

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-sixth Session
April 22, 2011**

The Senate Committee on Finance was called to order by Chair Steven A. Horsford at 3:42 p.m. on Friday, April 22, 2011, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

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:

Jennifer Byers, Program Analyst
Joi Davis, Senior Program Analyst
Jeffrey A. Ferguson, Senior Program Analyst
Rex Goodman, Principal Deputy Fiscal Analyst
Eric King, Program Analyst
Mark Krmpotic, Senate Fiscal Analyst
Heidi Sakelarios, Program Analyst
Teri Sulli, Program Analyst
Julie Waller, Program Analyst
Wade Beavers, Committee Secretary

OTHERS PRESENT:

Bill Brady, Chair, Nevada Athletic Commission
Andrew Clinger, Director, Department of Administration
Stacey Crowley, Director, Office of Energy, Office of the Governor

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CHAIR HORSFORD:

We will open the hearing on the budget for the Department of Business and Industry (B&I).

JENNIFER BYERS (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

I will present the closing report ([Exhibit C](#)) on the budget for B&I as approved by the Joint Subcommittee on General Government.

The Joint Subcommittee on General Government has reviewed the following budgets for B&I for the 2011-2013 biennium. In addition, the Subcommittee recommends the transfer of various fiscal and licensing positions from the Nevada Attorney for Injured Workers, the Division of Real Estate, the Financial Institutions Division, the Mortgage Lending Division, the Taxicab Authority and the Nevada Transportation Authority, contingent upon closing actions to consolidate the licensing, fiscal and technological functions within the Director's Office.

This first account is Consumer Affairs, 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

The Subcommittee approved the Governor's recommendation to permanently eliminate the Consumer Affairs Division, including the position of Ombudsman for Minority Affairs. Senate Bill (S.B.) 473, as introduced, would effectuate the elimination of the Consumer Affairs Division; and permanently transfer the powers and duties of the Consumer Affairs Division and the Commissioner of Consumer Affairs to the Office of the Attorney General and eliminate the position of Ombudsman for Minority Affairs. The Subcommittee authorized Fiscal staff to make adjustments to this account based on the final actions taken on S.B. 473.

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

The next account is the Dairy Commission, B/A 233-4470.

B&I – Dairy Commission — Budget Page B&I-27 (Volume II)
Budget Account 233-4470

The Subcommittee approved the issuance of a letter of intent instructing the Dairy Commission to monitor its reserves and adjust assessments in order to maintain reasonable reserves. The reserves recommended by the Governor would have covered approximately 190 days of operating expenditures for the Commission. The Subcommittee approved the elimination of an administrative assistant position for a total savings of \$84,027 during the 2011-2013 biennium.

The next account is the Nevada Attorney for Injured Workers, B/A 101-1013.

B&I – NV Attorney for Injured Workers — Budget Page B&I-49 (Volume II)
Budget Account 101-1013

The Subcommittee did not support the Governor's recommendation to add one new deputy attorney position to this account based on the current caseload levels at this time, and the current economic condition of the State.

The next account is Real Estate Administration, B/A 101-3823.

B&I – Real Estate Administration — Budget Page B&I-141 (Volume II)
Budget Account 101-3823

The Subcommittee approved the Governor's recommendation to eliminate nine positions, including eight administrative assistant positions and one compliance/audit investigator position, and to reduce three positions from full-time to part-time, providing General Fund savings of \$443,017 in fiscal year (FY) 2011-2012 and \$535,264 in FY 2012-2013. The Subcommittee also approved the Governor's recommendation to transfer one administrative aid to the Real Estate Education and Research account, B/A 216-3826, providing General Fund savings of \$41,359 in FY 2011-2012 and \$42,279 in FY 2012-2013.

The Subcommittee also approved the transfer of an accounting assistant and an administrative services officer to the Business and Industry Administration

account, B/A 101-4681, as part the Governor's plan to consolidate administrative and fiscal functions within the Director's Office.

B&I – Real Estate Education and Research — Budget Page B&I-151 (Volume II)
Budget Account 216-3826

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

The next account is for the Taxicab Authority, B/A 245-4130.

B&I – Taxicab Authority — Budget Page B&I-241 (Volume II)
Budget Account 245-4130

The Subcommittee approved the Governor's recommendation to eliminate five of the nine remaining airport control officer positions, as staffing needs for the Taxicab Authority at McCarran International Airport have declined.

The Subcommittee approved the Governor's recommendation to reclassify the four remaining airport control officer positions. Two of the positions are recommended to be reclassified to compliance/enforcement investigator I, and two are recommended to be reclassified to compliance/enforcement investigator II.

The Subcommittee approved the Governor's recommendation to transfer increased reserve funding of \$276,422 in the 2011-2013 biennium to the Department of Health and Human Services (DHHS) Division of Aging and Disability Services to support two additional positions in order to add an income eligibility component to the Senior Ride Program.

The Subcommittee approved the transfer of an administrative services officer position to the B&I Administration account as part of the Department's plan to centralize fiscal, information technology and licensing functions.

The next account is Transportation Authority, B/A 226-3922.

B&I – Transportation Authority — Budget Page B&I-251 (Volume II)
Budget Account 226-3922

The Subcommittee approved the Governor's recommendation to eliminate a supervisory compliance/enforcement investigator and a program officer, for Highway Fund savings of \$154,197 in FY 2011-2012 and \$156,346 in FY 2012-2013.

The Subcommittee also approved transferring the Transportation Manager position to the B&I Administration account as part of the Department's plan to centralize fiscal, information technology and licensing functions.

Funding for an unclassified salary increase is recommended for the chief transportation inspector position. This would be funded with a Highway Fund appropriation for a net increase of \$22,295 in FY 2011-2012 and \$22,411 in FY 2012-2013. The Subcommittee authorized Fiscal Staff to make technical adjustments based on approval of the recommendation by the Unclassified Pay Committee.

CHAIR HORSFORD:
Please elaborate on that proposed pay raise.

MS. BYERS:
That is an unclassified position within the Transportation Authority. They are requesting an increase in salary for the position because, currently, that person supervises other supervisory compliance/enforcement investigator positions who are at a higher pay grade level. The increase would bring the pay level for this position approximately 10 percent above the highest grade level position that they supervise.

CHAIR HORSFORD:
Has this position's salary been at or below the level of subordinate positions before?

MS. BYERS:
Yes it has.

CHAIR HORSFORD:
Why do they believe that this warrants an increase now?

MS. BYERS:

Supervisory positions are typically paid between 5 percent and 10 percent more than the positions that they supervise. This increase would bring that number to 10 percent in this case. The highest pay grade this person currently supervises is a grade 39 or 41, and this would bring the supervisor up to a grade 43.

