MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS

Seventy-Seventh Session
May 6, 2013

The Committee on Ways and Means was called to order by Chair Maggie Carlton at 8:11 a.m. on Monday, May 6, 2013, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda (Exhibit A), the Attendance Roster (Exhibit B), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at nelis.leg.state.nv.us/77th2013. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblywoman Maggie Carlton, Chair
Assemblyman William C. Horne, Vice Chair
Assemblyman Paul Aizley
Assemblyman Paul Anderson
Assemblyman David P. Bobzien
Assemblyman Andy Eisen
Assemblywoman Lucy Flores
Assemblyman Tom Grady
Assemblyman John Hambrick
Assemblyman Cresent Hardy
Assemblyman Pat Hickey
Assemblywoman Marilyn K. Kirkpatrick
Assemblyman Randy Kirner
Assemblyman Michael Sprinkle

COMMITTEE MEMBERS EXCUSED:

Assemblyman Joseph M. Hogan

GUEST LEGISLATORS PRESENT:

Senator Mark A. Hutchison, Clark County Senatorial District No. 6
Senator Joyce Woodhouse, Clark County Senatorial District No. 5

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Michael J. Chapman, Principal Deputy Fiscal Analyst
Carol Thomsen, Committee Secretary
Cynthia Wyett, Committee Assistant

Chair Carlton announced that the Committee would review the bills out of agenda order beginning with Senate Bill 470.

Senate Bill 470: Revises certain fees collected by the Administrator of the Commission on Postsecondary Education. (BDR 34-1135)

David Perlman, Administrator, Commission on Postsecondary Education, introduced himself to the Committee and stated he would testify in support of S.B. 470.

Mr. Perlman indicated that the bill would raise certain fees that were charged by the Commission for processing various applications. The fees had been established in 1975 and had not been raised since that time. There had been new fees added, but the ongoing fees had not been increased. Mr. Perlman said the new fee requested in S.B. 470 was for processing applications for approval of alcohol awareness training. At the current time, there was no fee for approving entities or persons who wanted to offer alcohol awareness education in Nevada. The fees would affect new applicants, but would not affect existing providers who offered alcohol awareness education.

Mr. Perlman referred to Exhibit C, "Testimony Pertaining to S.B. 470, Submitted by David Perlman, Administrator, Nevada Commission on Postsecondary Education," which was available on the Nevada Electronic Legislative Information System (NELIS) for review. The exhibit contained a chart that depicted the number of licensed postsecondary schools and tuition income for the years 1989 through 2012. Tuition income had risen from $27,095,099 in 1989 to $311,579,711 in 2012. The fees were important, said Mr. Perlman, because when students enrolled in a postsecondary educational institution they paid tuition upfront, and the Commission considered that in the application

process in determining the ability of the institution to be financially able to carry out its commitments to students.

Mr. Perlman indicated that the original bill draft request (BDR) had included one additional fee that was not included in the bill, and that was an increase of $1 to the $4 fee that was charged to schools, making that fee $5. However, that increase was not included in S.B. 470, and Mr. Perlman explained that his original proposal included a different amount for total income for the upcoming biennium because of that proposed fee increase. He pointed out that between 25,000 and 35,000 students paying an additional $1 in fees would have been a significant increase.

Mr. Perlman said that concluded his testimony, and he would be happy to answer questions from the Committee.

Chair Carlton noted that the increase to $5 for fees charged to schools was not included in the bill. The Chair referred to the new tax for approval of applications for alcohol awareness education, and she wondered why current postsecondary institutions and other entities would not be taxed and only new entity applications would be taxed.

Mr. Perlman said the Commission did not think it would be necessary to make the fee retroactive to 2005 when the statewide alcohol awareness program commenced. The alcohol awareness program was included in chapter 369 of the *Nevada Revised Statutes* (NRS) rather than chapter 394, which contained the fees for the Commission on Postsecondary Education. The changes included in S.B. 470 would change the fees contained in chapter 394 of NRS. Mr. Perlman said the Commission would charge a fee for new applicants, and if the bill passed, entities applying for approval of alcohol awareness education after the effective date of the bill would be required to pay the proposed fee.

Chair Carlton asked how many entities were currently offering the alcohol awareness classes.

Mr. Perlman said there were currently 45 entities offering those four-hour classes.

Chair Carlton understood that participants in alcohol awareness programs would pay the fee, listen to a lecture, take a test, and that would conclude the program. The Chair voiced concerns that new entities would be required to pay a fee to establish a class, which seemed somewhat protectionist. The groups already offering alcohol awareness education had not been required to pay such

a fee and were not required to be recertified; she asked whether there was an actual renewal fee for current entities.

Mr. Perlman stated that there were no fees whatsoever for the alcohol awareness programs because those programs were included in chapter 369 of NRS, and there was no mention in that chapter of fees or renewals. The only stipulation in chapter 369 was that the Administrator of the Commission on Postsecondary Education would approve the training being offered. Mr. Perlman said the Commission had established a procedure that was similar to the licensing of private postsecondary schools for that approval.

Chair Carlton asked about the number of work hours and the length of time it would take to review an application to ensure that the training was appropriate that would cost the Commission $500, which was the fee amount being requested.

Mr. Perlman said it took him about 8 to 12 hours to review an application, providing there were no problems. There were curriculum requirements for alcohol awareness education that entities often did not adhere to, even though the Commission provided those requirements to applicants. There were also applications from out-of-state entities that required additional time.

Assemblywoman Flores referred to Exhibit C, which indicated that there were 170 licensed schools that generated more than $311,579,711 in tuition income. She agreed with Chair Carlton's comment that only targeting the new entities was somewhat protectionist and bordered on being unfair. It appeared that the bill would only target new entities that wanted to provide the service, yet the 170 licensed schools that were generating over $311 million in income would pay nothing. Assemblywoman Flores stated that she would not be comfortable moving forward with a fee that only targeted new applicants.

