**MINUTES OF THE**
**SENATE COMMITTEE ON FINANCE**

**Seventy-sixth Session**
**March 2, 2011**

The Senate Committee on Finance was called to order by Chair Steven A. Horsford at 8:05 a.m. on Wednesday, March 2, 2011, in Room 2134 of the Legislative Building, Carson City, 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

**STAFF MEMBERS PRESENT:**

Rex Goodman, Principal Deputy Fiscal Analyst
Mark Krmpotic, Senate Fiscal Analyst
Heidi Sakelarios, Program Analyst
Jackie Cheney, Committee Secretary

**OTHERS PRESENT:**

Stacey Crowley, Director, Office of Energy, Office of the Governor
Evan Dale, Administrator, Department of Administration
Andrew Clinger, Director, Department of Administration
Robert Nellis, Energy Program Manager, Office of Energy, Office of the Governor
Patricia M. Wade, Commissioner, Nevada Commission on Economic Development
Jeff Fontaine, Executive Director, Nevada Association of Counties

CHAIR HORSFORD:
The meeting is called to order. This morning we will hear the budgets from the Governor's Office of Energy.

STACEY CROWLEY (Director, Office of Energy, Office of the Governor):
I will begin with budget account (B/A) 101-4868. First, I will give an overview of the Nevada State Office of Energy (NSOE) with a brief description of some of our programs.

ELECTED OFFICIALS

Governor's Office Energy Conservation — Budget Page ELECTED-30 (Volume I)
Budget Account 101-4868

The mission of NSOE is to lead the Nation in renewable energy production, security, efficiency, conservation and exportation by ensuring Nevada's energy resources are developed in harmony with local community needs and Nevada's natural resources.

The NSOE implements the Governor's Nevada Energy Protection Plan and serves as the State's point of contact with the U.S. Department of Energy's (DOE) State Energy Program (SEP).

Numerous programs are administered by NSOE under the Renewable Energy and Energy Efficiency Authority (REEEA). The majority of the revenues come through programs funded by the DOE American Recovery and Reinvestment Act of 2009 (ARRA) stimulus grant as described on pages 3 and 4 of the hand-out entitled Nevada State Office of Energy, (Exhibit C).

The Energy Efficiency and Conservation Block Grant (EECBG) provides approximately $4.1 million to cities and counties, other than Reno and Las Vegas, for energy conservation projects and for projects that develop renewable energy systems.

The DOE SEP grant provides about $9.5 million for energy efficiency and renewable energy projects at Nevada's 17 school districts and 124 State-owned buildings.

The Nevada Retrofit Initiative (NRI) is an approximate $5 million grant received late last year for developing a strong residential building retrofit program working with energy auditors, contractors and finance companies.

The Energy Assurance grant provides $312,844 to update and implement the State's Energy Assurance Plan which includes monitoring and overseeing energy demand, supply and emergency preparedness.

The Revolving Loan Fund provides about $9.2 million for short-term, low-interest loans to developers of renewable energy projects in Nevada.

Through a partnership with the Nevada Commission on Economic Development and a contract with Nevada Institute for Renewable Commercialization, $225,000 was awarded to identify resources within the State that will enhance renewable energy business development in Nevada on a sustained level going forward.

A Business Development Grant of about $1.4 million has been awarded to the Nevada Energy Assistance Corporation to help with energy transmission issues. A contract is in place with an engineering firm for identifying two primary transmission corridors, one in the north and one in the south.

The Green Building Incentives Program supplies partial abatement on property taxes for buildings that meet Leadership in Energy and Environmental Design. These abatements range from 25 percent to 35 percent of the annual taxes for up to ten years.

Finally, there is a program currently underway for an energy consumption data base of almost 3,000 State-owned buildings. This aids in understanding energy usage and savings realized by installing energy efficiency measures, and aligns with NSOE's goal to reduce grid-base energy consumption from State-owned buildings by 20 percent by 2015.

CHAIR HORSFORD:
What coordination is there with the energy consumption database for State buildings? Have any quantifiable savings been identified from the implementation of energy saving measures?

MS. CROWLEY:
There has been collaboration with the State Public Works Board and the Buildings and Grounds Division to understand the energy usage of all State-owned buildings.

Energy retrofits and upgrades have been done on 124 State buildings resulting in energy savings. This funding helped us understand the energy usage prior to the retrofits and identified the upgrades that would create energy savings. We plan to use this same approach with the rest of the State-owned buildings as funding becomes available. Further, NSOE has a contract with a company called CLEAResult Consulting that was hired to find errors in energy billings. Their efforts produced savings of several thousand dollars. We plan to continue that program.