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

There are often situations in which certain positions, through past reorganizations and unintended consequences of pay increases, will experience what is called a "compaction issue." This is an instance in which an individual who supervises one or more employees makes less money than the individuals they supervise. The State typically attempts to keep at least a 5 percent difference between the supervisor and the employees they are supervising. I am not sure what the justification was for a salary that would be 10 percent higher. The minimum level is typically 5 percent over the pay of subordinate positions.

MS. BYERS:

During FY 2006-2007, the Legislature approved an increase for all sworn peace officers, resulting in a 10 percent salary increase. This may have led to the compaction issue in this case.

CHAIR HORSFORD:

That was prior to the recession. I do not like trying to change the recommendations from the Subcommittee at this point, but I also do not like the precedent that this sets of allowing a \$20,000 pay increase for one position at a time when teachers are being asked to take an 11 percent pay cut.

I would like this to be reconsidered. We should perhaps consider a raise of no more than 5 percent over what is paid to the next subordinate position. I cannot support a pay increase of this size.

MR. KRMPOTIC:

This position is unclassified and the salary would ultimately be decided by the Senate Committee on Finance and the Assembly Committee on Ways and Means when they consider the unclassified pay bill.

There are several options for the Committee. You could leave the money in the budget and consider the position further during discussion of the Unclassified

Pay Bill. You could direct Staff to remove the funding or adjust the funding levels depending on the ultimate decision of the Committees on that bill.

Another option would be to remove the money from the budget and give Staff authority to add money to the budget if the Committees ultimately make the decision to increase the salary of this position.

CHAIR HORSFORD:

I am in favor of the former recommendation. We could leave the money in the budget with the intention that it be addressed in the Unclassified Pay Bill. I would issue the direction that the position not receive the full increase beyond the 5 percent level that has been acceptable in other instances.

I would also ask that we look at all other positions and ensure that no individual is receiving raises that are not warranted or justified beyond what has already been set by precedent.

I would like to make another point about the issue of the ratio between front-line and supervisory staff. Sometimes there may be a supervisor who is taking on more overall responsibilities. If that is so, then it would add to the justification for this type of raise. If a position is managing the same number of people as before, however, I would not be in favor of increasing pay.

MS. BYERS:

I will make those notes.

The following budgets were closed by the Subcommittee as recommended by the Governor with authority for Fiscal staff to make technical adjustments:

B&I – Consumer Affairs Recovery Fund — Budget Page B&I-26 (Volume II)
Budget Account 101-3807

B&I – Employee Management Relations Board — Budget Page B&I-34
(Volume II)
Budget Account 101-1374

B&I – Athletic Commission — Budget Page B&I-39 (Volume II)
Budget Account 101-3952

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B&I – Labor Commissioner — Budget Page B&I-44 (Volume II)
Budget Account 101-3900

B&I – Real Estate Education and Research — Budget Page B&I-151 (Volume II)
Budget Account 216-3826

B&I – Real Estate Recovery Account — Budget Page B&I-158 (Volume II)
Budget Account 216-3827

B&I – Common Interest Communities — Budget Page B&I-160 (Volume II)
Budget Account 101-3820

B&I – Financial Institutions — Budget Page B&I-216 (Volume II)
Budget Account 101-3835

B&I – Financial Institutions Investigations — Budget Page B&I-224 (Volume II)
Budget Account 101-3805

B&I – Financial Institutions Audit — Budget Page B&I-226 (Volume II)
Budget Account 101-3882

B&I – Mortgage Lending — Budget Page B&I-231 (Volume II)
Budget Account 101-3910

B&I – Transportation Authority Admin Fines — Budget Page B&I-258 (Volume II)
Budget Account 226-3923

Staff's adjustments would be based on departmental cost allocations and whether the centralization of fiscal and licensing functions within the B&I Administration account are approved.

CHAIR HORSFORD:

I would like the Chair of the Nevada Athletic Commission (NAC) to come forward and answer some questions about the adequacy of drug-testing resources.

B&I – Athletic Commission — Budget Page B&I-39 (Volume II)
Budget Account 101-3952

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BILL BRADY (Chair, Nevada Athletic Commission):
I am here with the support of the other four members of NAC.

At a public meeting on March 8, 2011, NAC resolved unanimously to support legislative authorization to use up the \$20,000 from the Amateur Grant Fund for out-of-competition drug and steroid testing of licensees.

I will provide a brief history of the basis for out-of-competition drug testing. In 2006, two ring deaths occurred here in Nevada. A safety panel, chaired by Sig Rogich, was established by NAC Chair Raymond C. Avansino Jr. Seven major changes were made to the rules to ensure that future deaths would not occur.

One of the seven rule changes proposed out-of-competition drug and steroid testing. Money was subsequently allocated by the Legislature for such testing in July 2008. In FY 2009-2010, because of budget constraints, the money for random testing was returned to the General Fund. No random testing has been done since that time.

The Commission is charged with responsibility to ensure fair events for contestants and the public. They are also charged with fighter safety. Use of drugs and steroids provides an unfair advantage to those who use such substances and endanger the safety of the fighters.

We are requesting \$20,000 from the Legislature over the biennium for out-of-competition drug and steroid testing. This allows us to randomly reach into the training camps to ensure safety and fairness of the scheduled fights.

In January of this year, Commissioners Avansino and Theodore J. Day met with Governor Sandoval to request his support for the testing. On March 22, 2011, Commissioner Avansino provided a binder of related materials to Senate Majority Leader Horsford in support of NAC's request.

The \$20,000 would come from the Amateur Grant Fund, which, as of March 22, 2011, contained \$146,875. The amateur boxing organizations have been supportive of this request. We are not asking for added fees or taxes. We are asking for a reallocation of funds. The Legislature's support of this request would help ensure fairness and safety in Las Vegas, the fighting capital of the world, and throughout this State.

CHAIR HORSFORD:

I am supportive of the request to move the \$20,000. We would have to accept a motion in this budget closing to note the \$20,000 transfer from the Amateur Grant Fund to the Commission's account for the purposes stated. We would also need to separately make a bill draft request (BDR) to help execute that decision.

MR. KRMPOTIC:

The budget decision to move \$20,000 out of the reserve for NAC can be made in the motion to accept the closing of these budgets. I would suggest a separate motion requesting a BDR to implement that decision.

SENATOR DENIS:

Is that \$20,000 supposed to come from the reserves?

MR. BRADY:

There is no reserve. We only have the money on the various lines that are allocated to us. We have had no random drug testing money since it was taken back in FY 2009-2010.