Chair Carlton asked whether there were further questions from the Committee, and there were none. Chair Carlton asked whether there was anyone present who wished to testify in support of S.B. 470, or in opposition to the bill, and there was no one. The Chair asked whether there was public comment regarding the bill, and there was none. Chair Carlton closed the hearing on S.B. 470.

Chair Carlton opened the hearing on Assembly Bill 1 (1st Reprint).

Assembly Bill 1 (1st Reprint): Requires the Director of the Department of Health and Human Services to include certain requirements in the State Plan for Medicaid. (BDR 38-392)

Brian G. Brannman, FACHE [Fellow of the American College of Healthcare Executives], Chief Executive Officer, University Medical Center (UMC), introduced himself to the Committee. Mr. Brannman stated that existing federal law required a hospital to provide appropriate medical screening to determine whether an emergency medical condition existed if any person came to an emergency department for care. Federal law also required treatment for an existing emergency medical condition.

The proposal in A.B. 1 (R1), said Mr. Brannman, would require in the State Plan for Medicaid that the state cover certain costs of emergency care, including dialysis, for patients with kidney failure.

Mr. Brannman stated that the Nevada Medicaid program defined emergency services as a case in which a delay in treatment of more than 24 hours could result in severe pain; loss of life, limb, eyesight, or hearing; injury to self; or bodily harm to others. He pointed out that patients experiencing kidney failure presenting to an emergency department were dependent upon receiving renal dialysis to maintain life. In an emergency department setting, physicians and healthcare workers had a legal and ethical responsibility to treat those patients with the stabilizing procedure available, which was renal dialysis.

Currently, said Mr. Brannman, the Nevada Medicaid program did not recognize the procedure as life sustaining or as the defining stabilizing procedure. The determination was that because the underlying condition was a chronic disease, the treatment was not emergent, and as such, emergency Medicaid reimbursement was denied.

Mr. Brannman explained that while kidney or renal disease could be a chronic condition similar to heart disease, the individual might experience acute episodes that required immediate medical attention, such as a heart attack for those suffering heart disease or kidney failure for those suffering from renal disease.

Per Mr. Brannman, emergency medical staff would provide the treatment necessary to stabilize the patient's condition and prevent death. In the case of renal failure, the stabilizing treatment was kidney dialysis. If the patient did not receive dialysis, organ failure would occur and death would be imminent. Certainly, said Mr. Brannman, that should meet the Nevada Medicaid program's

definition of an emergency service, just as treatment for a heart attack was considered emergent.

In addition, said Mr. Brannman, emergency department staff would be violating the federal Emergency Medical Treatment and Active Labor Act (EMTALA) regulations if dialysis treatment was not provided to those patients. Medicaid reimbursement for dialysis would have the benefit of including federal matching dollars that would provide more than 50 percent of the funding, which was currently borne by the taxpayers of Clark County for emergency patients treated at UMC; offsetting the cost with matching federal funds would offset part of the burden.

Mr. Brannman said that concluded his presentation, and he would be happy to answer questions from the Committee.

Chair Carlton asked Mr. Brannman to discuss the fiscal note attached to A.B. 1 (R1).

Mr. Brannman said it appeared that the fiscal note contained the estimate relative to presumptive eligibility; however, it was his understanding that the bill would be amended and the fiscal note corrected. The UMC estimated that the actual fiscal effect would be approximately $1.7 million rather than the $8 million included in the fiscal note.

Assemblywoman Flores asked whether local governments were currently bearing the burden of the costs. For clarification, Assemblywoman Flores said it appeared people were being treated at hospital emergency departments for renal failure, and because Medicaid did not cover the cost, the facility that provided the treatment had to bear the cost.

Mr. Brannman said that was currently the case; UMC was bearing 100 percent of the cost for treatment of emergency renal failure at a cost of approximately $6.2 million per year. That amount was added to UMC's shortfall with little or no hope of reimbursement to offset those expenses.

Assemblywoman Flores asked whether the same situation occurred in other hospitals. Mr. Brannman said the same situation would occur at any hospital emergency room where a person with renal failure presented; the emergency departments at all hospitals were required to provide dialysis to stabilize a patient suffering from renal failure.

Assemblyman Sprinkle asked whether the fiscal note had been amended or reduced because of the changes brought about by the Affordable Care Act (ACA).

Mr. Brannman indicated that he was not sure how the fiscal note was calculated. The presumptive eligibility piece was supposed to be eliminated from A.B. 1 (R1).

Chair Carlton asked that a representative from the Department of Health and Human Services come forward and address the fiscal note.

Laurie Squartsoff, Administrator, Division of Health Care Financing and Policy (DHCFP), Department of Health and Human Services (DHHS), indicated that the funds included in the fiscal note had been requested via a budget amendment to cover the emergent care for dialysis for noncitizens. The current amount was $2.977 million. Ms. Squartsoff said if the budget amendment was approved, the program would be funded as included in the agency's budget.

Chair Carlton wondered how the budget amendment coordinated with A.B. 1 (R1), as it appeared the bill had been amended to remove the presumptive eligibility and lower the fiscal note. The Budget Division then submitted a budget amendment to cover the cost of providing services between now and January 2014 when the ACA would go into effect.

Ms. Squartsoff explained that the amount requested in the budget amendment would cover the services for the noncitizen patient population, which would not be covered under the ACA.

Chair Carlton thanked Ms. Squartsoff and noted that the budget amendment included the amount needed for the biennium.

Chair Carlton said it appeared that the budget amendment would delete the fiscal note in its entirety. Ms. Squartsoff indicated that it reduced the fiscal note from $8.6 million to $2.9 million.

Chair Carlton said the budget amendment covered that amount, so there was no fiscal note attached to A.B. 1 (R1), and Ms. Squartsoff stated that was correct.

Chair Carlton asked whether there were further questions from the Committee, and there were none. The Chair noted that there was also an unsolicited fiscal note from the Division of Welfare and Supportive Services, DHHS, regarding the bill.

Amber Joiner, Deputy Director Programs, DHHS, believed that the unsolicited fiscal note was related to the presumptive eligibility, which had been amended out of the bill. Ms. Joiner opined that there was no longer a fiscal note attached to the bill.