CHAIR HORSFORD:
What is the funding source for the Business Development Grant?

MS. CROWLEY:
The Business Development Grant is funded with DOE ARRA funds.

SENATOR PARKS:
Are there any State matching requirements for these various grants? Secondly, is there any requirement for continuing programs after the federal funding has expired?

MS. CROWLEY:
There is no matching requirement for the ARRA programs. The DOE requires a 20 percent match from State funds for the SEP Formula Grant. There are no mandates to continue programs after the grants expire. However, we plan to continue the revolving loan and NRI programs for as long as possible after the initial ARRA stimulus dollars expire.

SENATOR PARKS:
Is the revolving loan program, B/A 101-4875, all federal dollars?

<u>Renewable Energy Efficiency and Conservation Loan</u> — Budget Page ELECTED-48 (Volume I)
Budget Account 101-4875

MS. CROWLEY:
It begins with 100 percent ARRA federal dollars. When the loans are repaid with 3 percent interest, the interest comes back into the fund which adds to the amount available for loans. There is an April 30, 2012, deadline for expending approximately $9.2 million in the original ARRA grant. Any continuing program must abide by the intent and purpose of the revolving loan fund according to ARRA policies.

The 2011-2013 Governor's budget eliminates B/A 101-4869, and transfers the duties to B/A 101-4868. Refer to page 6 of Exhibit C.

The 2009 Legislature authorized the creation of REEEA with the primary objective of promoting and funding programs that develop the use of renewable energy resources and conserve or reduce energy demand. That mission closely aligns with the NSOE mission. Economies will be realized by eliminating duplications and consolidating efforts under one agency. The merger will save the State $947,404 for the 2011-2013 biennium including the elimination of three staff positions. See page 7 of Exhibit C for a summary of the existing REEEA programs.

Renewable Energy and Energy Efficiency Authority — Budget Page ELECTED-41 (Volume I)
Budget Account 101-4869

CHAIR HORSFORD:
Are any of those savings General Fund savings?

MS. CROWLEY:
No, there are no General Fund savings. All the funds are non-General Fund.

Pages 8 and 9 of Exhibit C are proposed staffing organizational charts for fiscal year (FY) 2011-2012 and FY 2012-2013. There is less staff in the second year of the biennium primarily because of the expiration of the ARRA funds in April 2012.

CHAIR HORSFORD:
If the ARRA grant ends on April 30, 2012, why are two of the positions not eliminated until FY 2012-2013? What is the impact of losing seven ARRA-funded positions within NSOE?

MS. CROWLEY:
The two positions you are referring to are the energy program manager and the management analyst II. Those positions manage the EECBG which expires on September 30, 2012.

CHAIR HORSFORD:
Why was the position of management analyst II, established to manage the revolving loan fund, never filled? What position has been performing these functions?

MS. CROWLEY:
The initial loan funds have been allocated. We have been able to handle the workload up to this point with existing staff. The management analyst II position will be needed once repayment of the loans begins and there are additional funds available to loan.

CHAIR HORSFORD:
Why has the outreach coordinator approved by the Interim Finance Committee (IFC) for the NRI grant not been filled? Does the grant award include funding to support this position during the 2011-2013 biennium?

MS. CROWLEY:
The Governor's 2011-2013 budget proposes funding the current outreach coordinator with 50 percent revolving loan funds and 50 percent NRI funds. The existing outreach coordinator will perform outreach duties for both grants.

CHAIR HORSFORD:
Does this mean the vacant outreach coordinator position will not be filled?

MS. CROWLEY:
This is correct.

CHAIR HORSFORD:
Three full-time equivalent (FTE) positions were recommended for elimination in the Base Budget for B/A 101-4868 due to the expiration of the ARRA funds. These positions include two energy program managers and one energy outreach coordinator. Now you are proposing to restore these positions for the upcoming biennium in decision unit E-490 of B/A 101-4868. Please describe the methodology used for restoring these positions.

E-490 Expiring Grant/Program — Page ELECTED-33

EVAN DALE (Administrator, Department of Administration):
Due to expiring grants, there are eight positions scheduled for elimination in the Base Budget of B/A 101-4868. There is no decision unit showing the elimination. Of those eight, three are restored in decision unit E-490. The positions will be funded with NRI grant funds and interest earnings from the repayment of loans to B/A 101-4875.