The Amateur Grant Fund has \$146,875 in it, from which we give grants for different purposes. That is the fund that the \$20,000 would come from.

SENATOR DENIS:

I wanted to clarify that.

Secondly, was there an additional request to take additional money from the Grant Fund for that purpose?

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

There was not.

CHAIR HORSFORD:

I would like to discuss one other item with Senator Denis concerning the Consumer Affairs account, B/A 101-3811.

SENATOR DENIS:

The intent, in that account, was to keep the Ombudsman for Minority Affairs position as we move forward. Senate Bill 473 would affect that aim. We decided in Subcommittee that if we make adjustments to the bill we would be able to fix the problems in the budget. I would like to verify that with Staff.

TERI SULLI (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

That is correct. The Subcommittee granted authority to Staff to make that adjustment based on the actions taken on that bill.

CHAIR HORSFORD:

I will accept a motion to accept the closing document report, [Exhibit C](#), as recommended except for the following changes:

First, regarding the proposed salary increase for the chief transportation inspector position, we will seek to adjust that in the hearing on the Unclassified Pay Bill.

Second, we will approve the \$20,000 transfer to NAC.

Third, we will address the Consumer Affairs Division separately.

We will vote on this motion and then we will make a second motion on the BDR.

SENATOR LESLIE MOVED TO ADJUST THE PROPOSED SALARY INCREASE FOR THE CHIEF TRANSPORTATION INSPECTOR IN A FUTURE DISCUSSION ON THE UNCLASSIFIED PAY BILL; AND TO APPROVE A \$20,000 TRANSFER FROM THE AMATEUR GRANT FUND TO NAC FOR DRUG AND STEROID TESTING; AND TO ADDRESS THE CONSUMER AFFAIRS DIVISION SEPARATELY FROM THE OTHER ITEMS IN THE CLOSING REPORT; AND TO OTHERWISE CLOSE B/A 233-4470, B/A 101-1013, B/A 101-3823, B/A 245-4130, B/A 226-3922, B/A 101-3807, B/A 101-1374, B/A 101-3952, B/A 101-3900, B/A 216-3826, B/A 216-3827, B/A 101-3820, B/A 101-3835, B/A 101-3805, B/A 101-3882, B/A 101-3910 AND B/A 226-3923 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGETS CLOSED.

CHAIR HORSFORD:

I will now take a motion to request a BDR implementing the Committee's decision to transfer the \$20,000 to NAC.

SENATOR CEGAVSKE MOVED TO REQUEST A BDR THAT WOULD IMPLEMENT THE COMMITTEE'S DECISION TO TRANSFER \$20,000 FROM THE AMATEUR GRANT FUND TO NAC FOR DRUG AND STEROID TESTING.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR HORSFORD:

We will now hear budget closings for the Department of Child and Family Services (DCFS).

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

I will be covering the 11 budgets from DCFS that were closed by the Joint Subcommittee on Human Services and Capital Improvement Programs (CIPs) on April 14, 2011. This report ([Exhibit D](#)) has been provided to the Committee.

The Subcommittee approved authority for Staff to make technical adjustments in several of the accounts to reflect increases in the Federal Medical Assistance Percentage (FMAP) rate. The rate is projected to increase in FY 2012-2013 to levels higher than anticipated in *The Executive Budget*, producing General Fund

savings of approximately \$351,641. The other significant recommendations of the Subcommittee are described in the remainder of the report.

The first account is for Child Care Services, B/A 101-3149.

HUMAN SERVICES

HEALTH

HHS-HD – Child Care Services — Budget Page DHHS HEALTH-7 (Volume II) Budget Account 101-3149

The Subcommittee approved the Governor's recommendation to transfer the Child Care Services account to the Health Division to gain efficiencies through placing the program with other programs that perform similar regulatory functions. The Subcommittee also approved the Governor's recommendation to fund a portion of this account with General Fund money due to increased costs resulting from the transfer of licensing functions back to the State from Clark County in September 2010. The Subcommittee also recommended that a letter of intent be issued to the Health Division. This letter would instruct the Division to review the fees charged for licenses in this program in order to determine whether fees should be increased to eliminate the need for General Fund dollars that currently support program activities.

The next account is for the Unified Nevada Information Technology for Youth (UNITY) program and the Statewide Automated Child Welfare Information System (SACWIS), B/A 101-3143.

HHS-DCFS – UNITY/SACWIS — Budget Page DHHS DCFS-18 (Volume III) Budget Account 101-3143

The Subcommittee approved a technology investment project totaling about \$3.9 million over the 2011-2013 biennium to enhance the management tools of the Division's information technology system, UNITY. Funding for the project would be split evenly between General Fund dollars and federal funding, with the Subcommittee recommending the issuance of a letter of intent to direct the Division to only expend General Fund dollars for the project if the approved amount of federal funding for the project is also received.

The next budget is for the Juvenile Correctional Facility, B/A 101-3148.

HHS-DCFS – Juvenile Correctional Facility — Budget Page DHHS DCFS-68
(Volume III)
Budget Account 101-3148

The Subcommittee approved the Governor's recommendation to continue the closure of the Summit View Youth Correctional Facility and maintain operational costs of approximately \$1.5 million in General Fund money in each year of the 2011-2013 biennium. The \$1.5 million includes annual position and operating costs for a part-time facility supervisor, utilities, debt service expenses and operational and maintenance expenses.

The next budget is for the Wraparound in Nevada program, B/A 101-3278.

HHS-DCFS – Wraparound in Nevada — Budget Page DHHS DCFS-95
(Volume III)
Budget Account 101-3278

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

The next budget is for the Northern Nevada Child and Adolescent Services account, B/A 101-3281.

HHS-DCFS – Northern NV Child & Adolescent Services — Budget Page DHHS
DCFS-101 (Volume III)
Budget Account 101-3281

The Subcommittee approved the transfer of only one mental health counselor position to the Division's Administration account to support the creation of a Children's Behavioral Health Policy and Accountability Board. The Governor had recommended the transfer of two positions, but the Subcommittee did not agree with transferring one of the positions to support the Board as this would have resulted in the reduction of direct services to children. The Subcommittee

approved the adjustments to this budget based on the understanding that the adjustments would be cost-neutral to the General Fund and additions in this account would be offset by reductions in the Administration account. The Subcommittee also did not approve the reclassification of the mental health counselor position that was not approved to transfer to the Administration account.

The next account is for Southern Nevada Child and Adolescent Services, B/A 101-3646.

