money will be reallocated to projects which are identified in section 7, subsection 2.

Section 8 pertains to the reallocation of money from the 2007 CIP Project 07-M48 to the 2011 CIP in order to put cameras and recording devices in Ely State Prison.

Section 9 provides the reversion date of June 30, 2015, for those two projects which were reallocated from the 2007 CIP and 2009 CIP to the 2011 CIP.

Section 10 approves approximately \$4.3 million in federal and agency money. The federal money would total approximately \$2.6 million. The agency funding would total approximately \$1.8 million. The majority of that agency funding would be for Project 11-S09, which is described as "Building Official Projects." This is authority which agencies send to the State Public Works Board for the review of their plan checks. Section 10 enumerates all of those projects which will be receiving money from sources other than the General Fund or the State Highway Fund.

Sections 11 and 12 indicate that the State Public Works Board will use only qualified personnel to execute the 2011 CIP. Section 12 indicates that agencies will cooperate with the State Public Works Board in carrying out the provisions of the CIP.

Section 13 approves \$490,000 for a cultural affairs bond program.

Section 14 approves ad valorem taxes for the Question 1 (Q1) bond program and CIP. For the CIP, 15.55 cents on every \$100 of assessed valuation will be used to support the bonds that are sold for CIP. For the Q1 program, 1.45 cents on every \$100 of assessed valuation will be used to support the bonds that are sold for the Q1 program. These are the same rates as are allowed in the current biennium.

On page 12 of [Exhibit V](#), section 15 indicates that the State Treasurer will make an estimation of sufficient funding and determine whether that amount exists in the Consolidated Bond Interest and Redemption Fund to pay the principal and interest on past CIP issuances as well as current issuances. If there is not enough money in the Consolidated Bond Interest and Redemption Account, they can make a request to the State Controller to reserve money in the General Fund to pay those debts.

Section 16 authorizes the State Board of Finance to pay expenses related to the issuance of general obligation bonds.

Section 17 authorizes money to pay for bonds in the Consolidated Bond Issuance and Redemption Account. This would amount to \$157,663,910 in FY 2011-2012 and \$167,264,898 in FY 2012-2013.

Section 18 indicates that, with IFC approval, the State Public Works Division of the Department of Administration and the Nevada System of Higher Education (NSHE) can transfer money from one project within the same agency to another.

Section 19 approves \$5 million from the Special Capital Construction Fund for Higher Education for deferred maintenance.

Section 20 provides a reversion date of June 30, 2015, for that money from the Special Capital Construction Fund for Higher Education.

Section 21 through section 25 extends 16 prior-year CIP projects. The first is an extension of a 2001 CIP project, section 22 extends 2005 CIP projects, section 23 extends a 2005 CIP project and sections 24 and 25 approve 13 projects from the 2007 CIP.

Section 26 provides that this bill will become effective upon passage and approval.

CHAIR HORSFORD:
I will take a motion to introduce BDR S-1316.

SENATOR LESLIE MOVED TO INTRODUCE BDR S-1316.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

MR. KRMPOTIC:

I will now cover the proposed bill that provides for the salaries of State employees, BDR S-1317 ([Exhibit W](#)).

BDR S-1317: Provides for compensation of state employees. (Later Introduced as S.B. 505.)

Section 1 encompasses the salary levels and the titles for each of the unclassified positions for the upcoming biennium as identified for each State budget account. The salary levels have been approved by the Senate Committee on Finance and the Assembly Committee on Ways and Means and include a 2.5 percent pay reduction. This list does not include classified positions or nonclassified positions which are primarily found in the Governor's Office.

Section 2 begins on page 25 of [Exhibit W](#). This section pertains to any unclassified position which may be found to have been inadvertently omitted from this act. The language allows the Department of Human Resource Management to examine the duties and responsibilities of the position and submit to IFC a recommended salary to be established for that position in the unclassified pay system. Section 2, subsection 2, provides language which allows for the correction of typographical errors by Fiscal Staff. Section 2, subsection 3, indicates that an employee occupying a position which is currently in the classified service but will be moved to the unclassified service, will have the option to remain in classified service until the incumbent leaves that position.

Section 3 provides for the 2.5 percent pay reduction which was approved by the Senate Committee on Finance and the Assembly Committee on Ways and Means. This will apply to all employees.