CHAIR HORSFORD:
What becomes the sustainability of the revolving loan fund if the interest is used to support operations rather than fund future loans?

MS. CROWLEY:
Not all the interest earned from the revolving loan program is used for program administration. Some will be put back into the revolving loan fund for projects. Additionally, we are looking for monies that can be secured through grants or other partnerships to add to the initial principle received from DOE ARRA funds.

CHAIR HORSFORD:
In the Governor's recommended budget, the amount of the transfer from B/A 101-4875 does not match the revenue in the B/A 101-4868. Please work with the Legislative Counsel Bureau (LCB) Fiscal Staff to resolve the discrepancies.

MR. DALE:
I can do that.

CHAIR HORSFORD:
Please provide to Staff the justification for using interest in the revolving loan fund for program operations. Additionally, please specify how much interest will be used for program operations versus going back into the revolving loan account.

MR. DALE:
We will do this.

SENATOR CEGAVSKE:
Who is paying the revolving loan interest?

MS. CROWLEY:
The interest is paid by companies who receive loans for renewable energy projects. The companies establish a budget and a payment schedule with our office to pay back the principal and interest. The average payback period is five years but it can be up to ten years.

SENATOR CEGAVSKE:
How large are these projects and what is the average loan amount?

MS. CROWLEY:
These are substantial projects such as photovoltaic systems, wind turbines, anaerobic digesters, hydro plants and geothermo-voltaic heat exchangers. All projects must go through an evaluation criterion to ensure they are consistent with the regulations. The average loan is $1 million. The loans range from $50,000 up to $2 million.

CHAIR HORSFORD:
In decision unit E-606 of B/A 101-4868, the Governor recommends elimination of one renewable energy analyst position in FY 2012-2013. This is due to an anticipated reduction in federal SEP grant funds; however, the summary page of the *Executive Budget* shows an increase of $59,720 for this funding source in FY 2012-2013 as compared to FY 2009-2010. What changes have occurred within the SEP grant that have reduced the workload to justify the elimination of this position?

E-606 Staffing and Operating Reductions — Page ELECTED-34

MS. CROWLEY:
The renewable energy analyst currently works on ARRA-funded programs that will be completed in June 2012.

The SEP Formula Grant was reduced this past year because of the amount of ARRA funds received. After the ARRA grant period ends, we will apply for additional SEP Formula Grant monies.

CHAIR HORSFORD:
What is the SEP grant period?

MS. CROWLEY:
The SEP grant is renewed annually. The application comes out in April and is funded at the beginning of July.

CHAIR HORSFORD:
Do you anticipate there will be an increase in SEP funding based on prior year expenditures before ARRA?

MS. CROWLEY:
That is correct. Additionally, we are actively seeking funds outside of DOE to ensure we will have some other sustainable sources.

CHAIR HORSFORD:
In B/A 101-4868, decision unit E-690, the Governor's budget recommends the elimination of one energy program manager. What is the basis for the elimination of this position in FY 2012-2013? The incumbent has served in this position since 2006. How will the duties be absorbed by other staff?

E-690 Budget Reductions — Page ELECTED-36

MS. CROWLEY:
The elimination of this position is in part because of the Governor's overall 10 percent budget cut. This position has primarily been working on the emergency preparedness portion of the Energy Assurance Plan. This task is nearly finished and once DOE approves the plan, much less staff time will be required to keep the plan updated.

CHAIR HORSFORD:
Are additional lay-off costs associated with the elimination of this position?

MR. DALE:
Lay-off costs have not been included. A position is being eliminated but there is more than one energy analyst within the organization. We have not determined which person will be asked to leave State service.

SENATOR RHOADS:
Is the workload decreasing? Has Nevada peaked out for renewable energy funds?

MS. CROWLEY:
Our workload is not going down. The ARRA fund programs will be coming to a close in April 2012. We are, however, continuing with all the other mandated efforts and programs including exportation, transmission and renewable energy development. We intend to fully serve the State in terms of our legislative policies and programs. We will do the best we can with the resources we have.

ANDREW CLINGER (Director, Department of Administration):
Regarding the terminal buyout for eliminated positions, the *Executive Budget* includes a one-shot appropriation of approximately $8 million dollars to cover all the buyouts for positions funded with the General Fund.

SENATOR LESLIE:
Have you done an analysis to ensure the $8 million dollars will cover all the costs in all budget accounts?