HHS-DCFS – Southern NV Child & Adolescent Services — Budget Page DHHS
DCFS-112 (Volume III)
Budget Account 101-3646

Similar to the previous account, the Subcommittee did not approve the transfer of two of four positions recommended to support the new Children's Behavioral Health Policy and Accountability Board. The Subcommittee instead maintained two public service intern positions in this account and reinstated funding for the Western Day Treatment program and a child care worker position that were recommended for elimination. The Subcommittee also did not approve changing one of the public service intern positions from part-time to full-time.

The following accounts were closed by the Subcommittee as recommended by the Governor with staff authority to make technical adjustments that may be needed based on the closing of other Division accounts:

HHS-DCFS – Victims of Domestic Violence — Budget Page DHHS DCFS-15
(Volume III)
Budget Account 101-3181

HHS-DCFS – Child Welfare Trust — Budget Page DHHS DCFS-50 (Volume III)
Budget Account 645-3242

HHS-DCFS – Transition from Foster Care — Budget Page DHHS DCFS-52
(Volume III)
Budget Account 606-3250

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HHS-DCFS – Review of Death of Children — Budget Page DHHS DCFS-54
(Volume III)
Budget Account 101-3251

HHS-DCFS – Caliente Youth Center — Budget Page DHHS DCFS-75 (Volume III)
Budget Account 101-3179

SENATOR LESLIE:

I would like to note that these are the least controversial items that were heard in the DCFS budget. There are quite a few outstanding and difficult items left to be heard. I would recommend that we accept this report.

SENATOR KIECKHEFER:

Is there any indication that we will be able to use the Summit View Youth Correctional Facility property for any purpose during the upcoming biennium that might offset some of these reductions, or will it sit as an unused asset?

I would also like to hear more about the Caliente Youth Center. Are we reducing or maintaining the number of open beds at that facility?

MS. SULLI:

They are not reducing the number of beds at the Caliente Youth Center. There was a recommendation to reduce the number of beds at Nevada Youth Training Center.

Regarding the Summit View Youth Correctional Facility, they have currently received one appraisal that is now under peer review with the Nevada Department of Transportation. Once that review is completed, they will proceed based on the result.

SENATOR KIECKHEFER:

Would this be an option to lease or sell the facility?

MS. SULLI:

The appraisal will give them the value for sale or lease. If they accept that appraisal, they will proceed to decide whether to sell or lease. They are only being provided with the appraised value of the property.

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SENATOR LESLIE MOVED TO CLOSE B/A 101-3149, B/A 101-3143, B/A 101-3148, B/A 101-3278, B/A 101-3281, B/A 101-3646, B/A 101-3181, B/A 645-3242, B/A 606-3250, B/A 101-3251 AND B/A 101-3179 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN SERVICES/CIPS.

SENATOR DENIS SECONDED THE MOTION.

CHAIR HORSFORD:

I would like to add a letter of intent directing that a report be provided to the Interim Finance Committee (IFC) if any final action is taken on the Summit View Youth Correctional Facility.

ANDREW CLINGER (Director, Department of Administration):
There is currently an outstanding letter to that effect.

THE MOTION CARRIED UNANIMOUSLY.

BUDGETS CLOSED.

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CHAIR HORSFORD:

We will move on to a hearing on the closing report for the accounts in the DHHS Director's Office.

JOI DAVIS (Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

I will present the closing report ([Exhibit E](#)) that was recommended by the Joint Subcommittee on Human Services/CIPs for the DHHS Director's Office accounts.

The recommendations of the Joint Subcommittee decrease General Fund appropriations for the Department by \$90,849 in FY 2011-2012 and \$4,187 in FY 2012-2013.

The first account is for the Office of Consumer Health Assistance, B/A 101-1003.

ELECTED OFFICIALS

Governor's Office of Consumer Health Assistance — Budget Page ELECTED-14
(Volume I)
Budget Account 101-1003

The Subcommittee supported the Governor's recommendation to merge the Office of Consumer Health Assistance administered by the Governor's Office with the Office of Minority Health administered by the Health Division, and to transfer the combined budget accounts to the DHHS Director's Office. The Subcommittee also supported the Governor's recommendation for a new ombudsman position to assist injured workers. Additionally, the Subcommittee recommends a letter of intent directing the State Department of Personnel to perform a study on the unclassified ombudsman positions in this account to determine where, in the State's classification system, the positions would be placed based on their duties.

The next account is Administration, B/A 101-3150.

HUMAN SERVICES

HEALTH AND HUMAN SERVICES DIRECTOR'S OFFICE

HHS-DO – Administration — Budget Page DHHS DIRECTOR-1 (Volume II)
Budget Account 101-3150

The Subcommittee supported the Governor's recommendation to fund the Nevada 2-1-1 system with \$31,000 in General Fund dollars in each year and to transfer the program from the Administration account to the Consumer Health Assistance account. The Subcommittee also recommends the addition of \$67,447 in United Health Settlement funds each year to support the Nevada 2-1-1 system.

The Subcommittee supported the Governor's recommendation to increase travel and training allowances for personnel to attend out-of-state conferences. This would come to \$13,145 in each year, as adjusted by Staff. The adjustments result in General Fund savings of \$2,177 in each year of the 2011-2013 biennium.

Next, I will discuss the budget for the Grants Management Unit, B/A 101-3195.

HHS-DO – Grants Management Unit — Budget Page DHHS DIRECTOR-16
(Volume II)
Budget Account 101-3195

The Subcommittee supported the Governor's recommendation to eliminate approximately \$2.5 million in General Fund money for the Family-to-Family program and to use \$471,149 of those savings in each year to restore funding for the Family Resource Centers and the Differential Response program. However, the Subcommittee placed the restoration of the Family-to-Family program on a potential add-back list should funds become available.

The Subcommittee supported the Governor's recommendation to eliminate tobacco cessation grants, and redirect approximately \$2.6 million in Tobacco Settlement Fund dollars to offset General Fund allocations for the Family Resource Centers and Differential Response program in FY 2012-2013. Additionally, the Subcommittee recommends using \$86,569 in available Tobacco Settlement Fund money to offset General Fund allocations for the Differential Response program in FY 2011-2012.

The next account is the Healthy Nevada Fund, B/A 262-3261.

HHS-DO – Healthy Nevada Fund — Budget Page DHHS DIRECTOR-41
(Volume II)
Budget Account 262-3261

The Subcommittee supported the Governor's recommendation to eliminate the Trust Fund for Public Health and to use Tobacco Settlement Fund money totaling about \$3.8 million in FY 2012-2013 to offset General Fund allocations for the Autism and Traumatic Brain Injury programs administered by the Aging and Disability Services Division, and the Family Preservation program administered by the Division of Mental Health and Developmental Services.