Chair Carlton asked Ms. Joiner to provide a written explanation regarding the unsolicited fiscal note, and Ms. Joiner stated she would comply with the Chair's request.

Chair Carlton asked whether there were further questions from the Committee, and there were none. Chair Carlton asked whether there was anyone present who wished to testify in support of A.B. 1 (R1), or in opposition to the bill, and there was no one. The Chair asked whether there was public comment regarding the bill, and there was none. The Chair closed the hearing on A.B. 1 (R1).

The Chair opened the hearing on Assembly Bill 364 (1st Reprint).

Assembly Bill 364 (1st Reprint): Revises provisions governing public officers and employees. (BDR 23-1014)

Assemblyman Paul Anderson, Clark County Assembly District No. 13, stated he would present A.B. 364 (R1). He had submitted his written statement for review by the Committee (Exhibit D). The bill referenced reservist pay for state employees who were members of the military reserves, either active or members of the National Guard, who were required to take two weeks during the year and one weekend per month to fulfill their duties. Mr. Anderson stated that reservist duties would vary depending on the branch of reserves, but generally it took at least 39 days per year for a person to fulfill his or her military duties as a reservist. The current statute allowed reservists to receive paid leave for 15 days to fulfill those duties.

Mr. Anderson indicated that for reservists who worked a normal workweek, the 15 days would cover the time needed to fulfill their duties. However, those employees who worked at such agencies as the Department of Corrections, the Department of Public Safety, and the Department of Transportation, oftentimes worked shifts that included Saturday and Sunday. Those employees were required to take weekends off using vacation time or unpaid leave, and newer employees would not have sufficient vacation time to cover the leave.

Mr. Anderson explained that many state employees were taking unpaid leave to fulfill their military duties, and A.B. 364 (R1) would expand the opportunity for those employees to fulfill their duties without loss of pay. He noted that state

employees had already suffered pay cuts and loss of benefits, and now those in the reserves were being forced to take unpaid leave, which also affected retirement benefits. The bill would allow those persons whose workweek included Saturday and Sunday to receive paid time off to fulfill military duties; the bill was restricted to state employees and agencies.

Chair Carlton said it appeared that the only fiscal note was from the Department of Corrections (NDOC), and she wondered whether NDOC had withdrawn its fiscal note.

Mr. Anderson said it was his understanding that the fiscal note would be withdrawn.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated that she had received an email from Chuck Schardin, Medical Administrator, NDOC, on April 22, 2013, which indicated that A.B. 364 (R1) as amended would no longer have a fiscal effect on NDOC.

James G. (Greg) Cox, Director, NDOC, stated he supported the bill, and he concurred that NDOC had removed its fiscal note because of the amendment.

Assemblyman Hickey asked how employers were able to remove the fiscal note and afford employees the opportunity to complete their reservist duties.

Ms. Jones explained that the original fiscal note was calculated based on the amount of extra time that employees eligible for military leave would receive. However, after discussing the fiscal note with NDOC, it was noted that those positions were already budgeted for full-time pay, and basically, it would be additional leave at no extra cost.

Mr. Anderson added that reservists had to take the necessary time to fulfill their duties whether it was unpaid leave or paid leave. He thanked Mr. Cox for adding his support to A.B. 364 (R1).

Assemblywoman Flores said she was curious why nonstate employees were not included in the bill. The state workforce was only a part of the employees in the state who were also reservists, and those private sector employees would not receive the benefits of the bill.

Mr. Anderson explained that the matter had been thoroughly researched, and there were other agreements in place within the various municipalities

throughout the state that addressed time off for reservists that were not available to state workers. Therefore, the bill addressed only state agencies.

For clarification, Chair Carlton indicated that the bill would apply to all state employees, but because some work schedules included Saturday and Sunday, it would affect some employees more than others. Mr. Anderson stated that was correct.

Chair Carlton asked whether there was testimony to come before the Committee in support of A.B. 364 (R1).

Priscilla Maloney, Labor Representative, American Federation of State, County and Municipal Employees (AFSCME) Local 4041, voiced support for the bill. Ms. Maloney noted that the statute had not been amended, and the 15 days that were in existing law had not been increased since 1981. As everyone was aware, the men and women currently serving as reservists in the military were facing multiple deployments. Ms. Maloney said A.B. 364 (R1) would help that situation and AFSCME was very grateful to NDOC for withdrawing its fiscal note.

Chair Carlton asked whether there was anyone else who would like to testify in support of A.B. 364 (R1), or in opposition to the bill, and there was no one. The Chair asked whether there was public comment regarding the bill, and there being none, the Chair closed the hearing on A.B. 364 (R1).

Also submitted for review by the Committee and available on the Nevada Electronic Legislative Information System (NELIS) was Exhibit E, a letter dated May 2, 2013, from J.D. Escobar, Nevada Enlisted Association of the National Guard, United States, in support of A.B. 364 (R1).

Chair Carlton announced that the Committee would commence with budget closings, and opened the hearing on budget account 4868.

ELECTED OFFICIALS
STATE ENERGY OFFICE
GOVERNOR'S OFFICE ENERGY CONSERVATION (101-4868)
BUDGET PAGE ELECTED-22

Michael J. Chapman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), referred to Exhibit F, "Assembly Committee on Ways and Means, Closing List #7, May 6, 2013," which was available to the Committee and the public on the Nevada Electronic Legislative Information System (NELIS).

Mr. Chapman stated there were three major closing issues in budget account (BA) 4868 for consideration by the Committee. The first issue was the sufficiency of funding provided by the Renewable Energy Fund. During the 2011 Session, the General Fund support was removed from BA 4868, with the exception of $100 per year, and was replaced with transfers of property tax collections from the Renewable Energy Fund. Mr. Chapman advised the Committee that the budget account for the Renewal Energy Fund would also be discussed today because portions of that fund were transferred into BA 4868 to support the operations of the Office of Energy within the Office of the Governor.