MR. CLINGER:
Yes. We did an analysis on all the potential Public Employees' Retirement System buyouts as well as annual and sick leave. We recommend those funds be appropriated to the Board of Examiners and allocated in the same way we allocate salary adjustment funds to agencies. The agencies would have to apply to the Board of Examiners to get those funds.

CHAIR HORSFORD:
Please work with LCB Fiscal Division staff to identify any adjustments in the General Fund savings for the eliminations of these positions to ensure the numbers are reconciled with what is being proposed.

MS. CROWLEY:
I will.

Next I will review the revenue sources. Please refer to pages 10 and 11 of Exhibit C. The graphics on page 11 illustrate the drastic change in revenues from this biennium to the 2011-2013 biennium.

During the past two years, NSEO has been funded 86 percent with ARRA funds. The ARRA revenue is reduced to 7 percent in the 2011-2013 biennium due to the expiration of the ARRA grant in April 2012. The NRI grant will carry forward and if the merger is approved, the majority of our revenues will come from the renewable energy tax abatement program.

CHAIR HORSFORD:
Decision unit E-900 in the *Executive Budget* recommends the transfer of the Tax Abatement program from B/A 101-4869 to B/A 101-4868 .

E-900 From REEEA to Energy — Page ELECTED-45

The recommended budget includes property tax revenue in the amount of $50,771 in FY 2011-2012 and $54,261 in FY 2012-2013 for operating expenses for the Tax Abatement program.

What methodology was used for the allocated portion of the property tax revenue?

MR. DALE:
When it was decided to eliminate B/A 101-4869 and merge it into B/A 101-4868, the anticipated costs associated with the elimination of staff, equipment and leased space was removed from the REEEA budget and put into a reserve. Decision unit E-225 of B/A 101-4869, shows the detail of these expenses. The remaining expenses, shown in decision unit E-900 of B/A 101-4869 were moved into B/A 101-4868. The total, which we believe is accurate, was transferred, but the detail of how that money will be spent in B/A 101-4868 is not shown.

E-225 Reduce Duplication of Effort — Page ELECTED-43

CHAIR HORSFORD:
We started with $947,404 in General Fund savings in B/A 101-4869. Now you are suggesting $700,508 be established as a reserve for those funds.

MR. DALE:
Which budget account and decision unit are you referencing?

CHAIR HORSFORD:
In your presentation regarding the merger on page 6 of Exhibit C, you indicated a non-General Fund savings of $947,444 resulting from the merging of B/A 101-4869 with B/A 101-4868.

MR. DALE:
The savings was put into reserve in B/A 101-4869. That reserve was then transferred into 101-4868.

CHAIR HORSFORD:
A net amount of about $730,000 is being transferred from REEEA (B/A 101-4875) to NSOE (B/A 101-4868). Of these monies, approximately $206,000 in FY 2011-2012 and $284,000 in FY 2012-2013 will be used to offset General Fund appropriations to support NSOE operations for this upcoming 2011-2013 biennium?

MR. DALE:
I will need to look more closely at these budgets. In general, the savings were identified in B/A 101-4875. Those savings were put into reserve and then transferred over to B/A 101-4868.

CHAIR HORSFORD:
Once again, it appears that approximately $730,000 from REEEA which was not expended is being put into a reserve and transferred to NSOE. Of that amount, about $490,000 will be used for operating the NSOE office to offset General Fund expenditures.

MR. DALE:
You can look at it that way. Some of the money will be used to carry out the programs that were in the REEEA account. Those programs are now in the NSOE account. However, it will cost less to operate those programs because we have eliminated positions and consolidated efforts.

CHAIR HORSFORD:
There may be a difference of about $200,000. What is the plan for that money?

MR. DALE:
That money is currently in reserve. The determination of how it will be spent will be decided at a later date involving Ms. Crowley. I am not in a position at the moment to speculate how the money will be spent.

CHAIR HORSFORD:
It is my understanding that most of that money was REEEA money.

MS. CROWLEY:
There was a one-time source from the Public Utilities Commission that helped with the start up of REEEA. The REEEA was awarded ARRA funds through NSOE to administer the 2009 International Energy Conservation Code update. That program and the associated ARRA funds are now transferring back to NSOE.

CHAIR HORSFORD:
After you reconcile with Staff how much of the reserve will be used for NSOE operating, please advise the Committee what the plans are for the remaining balance.

MS. CROWLEY:
I will.