The next budget is for the Public Defender, B/A 101-1499.

HHS-DO – Public Defender — Budget Page DHHS DIRECTOR-43 (Volume II)
Budget Account 101-1499

The Subcommittee recommends closing the Public Defender's Office budget account as recommended by the Governor with Staff adjustments due to Lincoln County opting out of the services provided by the Office. The adjusted budget includes the elimination of one vacant attorney position and operating costs, resulting in net General Fund savings of \$2,103 in FY 2011-2012 and \$2,010 in FY 2012-2013.

The Problem Gambling account, B/A 101-3200, and the Children's Trust account, B/A 101-3201, were closed by the Subcommittee as recommended by the Governor with technical adjustments only.

HHS-DO – Problem Gambling — Budget Page DHHS DIRECTOR-26 (Volume II)
Budget Account 101-3200

HHS-DO – Children's Trust Account — Budget Page DHHS DIRECTOR-28
(Volume II)
Budget Account 101-3201

SENATOR KIECKHEFER:

In discussing the Grants Management Unit, you mentioned a potential add-back list in case funds become available. I would like to know more about that process. There are many programs to which people would like to return money in other departments. In this case, would the potential extra money be found through DHHS or changes in Medicaid or caseload changes? What exactly is the add-back list?

SENATOR LESLIE:

Traditionally, in the Joint Subcommittee on Human Services/CIPs, we create an add-back list as we work through the budgets. As you know, there are a number of factors that reproject available funding, including changes in Medicaid or the increased FMAP rates which come through the Economic Forum. Should money become available, the add-back list represents decisions that the Subcommittee would like to reconsider. It is all dependent upon the availability of additional funding.

SENATOR KIECKHEFER:

Is this a list that would be maintained throughout the budget process? Any changes would have to come back to the Legislature after the budgets are closed.

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SENATOR LESLIE:

That is correct. The Subcommittee would revisit the item. The Subcommittee still has budgets to close.

CHAIR HORSFORD:

I will entertain a motion to adopt the closing report.

SENATOR LESLIE MOVED TO CLOSE B/A 101-1003, B/A 101-3150, B/A 101-3195, B/A 262-3261, B/A 101-1499, B/A 101-3200 AND B/A 101-3201 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN SERVICES/CIPS.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGETS CLOSED.

* * * * *

CHAIR HORSFORD:

We will move on to a hearing on budget closings from the Deferred Compensation Committee and the Department of Administration.

JULIE WALLER (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The closing report ([Exhibit F](#)) for these accounts, as approved by the Joint Subcommittee on General Government, has been provided to the Committee.

The Joint Subcommittee on General Government developed recommendations for the Deferred Compensation Committee and the following budgets of the Department of Administration: the Judicial College and College of Juvenile and Family Justice, B/A 101-1302, the Merit Award Board, B/A 101-1345, State Purchasing, B/A 718-1358, and the Division of Human Resource Management, B/A 717-1363.

FINANCE AND ADMINISTRATION

ADMINISTRATION

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Judicial Coll & Coll of Juvenile & Family Justice — Budget Page ADMIN-229
(Volume I)
Budget Account 101-1302

Merit Award Board — Budget Page ADMIN-231 (Volume I)
Budget Account 101-1345

Administration – Purchasing — Budget Page ADMIN-56 (Volume I)
Budget Account 718-1358

Administration – HRM – Human Resource Management — Budget Page
ADMIN-171 (Volume I)
Budget Account 717-1363

While many of the accounts of the Department of Administration are funded through fees or assessments, the Subcommittee's recommendations result in a General Fund savings of \$132,808 in FY 2011-2012 and \$132,809 in FY 2012-2013 for the Department of Administration.

I will begin with a discussion of the budget for the Deferred Compensation Committee, B/A 101-1017.

SPECIAL PURPOSE AGENCIES

DEFERRED COMPENSATION

Deferred Compensation Committee — Budget Page DEFERRED COMP-1
(Volume III)
Budget Account 101-1017

The Subcommittee approved the Deferred Compensation Committee budget as recommended by the Governor, with approval to make technical adjustments to correct the classification of the budget's revenues as well as the closing actions approved for the other accounts supported by the Department of Administration's internal cost allocations.

The next account is for the State Purchasing division, B/A 101-1358. The Subcommittee eliminated one vacant purchasing technician position, as recommended by the Governor, resulting in a reduction of purchasing

assessment revenue of \$61,188 in FY 2011-2012 and \$62,143 in FY 2012-2013, and approved the remainder of the account to be closed as recommended by the Governor.

The next account is for Human Resource Management, B/A 101-1363. The Subcommittee concurred with the Governor's recommendation to reorganize the Department of Personnel as a Division within the Department of Administration and to rename the Department the Division of Human Resource Management. As part of the reorganization, the Subcommittee voted to approve the elimination of 3 positions, and the transfer out of 12 positions, including 8 information technology positions and 4 administrative positions.

The Subcommittee also concurred with the Governor's recommendation to create a new Centralized Personnel Section to assume the personnel responsibilities of the Department of Administration, the Department of Taxation, B&I, the Department of Education and the Department of Agriculture. In return, the participating departments will fund the new section through a cost allocation assessment. Seven positions from the participating departments are recommended to transfer to the Division of Human Resource Management to operate this new section.

The Subcommittee approved the Governor's recommendation to eliminate seven other positions, including two administrative assistants, four personnel analysts, and one division administrator. These position eliminations primarily result from attrition and the consolidation of divisions within the agency.

Lastly, the Subcommittee approved the Governor's recommendation to outsource the Employee Assistance Program, which eliminates two vacant mental health counselor positions.

The next account is for the Judicial College and College of Juvenile and Family Justice. Since 1989, the National Judicial College (NJC) and the National Counsel of Juvenile and Family Court Judges (NCJFCJ), both nonprofit organizations, have received varying levels of state support to assist the entities with the mission of providing judicial education and training. During the State's economic downturn in FY 2002-2003, the Legislature suspended state support for NJC and NCJFCJ for the 2003-2005 biennium. Recognizing the benefits that both NJC and NCJFCJ provide to the State, while at the same time recognizing the fiscal crisis facing the State, the Subcommittee approved

reducing the level of General Fund support recommended by the Governor of \$260,860 each year of the 2011-2013 biennium to \$130,430 in each fiscal year, resulting in a General Fund savings of \$260,860 over the 2011-2013 biennium.