In fiscal year (FY) 2012, said Mr. Chapman, property tax receipts were projected at $1.65 million; however, receipts only totaled $309,354 of that projected amount. In FY 2013, property tax receipts were projected at $1.63 million, but year-to-date receipts as of February 8, 2013, totaled $162,072 or approximately 10 percent of the amount projected. Mr. Chapman noted that as of April 18, 2013, property tax collections had increased to $1.13 million, which represented a rather significant improvement, but was still below the projected amount of $1.63 million.

Mr. Chapman stated that in FY 2014 the amount projected for property tax receipts increased to $3,100,423 as included in The Executive Budget, and that projected amount increased to $4,693,992 in FY 2015. The 25 percent portion of those collections that would be available for transfer to the Office of Energy would be $775,106 and $1,173,498 respectively for the upcoming biennium.

Mr. Chapman indicated that page 4 of Exhibit F contained a chart that depicted how the funds were recommended to be used within the Office of Energy. During the previous budget hearing, the Director testified that the Office had been working on the collection efforts with local government officials to identify when projects had come online and develop an understanding of when the abatement period would actually start, which would initiate the tax collections. In addition, said Mr. Chapman, when the Office of Energy revised its projections, the revision included a delay factor to account for delays in projects and provide a more conservative estimate.

Mr. Chapman stated that Fiscal Analysis Division staff received additional information on April 29, 2013, from the Office of Energy that provided updated revenue projections for FY 2013. The new projection was that the Office of Energy would receive an additional $1.038 million in May 2013 and June 2013. That would increase the total property tax collections for FY 2013 to $2.12 million, compared to the original projection of $1.63 million. Mr. Chapman explained that the 25 percent that would be available to the

operation of the Office would total $541,684. Projected transfers to the Office for the current fiscal year would be $175,439, which would leave an additional $366,245 available to balance forward in FY 2014 and FY 2015.

Based on the updated information, said Mr. Chapman, the Office would seek to restore the two positions recommended for elimination in decision unit Enhancement (E) 250. The Office did not make any changes to the revenue projections and resulting transfers of funds to the Office of Energy in FY 2014 and FY 2015.

Mr. Chapman said there were two decisions for consideration by the Committee:

1. Based upon the revised projections provided by the Office of Energy, and noting the improved collections of property tax receipts in FY 2013, does the Committee wish to approve the transfer of property tax receipts to BA 4868 as recommended by the Governor for FY 2014 and FY 2015.

2. Does the Committee wish to approve the Office of Energy's recent projections of additional property tax revenues of $1.038 million for the remainder of FY 2013, of which $366,245 would balance forward for use in FY 2013 and FY 2014.

Chair Carlton asked Ms. Crowley to come forward to answer questions from the Committee.

Assemblyman Eisen asked for clarification from Fiscal Analysis Division staff regarding decision unit E-250 and whether the amount of $366,245 that would balance forward included the elimination of that decision unit.

Mr. Chapman stated that the Office of Energy intended to use the $366,245 to restore the two positions that were recommended for elimination in decision unit E-250.

Assemblyman Kirner asked about the duties of the two positions that would be restored, if approved.

Stacey Crowley, AIA, LEED AP, Director, Office of Energy, Office of the Governor, explained that the two positions would continue to work for the Office; there were several statutory requirements that the Office had not been able to complete because most of the positions within the Office were grant-funded. Those positions had to work on grant-specific projects.

For example, said Ms. Crowley, the Office of Energy had a comprehensive state energy plan that it would like to complete, which would include statewide energy policies, suggestions, and recommendations. There were also several ongoing tracking programs related to state-owned building energy reduction, which was a statutory requirement, and other tracking mechanisms for alternative fuels.

Assemblywoman Kirkpatrick said that relying on part-time positions that were grant-funded for the Office of Energy would not allow the Office to move forward. She asked Ms. Crowley to discuss the retention of the two employees because there were some good programs that were in jeopardy. Assemblywoman Kirkpatrick wanted to make sure that the Committee understood that the revolving loan account and other programs could be in jeopardy.

Ms. Crowley indicated that there were several ongoing programs, some of which had been created from the stimulus programs of 2009 and 2010. One program was the revolving loan fund that started with $8.3 million and leveraged other stimulus dollars until it became a revolving loan fund of over $12 million. The Office of Energy currently had six applicants seeking short-term, low-interest loans for projects that varied from affordable solar projects, combined heat and power projects, and other innovative technologies. Ms. Crowley said staff reviewed the applications for the revolving loan fund to determine the probability that the loans would be paid back and whether the applications would further other projects in the future.

Another duty of staff, said Ms. Crowley, was the EnergyFit Nevada program, which was a residential energy audit and upgrade program that was initiated with U.S. Department of Energy grant funding that would soon expire. Ms. Crowley said the EnergyFit Nevada program was an important aspect of energy efficiency within the state. The program helped homeowners understand the inefficiencies of their homes and incentivized homeowners to take advantage of upgrades and rebates to make their homes more comfortable and more energy efficient.

Also, said Ms. Crowley, the Office of Energy had programs that attempted to enhance the practice of upgrading commercial buildings so those buildings would be more energy efficient. There was a package of energy efficiency programs that attempted to reduce barriers, increase the probability of installing solar on rooftops for homeowners, and reduce costs.

Ms. Crowley said the programs of the Office of Energy ranged in scale and size; the Office wanted to be a reference and resource for people throughout the state to make sure smart decisions were being made regarding energy choices.

Assemblywoman Kirkpatrick noted that the Office of Energy had suffered budget shortfalls and attempted to remain on track with projections, but the numbers had been built specifically on actual dollars received to date. She hoped there would be no further budget shortfalls over the upcoming biennium.

Ms. Crowley stated that the Office of Energy was now in better communication with the counties that had projects through the Renewable Energy Fund, and counties now understood that the day the abatement became effective, 45 percent of any taxes that were paid by the owner would be remitted to the Renewal Energy Fund, with 55 percent being retained by the counties. Ms. Crowley noted that the revised projection included a 15-month delay factor to allow for project delays and provide for a more conservative estimate.