SENATOR KIECKHEFER:

Is the 2.5 percent decrease incorporated into all of the salary levels in section 1, even though it is provided for in section 3?

MR. KRMPOTIC:

That is correct.

In section 3, subsection 3, it states that, except as otherwise provided in section 3 and section 4, the provisions of section 3, subsection 1, apply to all departments of State government and include the NSHE and Public Employees' Retirement System (PERS). Section 3, subsection 3, also indicates that the Board of Regents shall determine and implement the method by which the professional employees of NSHE will participate in the requirements of section 3, subsection 1. Section 3, subsection 4, exempts employees of the Department of Tourism and Cultural Affairs from the 2.5 percent pay reduction if their standard workweek is 32 hours long. Last Session, reductions were implemented for the Department of Cultural Affairs to reduce the operating hours of the museums. Therefore, the number of hours in the workweek for employees at those museums has been reduced, and they would not be exempt from this reduction.

Section 4 implements the six required days of furlough in each year for all employees in State government. The furlough reduction equates to an approximate 2.3 percent decrease in pay which, combined with a 2.5 percent pay decrease, totals an approximate 4.8 percent reduction. Section 4, subsection 2, allows the employees to continue to accumulate sick and annual leave and calculate hours toward a pay progression date or continuity of service date despite the furlough day provision.

SENATOR KIECKHEFER:

Section 4, subsection 2, seems to indicate that furlough leave can be taken in the same manner as other types of leave. Does this mean that furlough leave could be taken in seven minute increments?

MR. KRMPOTIC:

From a practical standpoint, furlough leave is granted on a scheduled basis which works with the needs of the employer. When I have seen this applied, it is typically used in no less than hourly increments.

SENATOR KIECKHEFER:

Will it be ultimately left up to the departments or agencies to determine an internal policy for furlough leave?

MR. KRMPOTIC:

I do not believe that each agency sets up an internal policy. Whether the leave is taken as vacation or sick, the employees determine when they want to take that leave and it is subject to approval by the employer. In certain cases, such as with the Department of Corrections, where staffing is critical, those requests must be balanced with the desires of other employees.

SENATOR DENIS:

Will employees be able to take their furlough all at one time? In the past, it was limited to being used once a month.

MR. KRMPOTIC:

This language would require that the 48 hours of furlough leave be taken each fiscal year. The bill is not specific as to when and how it is taken. In theory, if an employee wanted to take six consecutive days of furlough in a single month, they would be allowed to do so as long as it was agreeable to the employer from a scheduling standpoint. Nothing in the bill precludes that from happening.

SENATOR DENIS:

Some people have talked about the furlough leave as a problem in the past. This could be a good thing for employers. If they have a slow period in the workload, they could allow employees to take care of their furlough requirements in larger or smaller groups, depending on demand.

MR. KRMPOTIC:

I should draw the attention of the Committee to a piece of language which is included in the current pay bill, but not this pay bill. A distinction was drawn between classified and unclassified employees. Unclassified employees had to take furlough leave in full-day increments. Classified employees, however, had the option of taking leave in various hourly increments which added up to 96 hours per year. Legal Counsel has examined the language in the pay bill for the 2011-2013 biennium and it has been determined that both classified and unclassified employees can take the furlough leave in hourly increments, rather than having a distinction incorporated into back-language as has been done previously.

Section 4, subsection 4, indicates that the furlough leave does not apply to employees of the Department of Cultural Affairs and Tourism whose standard workweek is only 32 hours.

Section 5 indicates that it is the intent of the Legislature to establish a program whereby employees of the State and other participating employers who take furlough leave due to extreme fiscal need will be held harmless in the accumulation of retirement service credit. That is consistent with the way the furlough leave policy has been applied in the current biennium.