The Subcommittee also recommended introducing legislation to repeal sections 1.470 and 1.480 of the *Nevada Revised Statutes* (NRS) which create the trust funds for NJC and the National College of Juvenile and Family Law. The trust funds were originally established in 1989 to provide the entities with annual revenue from interest earnings on the corpus of the trust. However, during the State's economic downturn in FY 2002-2003, the trust funds were eliminated.

The next account is for the Merit Award Board. The Subcommittee approved reducing General Fund support for the Merit Award program to \$1,100 each fiscal year based on a 12-year average of awards paid from the program, resulting in a General Fund savings of \$4,757 over the 2011-2013 biennium.

The Subcommittee also reviewed the budgets for the following accounts: Human Resource Management – Unemployment Compensation, B/A 101-1339, and the Purchasing Division's Commodity Food Program, B/A 101-1362.

FINANCE AND ADMINISTRATION

ADMINISTRATION

Administration – HRM – Unemployment Compensation — Budget Page
ADMIN-186 (Volume I)
Budget Account 101-1339

Administration – Purchasing – Commodity Food Prog — Budget Page ADMIN-62
(Volume I)
Budget Account 101-1362

The Subcommittee recommends that these accounts close as recommended by the Governor, with authority for Staff to make technical adjustments.

SENATOR DENIS:

These accounts were straightforward. There were not many controversial issues.

SENATOR LESLIE:

I would like to revisit the appropriations for the NJC and, particularly, NCJFCJ. In the current biennium, how much did we give them per year?

MS. WALLER:

They experienced a budget reduction prior to the current biennium.

SENATOR LESLIE:

I remember that it was about \$125,000 before it was reduced during the last biennium. The Governor then further reduced it \$86,953. Why did the Subcommittee decide to cut that in half?

MS. WALLER:

The Subcommittee was provided with options to approve the Governor's recommended funding of \$260,860 in each year of the biennium, to reduce the General Fund to approximately one-half of that or to completely suspend the General Fund support for the upcoming biennium.

SENATOR LESLIE:

We suspended General Fund support entirely during the 2003-2005 biennium.

MS. WALLER:

That is correct.

SENATOR LESLIE:

I would like to ask the Subcommittee Chair what the reasoning was for that decision. It seems to be a drastic cut.

SENATOR DENIS:

The discussion centered around the idea that there was not a direct correlation between the amount of support that we give them and the grants that they are able to get. They showed where, in one year, they received less from the General Fund but were still able to get more grants.

Our thought was that we were trying to find savings, and since our support does not directly affect their ability to compete for grants, we could reduce the amount and save General Fund money.

SENATOR LESLIE:

I would disagree with that analysis. Maybe the reason they have not been able to get grants is that there is not as much grant money available. They may need this support more than ever to continue their fund development efforts.

SENATOR DENIS:

I recall that we posed that question to representatives of the programs. In the research that we were given, there was no indication that they would be unable to find grant support. I cannot recall, however, without examining the minutes, the exact language of the discussion.

SENATOR LESLIE:

These two organizations are extremely important. They are two of the premier national organizations. This is one instance in which I would suggest we agree with the Governor. I would not like to shortchange these organizations, even in difficult economic circumstances. In particular, the NCJFCJ has been neglected over the years. Our judges in this State, as well as throughout the Nation, depend on the resources that these programs offer.

I know that the Subcommittee has already made their recommendation on this budget, but I would suggest holding out the option to reconsider this decision as we move forward.

CHAIR HORSFORD:

The recommendation would be to follow the report and then to add particular consideration for NCJFCJ. I could support that approach.

At a conference in December, 2010, I met the president of the Juvenile and Family Court Judges Association. She is a judge from Cook County, Illinois. She has been involved in helping to reduce, through court interventions, the number of children who are placed in foster care. She agreed to do some training for our judges in Nevada. In Illinois, they reduced foster care placement by 40 percent, which represents a significant amount of savings for that state. If she were able to help us do, in Nevada, what has been done in Illinois, I would feel comfortable spending a relatively small amount of money on these programs to help realize those achievements. I want to keep children connected to their families.

I would support a motion to close the report from the Subcommittee on General Government, with the notation to add money back to NJC and NCJFCJ, if it were to become available, to make up for the difference between the Subcommittee's recommendation and the Governor's recommendation.

SENATOR KIECKHEFER:

In Subcommittee, I recommended that we go with the Governor's recommendation. I believe that both of these programs are admirable. These are things that we do well. To come in and cut them below recommended levels is something we should avoid. I would like to see both NJC and NCJFCJ included on a list for potential restoration.

SENATOR LESLIE:

Another option would be to close this area according to the Governor's recommendation. The Assembly Committee on Ways and Means closed this budget according to the recommendations of the Subcommittee. They did not add the money to these programs. That would create a difference between the two, and we would then have to resolve the differences. This would give us another opportunity to discuss this with Assembly Ways and Means.

CHAIR HORSFORD:

I am comfortable with either recommendation.

SENATOR LESLIE:

I would move to accept the report as it is written, with the exception that we would close B/A 101-1302 according to the Governor's recommendation. That would create a difference of approximately \$260,860 over the biennium.

MS. WALLER:

Would this be the total difference for both entities or just for NCJFCJ?

SENATOR LESLIE:

I would defer to Senator Kieckhefer or Senator Denis on that issue, as they were in the Subcommittee hearing.

SENATOR DENIS:

When we discussed this, we only talked about the one and not the other. The separation between the two was not made clear through testimony. I would like some clarification on that issue from Staff.

MS. WALLER:

This State support would be for two nonprofit entities. The first is NJC. The second is NCJFCJ. The allocation is split between the two. Basically, the reduction in support would be allocated equally between the two as well.

SENATOR DENIS:

They are both together in this amount.

I realize that we are being asked to make tough decisions. There is a reason we asked the questions that we did. We are cutting many things that do not have that ability to make up the funding and so we are losing money.

I know that these programs are important.

MR. GOODMAN:

The other item in that account, as recommended by the Subcommittee, was to request that a BDR be drafted to repeal the two sections of NRS that establish the two trust funds that have been empty since 2003. Staff assumed that the Committee would want to take a separate action to request that BDR, in addition to closing the budget.

CHAIR HORSFORD:

Does the funding have any association with the trust account issue?

MR. GOODMAN:

It does not.

CHAIR HORSFORD:

I will take a motion to approve the General Government closing report with the amendment to close B/A 101-1302 on the Governor's recommendation, creating a difference of \$260,860 over the biennium. The motion would also request a BDR to close out the trust accounts.