Ms. Crowley advised the Committee that the projections were based on estimates provided by the Department of Taxation. The Office of Energy had seen actuals come in both above and below projections submitted by the Department of Taxation. There did not appear to be a current trend either above or below projections, and the Office believed the projections were close to accurate.

Assemblywoman Kirkpatrick commented that Ms. Crowley had assumed the position of Director at a time when the Office of Energy was suffering budget shortfalls, and she had worked through those shortfalls.

Chair Carlton asked about the revised projections and the cooperation of county governments to date. She noted that if the Committee closed as recommended, it would differ from the Senate closing because of the new projections for consideration; however, Chair Carlton did not believe there would be an issue resolving the difference.

Ms. Crowley stated that the Office of Energy had recently received funds through the Centrally Assessed Properties Section of the Department of Taxation, which had been a learning experience for the Office in understanding the timing and receipt of those revenues. Ms. Crowley explained that some properties were centrally assessed, which meant the properties crossed at least one or more county boundaries. One project in particular was the One Nevada Transmission Line (ON Line) project, which would link transmission facilities in

northern and southern Nevada. That project was now paying tax revenues into the Renewable Energy Fund.

Ms. Crowley stated that both the Department of Taxation and the Office of Energy worked to determine the tax assessment for that project, which would be a fairly consistent income stream for approximately 20 years. Once projects began paying property taxes, the revenue stream should be consistent, and the significant issue had been when the projects would commence paying taxes. Ms. Crowley advised that the Office of Energy conducted monthly conversations with each county in which projects resided, and staff had a good working relationship with county officials.

Chair Carlton asked whether there were other questions regarding property tax receipts and revenues, and there was none. The Chair called for a motion.

Mr. Chapman clarified that the Committee needed to vote on both item 1 and item 2 as previously discussed. Item 1 addressed revised projections and whether the Committee wished to approve the transfer of property tax receipts as recommended by the Governor for FY 2014 and FY 2015. Item 2 addressed the recent projections of additional property tax revenues for the remainder of FY 2013, allowing the Office to balance forward $366,245 for use in FY 2014 and FY 2015.

Assemblyman Hambrick asked whether the Committee should also authorize Fiscal Analysis Division staff to make any necessary technical adjustments. Mr. Chapman stated that would be helpful.

> ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE THE TRANSFER OF PROPERTY TAX RECEIPTS TO BUDGET ACCOUNT 4868 AS RECOMMENDED BY THE GOVERNOR FOR FY 2014 AND FY 2015, TO APPROVE THE OFFICE OF ENERGY'S RECENT PROJECTIONS OF ADDITIONAL PROPERTY TAX REVENUES OF $1.038 MILLION FOR THE REMAINDER OF FY 2013, OF WHICH $366,245 WOULD BALANCE FORWARD FOR USE IN FY 2014 AND FY 2015, AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS.
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> ASSEMBLYMAN HORNE SECONDED THE MOTION.
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> THE MOTION CARRIED. (Assemblyman Hogan was not present for the vote.)

Mr. Chapman stated that the next item for consideration was General Fund support for BA 4868 in fiscal year (FY) 2014, as depicted in decision unit Enhancement (E) 230. The Governor recommended the use of General Fund appropriations of $115,674 for FY 2014. The Executive Budget was built upon the aforementioned revenue projections for FY 2014 with the recommended expenditure levels between the transfers from the Renewable Energy Fund and the transfers from the revolving loan fund insufficient to support the operations of the Office of Energy in FY 2014.

Mr. Chapman noted that if the Committee approved the Governor's recommendation, the Committee might wish to issue a letter of intent directing the Office of Energy to revert to the General Fund the amount of property tax receipts available for transfer that exceeded the $782,666 recommended by the Governor for FY 2014.

By way of explanation, Mr. Chapman stated that the projection for property tax receipts was $3.1 million in FY 2014, and if the Renewable Energy Fund exceeded that amount, there would be additional funds available to the Office of Energy for operations. Fiscal Analysis Division staff would suggest that a similar amount of money be reverted to the General Fund, up to the $115,674 recommended by the Governor.

Chair Carlton asked whether there were questions from the Committee.

Assemblyman Eisen referred to the budget for the current biennium where all but $100 in General Fund support was removed from BA 4868. The $100 allowed the Office to approach the Interim Finance Committee (IFC) and request an allocation from the contingency fund. He wondered whether the Office of Energy would have access to IFC contingency fund allocations during the upcoming biennium.

Mr. Chapman suggested that if there was an opportunity for the Office of Energy to revert General Fund appropriations based on decision unit E-230 that the amount reverted would be limited to the $115,674 recommended by the Governor. That would leave $100 in the General Fund for the Office of Energy.

Chair Carlton asked whether there were further questions from the Committee, and there were none. The Chair called for a motion.

> ASSEMBLYMAN KIRNER MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION IN DECISION UNIT E-230, BUDGET ACCOUNT 4868, TO INCREASE GENERAL FUNDS BY $115,674 IN FISCAL YEAR 2014 AND TO ISSUE A LETTER OF INTENT

DIRECTING THE OFFICE OF ENERGY TO REVERT A PORTION OR ALL OF THE GENERAL FUND APPROPRIATION TO THE EXTENT PROPERTY TAX RECEIPTS AVAILABLE FOR TRANSFER EXCEEDED $782,666.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hogan was not present for the vote.)

Mr. Chapman stated that the next item for consideration were the position eliminations recommended in decision units E-250 and E-490. The two decision units recommended the elimination of 3.51 full-time-equivalent (FTE) positions. In decision unit E-250, a management analyst 2 position, which was currently filled, and a renewable energy analyst, which was vacant, were recommended for elimination. Mr. Chapman said based on the FY 2014 projections that were previously discussed, the elimination of the positions would send $145,142 in FY 2014 and $159,617 in FY 2015 back to the Renewable Energy Fund. It appeared that the recommendation was based upon the projected amount of available property tax collections, the General Fund support, and the reduction recommended in decision unit E-250.