Section 6 begins on page 31 of [Exhibit W](#). This section indicates that it is the intent of the Legislature to limit exceptions to the requirement of furlough leave for employees of the State, as identified in section 4 of this act, to identified areas of critical need. This language is similar to what was provided in the current biennium. If an employer, including the State, participating in the furlough program determines that a position cannot be subject to furlough leave because of the necessity of that position in providing services appropriate to the protection of the public, the governing body of the agency must put those findings in record. Any exemptions to furlough leave are subject to the approval of the Board of Examiners where it applies to the Executive Branch. This language is found in section 6, subsection 2, paragraph (a). The Board of Regents is indicated to be the governing body for NSHE, and the Public Employees Retirement Board is the governing body for PERS. The Supreme Court and the Legislative Commission are indicated to be the governing bodies of the Judicial Branch and the Legislative Branch of State government, respectively.

SENATOR KIECKHEFER:

In section 6, subsection 4, the language indicates that if people are exempted from the furlough, they will still have a 2.3 percent reduction in salary. Is that 2.3 percent reflected in the calculations of PERS?

MR. KRMPOTIC:

That 2.3 percent pay reduction would be the equivalent to six days of unpaid furlough a year. It appears that, if an employee were to take the 2.3 percent reduction, they would not be held harmless with respect to PERS contributions and accumulation of service credits.

Section 7 of the bill appropriates approximately \$5.9 million from the General Fund in the first year of the biennium and \$6 million in the second year of the biennium to provide for the difference between the 5 percent reduction which was recommended by the Governor for Executive Branch employees and the 4.8 percent reduction which was approved by the Legislature. The amounts appropriated under this section also provide funding for PERS to hold harmless the time taken off for furlough days.

Section 8 makes a similar appropriation from the State Highway Fund for the employees in DMV, Department of Public Safety, mainly the State Highway Patrol and the Nevada Transportation Authority.

The amounts appropriated to the Board of Examiners under sections 7 and 8 are allocated to the agencies based on need. The agencies normally must approach the Board of Examiners to demonstrate that there is a shortfall in their budget with respect to payroll before they will be granted an allocation. This will work the same way as in the past when cost of living adjustments were approved. That money was similarly appropriated to the Board of Examiners and then allocated on an as-needed basis.

Sections 9 and 10 contain language which is similar to what was included in the 2009 Unclassified Pay Bill. Section 9 provides that certain employees of the Department of Corrections and Department of Health and Human Services, including senior psychiatrists, senior physicians and pharmacists, are to perform on-call responsibilities to ensure 24-hour coverage. Payments of up to \$60 will be made for specified periods on weeknights, and up to \$100 will be paid for specified periods on weekends.

Section 10 allows the Gaming Control Board to adopt a plan authorizing additional payments of up to \$5,000 annually for unclassified employees who possess certain certificates from the State of Nevada, such as certified public accountants and attorneys, or other qualifying positions, such as electronic laboratory engineers.

Section 11 pertains to the reversion language of the appropriations that were made earlier in this act.

Section 12 places maximum amounts on the money which is to be distributed by the Board of Examiners. Appropriations established for an account within the

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department, agency or commission at issue must not be distributed to another account within the agency if that action results in the distribution of money beyond the maximum salary need as determined by the account.

Section 13 indicates that this act would become effective on July 1, 2011.

SENATOR KIECKHEFER:

In section 9, the language allows the Department of Health and Human Services and the Department of Corrections to adopt plans for additional payment for weekend and nighttime responsibilities. Is this an issue which has a total dollar amount which would be appropriated from somewhere else, or would they have to handle those amounts within their current appropriations?

MR. KRMPOTIC:

I have not reviewed those accounts in detail to determine how that money might be included. The amounts appropriated in this act are not intended to cover the payments under section 9 or section 10. For the appropriation to the Gaming Control Board described in section 10, those amounts are brought into the Board's budget.

In section 9, if the \$60 or \$100 payments were made in FY 2009-2010, those amounts would most likely have been carried forward in the Base Budget and would therefore be included in the appropriations in the operating budgets for the Division of Mental Health and Developmental Services and the Department of Corrections.

SENATOR KIECKHEFER:

Is this language common to most Unclassified Pay Bills as they are brought forth in each biennium?

MR. KRMPOTIC:

This language was included in the Unclassified Pay Bill for the 2009-2011 biennium. Having worked on that bill directly, I recall that this item was included at the urging of the Director of the Department of Health and Human Services.

SENATOR KIECKHEFER:

Would it be reasonable to assume that this money is included in those departmental Base Budgets and would be accounted for?