CHAIR HORSFORD:
We will move to B/A 101-4875, Renewable Energy, Efficiency and Conservation Loan.

MS. CROWLEY:
The Renewable Energy, Efficiency and Conservation Loan, also referred to as the revolving loan program, grants low-interest loans to developers to assist with start-up costs for renewable energy projects. Ten applicants and sixteen projects have been funded. We will start to see interest and principal coming back on that money in the next couple of months.

CHAIR HORSFORD:
Traditionally, escrow costs are paid by the borrower. Has the Agency considered adopting this procedure in order to reduce the administrative costs paid out for the revolving loan program?

ROBERT NELLIS (Energy Program Manager, Office of Energy, Office of the Governor):
Yes, the Agency has looked at the potential for doing this. Additionally, we have considered rolling the functions back into our office instead of passing them on to a title company. We have been happy with the title company that has been working with us and, consequently, decided not to make any changes at this time.

CHAIR HORSFORD:
In the IFC meeting on February 3, 2011, a work program was approved to transfer approximately $1 million in ARRA funds from B/A 101-4868 to B/A 101-4875. Are additional ARRA funds budgeted for administrative costs in FY 2010-2011 or in the Governor's recommended budget planned for program administration that could be transferred to the loan fund program to further this effort?

MR. NELLIS:
The $1 million was excess administrative funds that will not be expended before April 30, 2012. We are examining every ARRA program to find any excess or unspent dollars that can be transferred over and used to build up the loan fund. We hope to build the loan fund up to approximately $12 million from an original pot of money of about $8.2 million.

CHAIR HORSFORD:
More funds have been authorized for revolving loans than there is authority. Please explain why the Agency has over-obligated and what will happen if IFC does not approve the additional amount of approximately $620,000.

MR. NELLIS:
Our office did seek approval for projects beyond the funds available in the account. This was done in anticipation that some of the projects may fall out of the process for reasons beyond our control such as applicants withdrawing their application. This allows the office to continue moving forward granting loans in a timely manner.

CHAIR HORSFORD:
Does the Agency understand IFC approval is contingent upon available dollars? I trust you will not go forward with potential projects that exceed the authorization.

MR. NELLIS:
That is correct. If we run out of money, we stop there and do not proceed unless authorized by the IFC.

CHAIR HORSFORD:
Regarding the conservation loan program, is there a federal requirement for positions to be maintained after the expiration of the ARRA funds? Also, can

you please explain why two program manager positions are needed to administer the loan fund?

MS. CROWLEY:
There is no requirement for a certain number of positions to be held after the initial ARRA funds are expended. I believe, and will need to verify, we have one program manager in our work plan managing these funds with some additional staff. I will get back to you regarding the second program manager.

CHAIR HORSFORD:
Regarding the interest earned through the loan repayments, please explain the methodology used to project the interest earned through the repayment of the loans. According to our review, it does not appear there will be sufficient interest income earned through the repayment of loans from FY 2010-2011 through FY 2012-2013 to meet the level of expenditures. How would any budget shortfall be addressed if this occurs?

MS. CROWLEY:
I will work with Staff to make sure the numbers are correct.

CHAIR HORSFORD:
I have a few more questions regarding B/A 101-4869 (REEEA). How many projects or entities have been approved for the tax abatements through this program?

MS. CROWLEY:
Four projects have been approved for funding. Several projects are in the preapplication and application phase.

CHAIR HORSFORD:
Are any proposed services currently available through REEEA that would be eliminated as a result of the merger?

MS. CROWLEY:
No REEEA services would be eliminated. All services will be continued through NSOE.

CHAIR HORSFORD:
Will the New Energy Industry Task Force and the State and Local Government Panel on Renewable and Efficient Energy be continued?

MS. CROWLEY:
Yes.

CHAIR HORSFORD:
Will the appointments for those positions be made by NSOE through an application and review process?

MS. CROWLEY:
That is correct. In the proposed bill draft request regarding the merger, three positions are added to both the Task Force and the Panel by appointment of the Director. These extra positions would be appointed as needed, allowing more flexibility depending upon the issues.

CHAIR HORSFORD:
Do you believe there is sufficient staff within NSOE to assume the added responsibilities being transferred to you?

MS. CROWLEY:
Yes, I do.

CHAIR HORSFORD:
New industries and new jobs have resulted from these programs. If people question where the money went, they can look at the results of projects funded through your office and be satisfied the money was well spent. Nevada is at the forefront of becoming the leader of renewable energy development. I am concerned about how we will be able to sustain some of these efforts with such a reduction in funds.