Mr. Chapman said the Fiscal Analysis Division had received additional information regarding updated revenue projections in April 2013, and the Office of Energy indicated it would seek to restore the two positions using the additional property tax transfers from the Renewable Energy Fund to BA 4868. That transfer would leave an additional $366,245 available to balance forward for FY 2014 and FY 2015. Additionally, said Mr. Chapman, the Office had identified remaining federal grant funds totaling $49,200 in FY 2014 and $18,000 in FY 2015, which would be used to support restoration of the two positions.

Mr. Chapman pointed out that the Office of Energy wanted to replace the renewable energy analyst position recommended for elimination in decision unit E-250 with an energy efficiency manager position. The recommended position was a grade 39, while the position that was recommended for elimination was a grade 35; however, because of the step differences between the two positions, the energy efficiency manager position would cost less in salary on an annual basis.

Mr. Chapman stated that the options for consideration by the Committee were:

1. Approve the Governor's recommendation to eliminate the management analyst 2 position and the renewable energy analyst position with reduced transfers from the Renewable Energy Fund of $145,142 in FY 2014 and $159,617 in FY 2015.

2. Approve the Office of Energy's request to use $366,245 of additional transfer from the Renewable Energy Fund in FY 2014 and FY 2015, plus the remaining grant funds of $49,200 in FY 2014 and $18,000 in FY 2015, to restore the management analyst 2 position and replace the renewable energy analyst position with an energy efficiency manager position.

Assemblywoman Kirkpatrick opined that allowing the Office of Energy to use the additional transfer funds plus the remaining federal grant funds would best be supported by option 2, which she believed was also the best option for the Office. That option would allow the Office to retain the positions. Therefore, Assemblywoman Kirkpatrick offered the following motion:

> ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE OPTION 2, THE REQUEST BY THE OFFICE OF ENERGY TO USE $366,245 IN ADDITIONAL TRANSFER FROM THE RENEWABLE ENERGY FUND AND THE REMAINING GRANT FUNDS TO RESTORE THE MANAGEMENT ANALYST 2 POSITION AND REPLACE THE RENEWABLE ENERGY ANALYST POSITION WITH AN ENERGY EFFICIENCY MANAGER POSITION, AND NULLIFY THE RECOMMENDATION TO ELIMINATE THE POSITIONS IN DECISION UNIT E-250, BUDGET ACCOUNT 4868.
>
> ASSEMBLYMAN EISEN SECONDED THE MOTION.

Chair Carlton asked Ms. Crowley to explain the Office of Energy's request to use the additional transfer from the Renewable Energy Fund and the grant funding to restore positions.

Stacey Crowley, AIA, LEED AP, Director, Office of Energy, Office of the Governor, thanked the Committee for considering option 2, which would allow the Office to retain the two positions. The first position was a management analyst 2, which was currently filled and performed many functions within the Office. The position was currently working on grant programs and the Leadership in Energy and Environmental Design (LEED) tax abatement program.

The second position would be a reclassification from a renewable energy analyst to an energy efficiency manager.

Ms. Crowley explained that as the Office had been working on the goal to reduce state-owned building energy consumption, it had devised several strategies to meet that goal. One strategy was to have a person dedicated to keeping track of the state-owned buildings; she noted there were approximately 3,000 state-owned buildings in the state. The position would be dedicated to ensuring that the Office of Energy was doing all it could to reduce energy consumption throughout the state. In addition, the position would work on other duties as assigned, but the primary duty of the energy efficiency manager position would be the reduction of energy consumption.

Ms. Crowley noted that creation of the strategies had recently been completed, and the Office wanted to make sure it focused on energy reduction as a key goal of the state.

Chair Carlton asked whether there were further questions, and there being none, the Chair called for a vote on the motion currently before the Committee.

> THE MOTION CARRIED. (Assemblymen Aizley, Hogan, and Sprinkle were not present for the vote.)

Mr. Chapman stated that decision unit E-490 recommended the elimination of a management analyst 2 position, which was currently vacant, and a 0.51 full-time-equivalent (FTE) public service intern position that was filled. The elimination was the result of the expiration of federal American Recovery and Reinvestment Act (ARRA) Energy Assurance Planning and Energy Efficiency and Conservation block grant funds.

Mr. Chapman said the incumbent in the public service intern position was a short-term employee so there should be minimal terminal leave payout costs associated with the elimination of the position.

The decision, said Mr. Chapman, was whether the Committee wished to approve the elimination of the 1.51 FTE positions recommended by the Governor in decision unit E-490.

Chair Carlton asked whether there were questions from the Committee, and there were none. The Chair called for a motion.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE THE ELIMINATION OF THE 1.51 FULL-TIME-EQUIVALENT POSITIONS AS RECOMMENDED BY THE GOVERNOR IN DECISION UNIT E-490, BUDGET ACCOUNT 4868.

THE MOTION CARRIED. (Assemblymen Aizley, Hogan, and Sprinkle were not present for the vote.)

Chair Carlton asked Committee members to review the other closing items for budget account (BA) 4868, page 7 of Exhibit F, and if members had questions regarding those closing items, to please ask Mr. Chapman for explanation.

Chair Carlton indicated that she would accept a motion regarding other closing items 1 through 4.

ASSEMBLYMAN HORNE MOVED TO APPROVE OTHER CLOSING ITEMS 1 THROUGH 4—DECISION UNITS ENHANCEMENT (E) 491, E-710, E-720, E-801, AND DECISION UNIT MAINTENANCE (M) 801—CONTINGENT UPON THE TRANSFER OF THE COMMODITY FOOD PROGRAM TO THE DEPARTMENT OF AGRICULTURE AND THE TRANSFER OF THE DEPARTMENT OF PUBLIC SAFETY'S INFORMATION TECHNOLOGY SERVICES TO THE DIVISION OF ENTERPRISE INFORMATION TECHNOLOGY SERVICES, AS RECOMMENDED BY THE GOVERNOR IN BUDGET ACCOUNT 4868.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Aizley, Hogan, and Sprinkle were not present for the vote.)