MR. KRMPOTIC:

That would seem likely. I would qualify that by saying I have not closely examined the Base Budgets of those agencies. Typically, if an item was paid in 2010, it would have been carried forward in the Base Budget and would therefore be funded into the upcoming biennium.

SENATOR DENIS MOVED TO INTRODUCE BDR S-1317.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MR. KRMPOTIC:

The next proposal is for the Authorized Expenditures Act. This will cover funding from all other sources outside of the General Fund and the State Highway Fund. It includes federal funding sources, fee-based budgets and self-supporting State budgets within the State government.

Traditionally, the State Highway Funds which are received by the Department of Transportation are included in the Authorized Expenditures Act rather than the General Appropriations Act. This is a long-standing tradition. Another exception is that the Gaming Control Board and the Gaming Commission are funded from General Fund authorizations and not appropriations. This is included in the Authorized Expenditures Act, as well. This is based on statutory language which will be covered in the presentation.

REX GOODMAN (Principal Deputy Fiscal Analyst, Fiscal Analysis Division,
Legislative Counsel Bureau):
I will be presenting BDR S-1315 ([Exhibit X](#)).

BDR S-1315: Authorizes expenditures by agencies of the State Government.
(Later introduced as S.B. 503.)

This bill will cover all other funding sources other than General Fund and State Highway Fund appropriations, with the exception of the Gaming Control Board and the Nevada Department of Transportation, as has been described.

Pages 1 through 21 of [Exhibit X](#) outline each account and the authorized expenditures for the 2011-2013 biennium.

Section 2, which begins on page 21 of [Exhibit X](#), contains language describing the uses of tobacco settlement fund money. This includes the approved amounts in the budgets for the Attorney General's Office, the Aging and Disability Services Division, the Community-Based Services programs and other programs within the Director's Office of the Department of Health and Human Services. This would also include the Family Preservation Program within the Mental Health and Developmental Services account as well. The allocations from tobacco settlement funds are outlined in section 2, subsections 2, 3 and 4.

Section 2, subsection 5, outlines the percentages by which additional tobacco settlement funds would be distributed. Forty percent would go to the Millennium Scholarship Trust Fund and 60 percent would go to the Fund for a Healthy Nevada. The Committee will recall that the other 10 percent which has previously been provided to the Trust Fund for Public Health has been eliminated and combined into the Fund for a Healthy Nevada.

Section 3 provides the General Fund appropriations for the State Gaming Control Board. Statute dictates that these funds must be authorized for use by the Board.

Section 4, on page 24 of [Exhibit X](#), is the authorization for the Gaming Commission. This is also a General Fund appropriation.

Section 5 provides the authorization for funds to be adjusted, not including funding for the Legislative Fund and judicial agencies. This money can be transferred for salary allotments and travel allotments in accordance with NRS 353 which provides for work program adjustments approved by IFC.

Section 6 pertains to augmentations to these amounts. The amounts authorized in this bill may be augmented by the Chief of the Budget Division of the Department of Administration if additional outside revenue, federal or local government funding, becomes available for these same purposes, pursuant to NRS 353. Section 6, subsection 2, provides the same authority for the Director of the Legislative Counsel Bureau, with approval from the Legislative Commission.

Section 7 requires that whenever an account receives additional funding which is not included in the budget, to the extent that General Fund allocations can be offset, that General Fund or State Highway Fund money is required to be reverted to the State. There are some exceptions to this provision. Generally, however, if an account receives General Fund or State Highway Fund money, and then receives additional money from some other source, that State money must be reduced by the same amount and reverted.

Section 8 outlines the amount of fee and tuition revenues that can be collected by a facility of NSHE. Those amounts are listed on pages 26 and 27 of [Exhibit X](#).

SENATOR KIECKHEFER:

When the Committee discussed the NSHE budget, there was an initial proposal to increase tuition for two consecutive years. We closed the budget with only a first year increase. If the Board of Regents were to decide to try to offset some of the approved reduction in General Fund money by adding an additional tuition increase, would they have to come to the Legislature and get authorization to expend that increase?

MR. GOODMAN:

I assume they would be able to come to the Legislature and request authorization to receive and expend that additional revenue.