SENATOR LESLIE MOVED TO REQUEST A BDR TO ENACT THE REPEAL OF NRS SECTIONS 1.470 AND 1.480 IN ORDER TO ELIMINATE THE VACANT TRUST ACCOUNTS ASSOCIATED WITH B/A 101-1302; AND TO CLOSE B/A 101-1302 ACCORDING TO THE GOVERNOR'S RECOMMENDATION; AND TO CLOSE B/A 101-1017, B/A 718-1358, B/A 717-1363, B/A 101-1345, B/A 101-1339 AND B/A 101-1362 AS

RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN SERVICES/CIPS.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGETS CLOSED.

CHAIR HORSFORD:

We will now hear the budget closing report for the Department of Conservation and Natural Resources (DCNR).

JEFFREY A. FERGUSON (Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

I will be going over the closing report ([Exhibit G](#)) for a portion of the DCNR accounts as recommended by the Senate Committee on Finance Joint Subcommittee on Natural Resources and Transportation and the Assembly Committee on Ways and Means Joint Subcommittee on Public Safety, Natural Resources and Transportation.

The first account is DCNR Administration, B/A 101-4150.

INFRASTRUCTURE

CONSERVATION AND NATURAL RESOURCES

DCNR – Administration — Budget Page DCNR-1 (Volume III)
Budget Account 101-4150

The Subcommittee approved the Governor's recommendations to discontinue the Natural Resources Advisory Council, eliminate redundant membership in the Western States Water Council, eliminate the Department's public information officer, and eliminate an administrative assistant II position in the Director's Office.

These four recommendations provide General Fund savings of \$140,211 in FY 2011-2012 and \$142,173 in FY 2012-2013. However, I would like to point out to the Committee that, subsequent to the Subcommittee's closing recommendations, we received a budget amendment from the budget office that has not yet been discussed. That amendment adds \$28,000 to the DCNR Administration budget to pass through to the Division of Conservation Districts, B/A 101-4151.

DCNR – Division of Conservation Districts — Budget Page DCNR-90 (Volume III)
Budget Account 101-4151

This represents \$1,000 for each district. The budget for the conservation districts has not been included in this report, as it was held by the Subcommittee. A final decision has not been made on this item.

If the Legislature closes the Division of Conservation Districts budget as recommended by the Governor, which would mean its elimination, Staff would ask for authority to include that budget amendment here which would pass the \$28,000 through to the districts.

If the Conservation Districts budget is kept intact, then the DCNR - Administration budget would close as recommended by the Subcommittee with no changes.

The next account is Water Resources, B/A 101-4171.

DCNR – Water Resources — Budget Page DCNR-67 (Volume III)
Budget Account 101-4171

The Subcommittee approved the Governor's recommendation to eliminate 5.5 positions from the Division of Water Resources, including two associate engineers, two engineering technicians, one administrative assistant, and half of the deputy state engineer position in Las Vegas. The deputy state engineer will continue as a full-time, fully funded position in the Las Vegas Water Basin account, an account outside of the *Executive Budget*, which has historically provided one-half of the position's total costs. The elimination of these positions provides General Fund savings of \$675,562 over the 2011-2013 biennium. The Subcommittee also approved the Governor's recommendation to transfer three General Fund positions from the Water Resources account to the

Las Vegas Water Basin account. These three positions would continue in their current salary, working capacity and locations, but would be funded from water assessments in their new account, and would move from classified service to nonclassified service. This recommendation provides General Fund savings of \$289,676 over the 2011-2013 biennium.

The next budget is for State Lands, B/A 101-4173.

DCNR – State Lands — Budget Page DCNR-79 (Volume III)
Budget Account 101-4173

The Subcommittee voted to reclassify the existing management analyst IV position to a deputy administrator as recommended by the Governor. Instead of providing a 9.6 percent salary increase, however, the Subcommittee approved a salary increase of approximately 5 percent. This action provides General Fund savings of \$8,669 over the 2011-2013 biennium.

The next budget is for the Division of Environmental Protection (DEP) Administration account, B/A 101-3173.

DCNR – DEP Administration — Budget Page DCNR-102 (Volume III)
Budget Account 101-3173

The Subcommittee approved the Governor's recommendation in the base budget to add grant revenue of about \$2 million in each year of the 2011-2013 biennium for a new federal Department of Energy (DOE) grant to fund environmental management activities at the Nevada National Security Site. This grant revenue will be transferred to other DEP accounts, as well as other divisions within DCNR. The DOE funds allow DEP to eliminate all General Fund appropriations in the Base Budget and fill three fee-funded positions that were held vacant due to declining revenue.

The next account is for DEP Air Quality, B/A 101-3185.

DCNR – DEP Air Quality — Budget Page DCNR-108 (Volume III)
Budget Account 101-3185

The Subcommittee approved a technical adjustment to add additional transfers from the Air Quality Management fund of \$121,606 in FY 2011-2012 and

\$122,253 in FY 2012-2013 for the personnel and operating expenses of a deputy attorney general dedicated to the Bureau of Air Quality Planning and the Bureau of Air Pollution Control in accordance with the direction of IFC from its February 3, 2011, meeting. The Subcommittee also voted to fund new and replacement equipment with reserve reductions rather than from the Air Quality Management Fund. This action provides Air Quality Management Fund savings of \$259,274 in FY 2011-2012 and \$100,585 in FY 2012-2013.

The next account is for DEP Waste Management and Federal Facilities, B/A 101-3187.

DCNR – DEP Waste Mgmt and Federal Facilities — Budget Page DCNR-120
(Volume III)
Budget Account 101-3187

The Subcommittee approved a technical adjustment to add additional transfers from the Hazardous Waste Management fund of \$134,040 in FY 2011-2012 and \$134,761 in FY 2012-2013 for the personnel and operating expenses of a senior deputy attorney general dedicated to the Bureau of Corrective Actions in accordance with the direction of IFC at its February 3, 2011, meeting.

The Subcommittee recommends closing the following DCNR budget accounts as recommended by the Governor with minor or technical adjustments:

DCNR – Heil Wild Horse Bequest — Budget Page DCNR-9 (Volume III)
Budget Account 607-4156

DCNR – State Environmental Commission — Budget Page DCNR-12 (Volume III)
Budget Account 101-4149

DCNR – DEP Water Pollution Control — Budget Page DCNR-114 (Volume III)
Budget Account 101-3186

DCNR – DEP Mining Regulation/Reclamation — Budget Page DCNR-128
(Volume III)
Budget Account 101-3188

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DCNR – DEP State Revolving Fund – Admin — Budget Page DCNR-133
(Volume III)
Budget Account 746-3189

DCNR – DEP Water Quality Planning — Budget Page DCNR-138 (Volume III)
Budget Account 101-3193

DCNR – DEP Safe Drinking Water Regulatory Program — Budget Page
DCNR-143 (Volume III)
Budget Account 101-3197

DCNR – DEP Water Planning and CAP Improvement — Budget Page DCNR-148
(Volume III)
Budget Account 101-4155

SENATOR RHOADS:

Did we include any money for legal costs in those 28 conservation districts in our recommendation?