Chair Carlton noted that other closing item 5, decision unit E-806, requested salary increases for the unclassified positions within the Office of Energy. Decisions regarding salary recommendations for unclassified positions would be made by the full money committees. The Chair called for a motion to approve closing item 5 as recommended by the Governor.

ASSEMBLYMAN BOBZIEN MOVED TO APPROVE CLOSING ITEM 5, DECISION UNIT E-806, BUDGET ACCOUNT 4868, AS RECOMMENDED BY THE GOVERNOR, AND TO AUTHORIZE FISCAL ANALYSIS STAFF TO MAKE TECHNICAL ADJUSTMENTS FOR DEPARTMENT COST ALLOCATIONS, THE ALIGNMENT OF TRANSFERS BETWEEN THE OFFICE OF ENERGY BUDGET

ACCOUNTS, AND DECISIONS MADE BY THE FULL MONEY COMMITTEES REGARDING UNCLASSIFIED SALARIES.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Aizley, Hogan, and Sprinkle were not present for the vote.)

BUDGET CLOSED.

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ELECTED OFFICIALS
STATE ENERGY OFFICE
RENEWABLE ENERGY FUND (101-4869)
BUDGET PAGE ELECTED-33

Michael J. Chapman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated that the Renewable Energy Fund collected 45 percent of property taxes paid when an abatement had been granted to a renewable energy facility. Mr. Chapman explained that 75 percent of the amount collected had to be used to offset the cost of electricity to retail customers of a public utility that was subject to renewable energy portfolio standards, and the remaining 25 percent was available to be used to support the operations of the Office of Energy.

As discussed by the Committee when closing the budget account for the Office of Energy, page 10 of Exhibit F included the additional information that addressed the updated property tax receipts expected for the remainder of fiscal year (FY) 2013 for use by the Office that totaled $541,684. The Office projected using $175,439 in FY 2013 and balancing forward $366,245 for FY 2014 and FY 2015.

Mr. Chapman stated that Fiscal Analysis Division staff recommended closing budget account (BA) 4869, Renewable Energy Fund, consistent with the closing actions taken in the Office of Energy budget account, and to authorize Fiscal Analysis Division staff to make technical adjustments for cost allocations and the alignment of transfers between the Office of Energy budget accounts.

Chair Carlton asked whether there were questions from the Committee, and there were none. The Chair called for a motion.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE BUDGET ACCOUNT 4869 CONSISTENT WITH THE CLOSING ACTIONS IN BUDGET ACCOUNT 4868, OFFICE OF ENERGY, AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS FOR COST ALLOCATIONS AND THE ALIGNMENT OF TRANSFERS BETWEEN THE OFFICE OF ENERGY BUDGET ACCOUNTS.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Aizley, Hogan, and Sprinkle were not present for the vote.)

BUDGET CLOSED.

*****

ELECTED OFFICIALS
STATE ENERGY OFFICE
RENEWABLE ENERGY, EFFICIENCY AND CONSERVATION LOAN (101-4875)
BUDGET PAGE ELECTED-35

Michael J. Chapman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated that budget account (BA) 4875 was established in 2009 and was initially funded through the American Recovery and Reinvestment Act (ARRA). The initial ARRA funding totaled approximately $8.2 million; an additional $4.6 million was transferred into BA 4875 through work programs approved by the Interim Finance Committee for renewable energy and energy efficiency loans. Mr. Chapman stated those were typically short-term loans with an interest rate of 3 percent.

Mr. Chapman stated that the only closing item in the budget account was the transfer of interest income that was provided in *Nevada Revised Statutes* (NRS) for use by the Office of Energy, and that recommendation appeared to be reasonable.

Therefore, said Mr. Chapman, Fiscal Analysis Division staff recommended that the account be closed as recommended by the Governor and to authorize Fiscal Analysis Division staff to make technical adjustments for departmental cost allocations and closing actions in the other Office of Energy budget accounts.

Chair Carlton asked whether there were questions from the Committee, and there were none. The Chair called for a motion.

> ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE BUDGET ACCOUNT 4875 AS RECOMMENDED BY THE GOVERNOR AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS FOR COST ALLOCATIONS AND CLOSING ACTIONS IN OTHER OFFICE OF ENERGY BUDGET ACCOUNTS.
>
> ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Aizley, Anderson, Hogan, and Sprinkle were not present for the vote.)
>
> BUDGET CLOSED.

* * * * *

Chair Carlton opened the hearing on Assembly Bill 442.

Assembly Bill 422: Requires an autopsy under certain circumstances when an offender in the custody of the Department of Corrections dies. (BDR 16 1143)

James G. (Greg) Cox, Director, Department of Corrections (NDOC), stated that A.B. 422 would require NDOC to conduct autopsies on inmates who died while incarcerated. The NDOC had worked closely with inmate advocacy groups to include language in the bill that stipulated NDOC would contact family members and allow 72 hours for family members to object to the performance of an autopsy.

Assemblyman Hambrick said he could understand why NDOC would require notification of family to perform an autopsy because of religious reasons, but he believed that state policy mandated an autopsy in suspicious deaths.

Mr. Cox stated Assemblyman Hambrick was correct. When NDOC conducted an investigation of an inmate death, an autopsy would be performed if there were suspicious circumstances. Regarding the next of kin notification, most inmates had indicated the persons to notify, and NDOC would contact those family members if an inmate died while incarcerated.

Chair Carlton asked about the 72-hour delay in performing an autopsy; she wondered whether the 72-hour period would commence upon the death of the inmate or after notification of the next of kin. The Chair asked Mr. Cox to keep the time frame for notification of the next of kin in mind as the bill progressed. She believed the language of the bill should indicate that the 72-hour delay would commence upon notification of the next of kin.