MR. KRMPOTIC:

That issue is covered in section 8, subsections 2 and 3, on page 27 of [Exhibit X](#). This language provides that NSHE may expend additional registration fees collected from students for the purpose of meeting salaries and related benefits for incremental instructional faculty. The NSHE may also expend, with the approval of IFC, any additional registration fees and nonresident tuition fees resulting from the imposition of fee increases. If the expenditures are for instructional purposes, NSHE may come forward and augment its budget. If the money would be used for other purposes, NSHE would have to seek approval from IFC.

MR. GOODMAN:

Section 9 provides authority for the Department of Wildlife. This is language which has traditionally been included in this bill. If the Director of the Department of Wildlife projects that the Department will be short on

non-General Fund revenue, they may request a temporary transfer from the General Fund. This advance is not to exceed 50 percent of the Department's amount of federal money in each account. The advance would be repaid by the end of the fiscal year.

Section 10 outlines the amounts of revenue to be collected from the counties for State Public Defender services. The State Public Defender's office can, additionally, receive more funding from those counties to augment their services if the counties so choose.

Section 11 contains historically included language which requires the State Treasurer to allocate portions of the tax on motor vehicle fuel between the Department of Wildlife and the Division of State Parks. Both of these agencies are located within the Department of Conservation and Natural Resources.

Section 12 allows the Division of Forestry, within the Department of Conservation and Natural Resources, to use special reserves for the cost of operation and repair and maintenance of firefighting vehicles. These reserves are held in another account, but can be used for firefighting vehicles without forcing a reversion of General Fund money. This is an example of the exemptions provided in section 7 of this bill.

Section 13 requires the State Fire Marshall to use funding from the Contingency Account for Hazardous Materials to support their eligible training programs before using any State General Fund money for those programs. This language has traditionally been included in Authorized Expenditures Act throughout the years.

Section 14 allows the Division of Forestry to support its central reporting unit. If there is any funding remaining at the end of each fiscal year, it may be carried forward for that same purpose. This is another exemption from the reversion requirements described in section 7.

Section 15 pertains to the Commissioner of Insurance position. This account was approved. If it is found that there is insufficient revenue, the Agency may receive a temporary advance from the General Fund, contingent upon the approval of the Director of the Department of Administration and upon notification of the Senate and Assembly Fiscal Staff, who would then make a report to IFC. This amount is limited to one-sixth of the account's anticipated

operating expenditures for the year and must be repaid by the end of the fiscal year.

Section 16 contains similar language. It provides authority to make an advance from the General Fund for the Department of Health and Human Services for the Health Statistics and Planning account. This advance is limited to \$600,000 per fiscal year. It would be available upon approval of the Director of the Department of Administration.

Section 17 allows the Western Interstate Commission for Higher Education Loan and Stipend Repayment account to balance forward its Health Care Access Program Loan Repayment slots and any loan, stipend and interest repayment revenues.

Section 18 requires the Department of Public Safety to transfer any remaining funding from the account for home disaster assistance to the General Fund. That account was a temporary account and is being eliminated.

Section 19 pertains to the identification of \$1.5 million in excess reserves in the Radiological Health Account of the Health Division this Session. Those reserves are required to be transferred to the General Fund by June 30, 2011.

Section 20 allows the Director of the Office of Energy to request a temporary advance from the General Fund if revenues are projected to not exceed authorized expenditures. The advance must be repaid by the end of the fiscal year.

Section 21 places restrictions on money deposited in the Emergency Operations Center Account of the Office of the Military. This is to account for rent revenues received for the use of Office of the Military facilities and allows them to be carried forward for the next fiscal year.

Section 22 relates to the Division of Child and Family Services, Clark County and Washoe County. This language is a holdover from the previous Session. With the new block grant language which was approved in S.B. 447, this would allow the Division or the counties to use additional money, which may have been received after the closing of their respective budgets, for child welfare purposes without having to revert an identical amount to the General Fund. This is another exemption to section 7 of the bill.

SENATE BILL 447 (1st Reprint): Makes various changes concerning the administration of child welfare services. (BDR 38-1218)

Section 23 pertains to the Office of Veterans' Services. If the Director of that Office determines that revenues are insufficient to pay authorized expenditures, the account may receive a temporary advance from the General Fund. This advance is not to exceed \$400,000 per fiscal year and must be repaid by the end of each fiscal year.