SENATOR LESLIE:
Some people believe the ARRA funds were a waste of money. Perhaps the reporting is confusing. Do you have a one-page summary showing what has been accomplished with the $50 million appropriated to Nevada? If not, could you construct a simple one-page document for the general public that could be posted on a Website?

MS. CROWLEY:
We have a Website called the Milestone Minder that is continuously updated for the various projects including the steps each project took, the estimated jobs created and the money expended. I can put that into a summary form, mail it to the Committee and also refer people to the Website. There are some amazing success stories. Additionally, we can post photographs and videos of the accomplishments onto the Website.

CHAIR HORSFORD:
Is there any public comment?

PATRICIA M. WADE (Commissioner, Nevada Commission on Economic Development):
The ARRA funds have played an important role in the State's economic development. The Nevada Commission on Economic Development has had a great working relationship with NSOE. The Commission has worked with a number of companies that have taken advantage of the revolving loan program. One success story is an anaerobic digestion company that tried for seven and a half years to get their business launched. The ARRA funds allowed them to accomplish a couple of prove-up projects. As a result, in five and a half months, they are now commercially viable, commercially financeable, and will be starting with 200 manufacturing jobs. Within 18 months, they project another 200 jobs. Last week, we closed on funding through the revolving loan for another company that offers 150 manufacturing jobs in renewable energy disciplines and they are projecting they will increase to 500 jobs. Neither of those would have been possible without the revolving loan ARRA funds. Please help pull out all the stops to ensure this program continues. The revolving loan program has been invaluable to the State's economic development.

JEFF FONTAINE (Executive Director, Nevada Association of Counties):
The Nevada Association of Counties (NACO) supports the development of renewable energy in this State and looks forward to working with Director Crowley and her staff. The NACO is not necessarily opposed to tax abatements aimed at helping the start up of renewable energy development in the State and we definitely would like to see Nevada become a leader in this area. However, NACO believes the current policy related to abatements needs to be reviewed and amended giving counties additional authority in granting abatements as well as some additional flexibility in the level of abatements.

With that said, I would like to express concerns about the use of the local property tax dollars to fund NSOE. Under the current system, property taxes for renewable energy projects qualify for abatement of 55 percent of real and personal property taxes for 20 years, and 100 percent of the local sales and use taxes are abated for 3 years. Although this is a large benefit to the renewable energy industry, it results in a loss of revenue to the counties. Of the remaining 45 percent in property taxes paid by the industry, 45 percent of that goes into the renewable energy fund leaving 25 percent of property taxes available to the local governments. It is this portion of the revenue that is being proposed to fund NSOE. There seems to be a double hit to the counties. The counties are losing some tax revenues over time as well as paying to process the applications for the abatements.

The other issue NACO is concerned about is having the NSOE budget predicated on the granting of the tax abatements. Under other government programs, the funding is based on the actual application process where fees are paid to have the application reviewed, not necessarily approved. The NSOE is put in the position of having to approve tax abatements in order to have a sustainable revenue source. Since 97 percent of their budget is proposed to be funded this way, we are not clear how this will work in the future. The NACO encourages this body and others to look at alternative funding sources for NSOE.

CHAIR HORSFORD:
I appreciate the concern about how these funds are used to support NSOE. That will be a policy level discussion in one of the committees. However, I do not understand the position regarding the abatement of property taxes because these are for projects that would not otherwise exist.

MR. FONTAINE:
I have heard that argument before. While that may be the case in some circumstances, there are circumstances in which these projects would otherwise exist without these tax abatements. Hopefully, this can be discussed further at the time we ask for our changes to the policy.

CHAIR HORSFORD:
This will be discussed further in the policy committees.

As there is no further business to come before the Committee, this meeting is adjourned at 9:11 a.m.

RESPECTFULLY SUBMITTED:

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Jackie Cheney,
Committee Secretary

APPROVED BY:

___________________________________________
Senator Steven A. Horsford, Chair

DATE:_____________________________________

## EXHIBITS

**Committee Name: Committee on Finance**

**Date: March 2, 2011** **Time of Meeting: 8:00 a.m.**

| Bill | Exhibit | Witness / Agency | Description |
|---|---|---|---|
| | A | | Agenda |
| | B | | Attendance Roster |
| | C | Stacey Crowley | Nevada State Office of Energy |