MR. FERGUSON:

The Division of Conservation District is still open, so that decision has not been made. The amendment that came in after the Subcommittee would provide a \$1,000 pass-through to each conservation district through the Administration budget. They could use those funds as they saw fit. If they wanted to use it for insurance or to leverage other funds, they could do that.

SENATOR RHOADS:

I have no problems with closing these accounts as recommended.

SENATOR RHOADS MOVED TO CLOSE B/A 101-4150, B/A 101-4171, B/A 101-4173, B/A 101-3173, B/A 101-3185, B/A 101-3187, B/A 607-4156, B/A 101-4149, B/A 101-3186, B/A 101-3188, B/A 746-3189, B/A 101-3193, B/A 101-3197 AND B/A 101-4155 AS RECOMMENDED BY THE SENATE COMMITTEE ON FINANCE JOINT SUBCOMMITTEE ON NATURAL RESOURCES AND TRANSPORTATION AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGETS CLOSED.

CHAIR HORSFORD:

I would like to take up the Governor's Office of Energy Conservation budget, B/A 101-4868.

ELECTED OFFICIALS

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

MR. KRMPOTIC:

The budget for the Nevada State Office of Energy (NSOE) was closed several days ago. There is one outstanding item on which the Committee requested further information. It is in regards to the use of tax abatement program revenue. I will have Staff briefly cover that issue for the Committee and go over the options that the Committee requested earlier in the week.

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

I have provided a handout ([Exhibit H](#)) for the Committee's information.

On page 3 of [Exhibit H](#) is a table that summarizes the five options that NSOE previously discussed with the Budget Division and the Governor's Office. The first option is to increase the mill tax assessment by an appropriate amount in order to generate the revenue that would be necessary in order to either replace the General Fund money that is currently included in the Governor's recommended budget or to replace both the General Fund money and the funding allocated for administrative costs from the revenue generated through the property tax abatement program.

The table shows where the Office has identified advantages and disadvantages associated with that option. Legislation would be required to implement it.

The second option would be to adjust the property tax abatement program allocation that is currently defined in statute. Currently, 75 percent of the revenue received by the Energy Office is designated to go towards utilities whose rates are set through the Public Utilities Commission (PUC), and 25 percent of the revenue is retained by NSOE. The recommendations considered were to reverse those allocations, with the State Energy Office retaining either 75 percent or 100 percent of that revenue. This option would also require a change in statute.

The third option presented was to utilize a percentage of the universal energy charge. Currently, PUC has the authority to retain 3 percent of the universal energy charge for their administrative costs. At this point, they are only retaining between one-half of one percent and one percent of that revenue. The balance is being deferred to the welfare and housing divisions to allow them to provide more services. Legislation would be required to implement this change.

The fourth option is to access the reserves at PUC. The PUC strives to maintain a reserve of approximately \$2.5 million. The Budget Division indicates that the reserve for PUC is currently approximately \$2.3 million. Taking a onetime sweep of this funding would allow the elimination of the General Fund money allocated to NSOE. However, ongoing funding would be uncertain.

The last option identified by the Office was to eliminate additional duties from statute. This would allow the Office to further downsize.

CHAIR HORSEFORD:

Our only viable options involve the mill assessment or access of the PUC reserves. Those are the only things I would be comfortable in considering.

The mill assessment, as I understand, would be passed on to consumers through a fee, and they would have to establish the proper rate of that fee. Is that correct?

MS. SAKELARIOS:

The Public Utilities Commission sets that rate in May, so this would occur within the next few weeks. They would notify the utilities companies of that rate on June 15, 2011.

The information provided by NSOE indicated that the option to increase rates would be advantageous in that it would have a minimal impact on the rate payers. One of the disadvantages would be that the utilities companies might choose to increase their rates because of the additional assessment.

CHAIR HORSFORD:

What would happen if consumers who only use services from the NSOE were charged a fee?

STACEY CROWLEY (Director, Office of Energy, Office of the Governor):

Our programs are varied. We have State and local programs that benefit schools and State-owned buildings. We also have various education programs.

CHAIR HORSFORD:

With the renewable energy components that were rolled over, there was discussion, even when the authority existed, about how the industry was supportive of being assessed a nominal fee to cover some of that basic infrastructure. That was something that had been evaluated during the last interim period in order to support the functions of the authority, which still apply even though they are now coming to your office.

MS. CROWLEY:

There could be a fee assessed with the application for renewable energy tax abatement. A fee could also be added to the Leadership in Energy and Environmental Design tax abatement application. We could also look at other possibilities for fees. It will affect the customers of our office.

CHAIR HORSFORD:

Because we do not have the ability to proceed in other directions, we must find something that will sustain your functions and will also allow those users to contribute. That is not something that was evaluated in these options. I would like you to reconsider this issue.

MS. CROWLEY:

We would be happy to do that.

SENATOR KIECKHEFER:

For my own information, I would like a summary of the problem we are trying to solve. What is wrong with the recommendation that involves the use of property tax abatement revenue?

CHAIR HORSFORD:

The proposal is to adjust the property tax abatement allocation percentage and to allow those dollars to go to the support of the Office. We wanted to evaluate all other possibilities before deciding which approach to take. Our Staff has worked with the Budget Division and NSOE to develop these additional options. One that is missing involves a direct tax on the industries that benefit from a lot of the support that is provided by the Office. I would like to have that evaluated before we choose from among these options.

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SENATOR DENIS:

As we have this discussion, I would like to know what is meant when we say that the mill assessment increase would have a minimal impact. Many of the people who have the most difficult time paying would see a marginal increase as a significant difference.

CHAIR HORSFORD:

This meeting is adjourned at 4:56 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
	C	Jennifer Byers / LCB Fiscal	B & I Closing Report
	D	Rex Goodman / LCB Fiscal	DCFS Closing Report
	E	Joi Davis / LCB Fiscal	HHS Director's Office Closing Report
	F	Julie Waller / LCB Fiscal	Dept. of Admin. Closing Report
	G	Jeff Ferguson / LCB Fiscal	DCNR Closing Report
	H	Heidi Sakelarios / LCB Fiscal	NSOE Work Session Report