Section 24 pertains to the Commissioner of Insurance. This account was determined to have excess reserves. This language would freeze the assessments which are charged by the Commissioner of Insurance for the biennium, as those fees are no longer necessary to maintain the reserve over the next two years.

Section 25 contains language pursuant to the actions of the Committee in shifting revenues in DMV. This would include government services taxes which would be shifted to the General Fund. The DMV will be required to utilize State Highway Fund money for their operations instead. Approximately \$20.9 million of government services taxes in each year of the biennium would be shifted to the General Fund. In section 25, subsection 2, approximately \$4.7 million of other penalties and fees would be transferred to the General Fund as well.

Section 26 is necessary in increasing the administrative cap for State Highway Fund money used by DMV. In order to shift the government services taxes and fee revenue to the General Fund, the administrative cap for State Highway Fund money must be increased to 33 percent.

Section 27 contains language which would amend NRS 90.851. The Secretary of State's Office was approved to use revenues collected for investigations involving securities. The money could be used for any other purpose in the Office of the Secretary of State. This language will be permanently included in statute.

Section 28 pertains to a budget change which has been approved in the Office of Veterans' Affairs. The Office would no longer provide the Guardianship Assistance Program. There is no more money in this account for this program. There is no federal requirement that the Office provide this

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service. This section would remove the language in statute which pertains to this program.

Section 29 formally repeals numerous sections of statute pertaining to the Office of Veterans' Services. They are listed at the bottom of page 38 of [Exhibit X](#).

Section 30 specifies when specific sections of this bill will take effect. Sections 18, 19 and 27 will become effective upon passage and approval. The rest will become effective July 1, 2011.

SENATOR LESLIE MOVED TO INTRODUCE BDR S-1315.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:
This meeting is adjourned at 12:01 p.m.

RESPECTFULLY SUBMITTED:

Wade Beavers,
Committee Secretary

APPROVED BY:

Senator Steven A. Horsford, Chair

DATE: _____

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 428	C	Mark Krmpotic / LCB Fiscal	Prioritization Schedule for Technology Replacement
S.B. 425	D	Mark Krmpotic / LCB Fiscal	Proposed Amendment to <u>S.B. 425</u>
S.B. 174	E	Senator Allison Copening	Overview of <u>S.B. 174</u>
S.B. 174	F	Senator Allison Copening	Proposed Amendment to <u>S.B. 174</u>
S.B. 174	G	Senator Allison Copening	Policy Comparison for <u>S.B. 174</u>
S.B. 174	H	Senator Allison Copening	Las Vegas Review Journal Article
S.B. 174	I	Chris Ferrari / Concerned Homeowners Association Members Political Action Committee	Federal Housing Finance Agency Letter
S.B. 174	J	Tom Walsh / Howard Hughes Corporation	Letter of Support on <u>S.B. 174</u>
S.B. 174	K	Robert A. Massi	Letter on <u>S.B. 174</u>
S.B. 336	L	Senator Michael A. Schneider	Proposed Amendment to <u>S.B. 336</u>
S.B. 336	M	Senator Michael A. Schneider	Associated Press Article
S.B. 371	N	Legal Division / LCB	Proposed Amendment to <u>S.B. 371</u>
A.B. 511	O	Mike Draper / General Motors Company	Proposed Amendment to <u>A.B. 511</u>
A.B. 511	P	Mike Draper / General Motors Company	Salt Lake City Parking Program Outline
A.B. 511	Q	Mike Draper / General Motors Company	Cincinnati Parking Program Outline

A.B. 511	R	David Goldwater, Google, Inc.	Self-Driving Car Overview
A.B. 511	S	Brent Bell / Whittlesea Blue Cab Company	Letter of Support on <u>A.B. 511</u>
A.B. 511	T	Brent Bell / Henderson Taxi	Letter of Support on <u>A.B. 511</u>
A.B. 546	U	Lesley Pittman / United Way	Letter on <u>A.B. 546</u>
	V	Eric King / LCB Fiscal	BDR S-1316
	W	Mark Krmpotic / LCB Fiscal	BDR S-1317
	X	Rex Goodman / LCB Fiscal	BDR S-1315