Mr. Cox stated that aspect had been questioned earlier, and he assured the Committee that in the event of an inmate's death, if possible, NDOC sent the Chaplain to the residence of the next of kin. If a family member resided out of state, the Nevada NDOC would contact its counterpart in that state and asked that a representative visit the family member to advise of the death of the inmate. The NDOC would not move forward with an autopsy without first notifying the next of kin. Mr. Cox emphasized that NDOC would speak to the person and would not leave a voice mail or other notification in the matter of a death.

Chair Carlton asked about the fiscal note attached to the bill. She asked Mr. Cox to verify the amount that NDOC believed would be needed to perform the autopsies. Mr. Cox stated that the amount stated was the amount NDOC anticipated needing for autopsies.

Chair Carlton asked whether the amount had been included in The Executive Budget, and Mr. Cox replied that it had been included.

Chair Carlton asked whether there were further questions from the Committee regarding A.B. 422, and there were none. Chair Carlton asked whether there was anyone who would like to testify in support of A.B. 422, or in opposition to the bill, and there was no one. The Chair asked whether there was public comment regarding the bill, and there being none, the Chair closed the hearing on A.B. 422.

The Chair opened the hearing on Assembly Bill 424 (1st Reprint).

Assembly Bill 424 (1st Reprint): Authorizes the State Fire Marshal and the State Board of Fire Services to issue administrative citations. (BDR 42-1151)

Peter J. Mulvihill, P.E., Chief, State Fire Marshal Division, Department of Public Safety, stated that A.B. 424 (R1) was initially submitted as part of the State Fire Marshal Division's budget account (BA) 3816.

Mr. Mulvihill explained that fire protection contractors were licensed by the State Fire Marshal Division. Currently, if a licensed contractor misbehaved, that contractor could be subject to either criminal or administrative action. He pointed out that criminal actions were usually reserved for the most severe cases of deceptive trade practices. Administrative actions were used to encourage a contractor to modify his or her behavior while remaining in business.

Mr. Mulvihill stated that the only administrative actions currently available to the Division were: (1) send a reprimand or warning letter; or (2) suspend or permanently revoke a contractor's business license.

Mr. Mulvihill indicated that there was no middle ground available; the Division could either slap the contractor's wrist or put the contractor out of business, which was a very drastic measure.

The request before the Committee in A.B. 424 (R1) was patterned after other state regulatory agencies, said Mr. Mulvihill. The goal was to change the bad behavior of a very few contractors by removing the profit potential gained in cheating their customers and to protect the public. Any revenue generated by the fines would not be retained by the Division, but would be deposited directly into the General Fund.

Per Mr. Mulvihill, the regulations to enact the administrative citation and fines would be developed by the State Board of Fire Services with full participation by representatives of the regulated industries. A matrix approach of increasing degrees of severity on one axis with the number of repeat offenses on the other axis was anticipated. Public workshops, public hearings, and review of the regulations by the Legislative Commission would be conducted prior to initiating the administrative citation and fine system.

Assemblywoman Kirkpatrick said there had been many bipartisan concerns when the original bill was heard by the Assembly Committee on Government Affairs about the administrative fine. Mrs. Kirkpatrick noted that a last-minute amendment had been received, which stated that the Board would establish at least three different levels of administrative fines that would not exceed $50,000 as shown in section 2, subsection 4 of A.B. 424 (R1). Section 2, subsection 2(b) also addressed administrative fines imposed by the Board. Mrs. Kirkpatrick asked whether the fines would be proposed within the regulations; she asked how that fee structure would work.

Mr. Mulvihill explained that the limit of the fine was addressed in the amendment drafted by Tray Abney, Director of Government Affairs,

The Chamber [Reno-Sparks-Northern Nevada]. The Assembly Committee on Government Affairs accepted the amendment, which included an amount not to exceed $50,000 for the three levels of administrative fines. Mr. Mulvihill said the actual regulations would be very detailed regarding the level of fines, with the most severe level not to exceed $50,000. He did not anticipate initial fines for a minor infraction would be more than $200; however, it would be up to the State Board of Fire Services to develop the regulations along with representatives from the Fire Equipment Manufacturers' Association and the various licensed contractor groups throughout the state that worked closely with the State Fire Marshal Division.

Mr. Mulvihill stated that the amendment had attempted to address the concerns and comments made by the Assembly Committee on Government Affairs. The levels and fine amounts would be detailed in the regulation, somewhat like the regulations defined by the State Contractors' Board, which were very detailed.

Assemblywoman Kirkpatrick believed that all fines should go to the General Fund.

Mr. Mulvihill indicated that any fines collected would go to the General Fund. When the budget for the State Fire Marshal Division was considered, the revenue from the fines was removed; the Division would not retain any of the monies collected as fines. The Division did not have a revenue line item in the budget to bring in money and did not plan to retain the fines. Mr. Mulvihill did not expect that the amount would be significant, but there were a few contractors who took advantage of the public, and putting the fines in place would be a mechanism that could be used to discourage those contractors.

Chair Carlton asked whether failure of the bill to pass would affect the Division's budget.

Mr. Mulvihill said it would not affect the Division's budget. The $2,000 that was included in the budget was removed at closing.

Chair Carlton commented that A.B. 424 (R1) was no longer a budget bill because the fiscal note had been removed.

Assemblyman Hardy asked about the type of violation that would cause a contractor to be fined.

Mr. Mulvihill explained one example was a company that provided annual servicing for fire extinguishers. The process required that the extinguisher be emptied, internally examined, the powder sifted, and the extinguisher refilled

and recharged. There was a tag put on the inside of the extinguisher when the process was done properly. If a contractor collected the $35 fee to service the fire extinguisher and only "dusted off the top" and hung a new tag on the extinguisher, that contractor would be in violation of the requirements. That was referred to by the State Fire Marshal Division as a "rag and tag" procedure, and in years past there had been several unscrupulous contractors that were caught using that method of service.

Another example, said Mr. Mulvihill, were hood- and duct-cleaning companies, which were regulated by the Division. Some contractors only cleaned the visible parts around commercial kitchen hoods and did not clean inside the ductwork where grease could condense and accumulate on the walls of the duct, which could be a serious fire hazard. A duct in the employee cafeteria in one of the large facilities in the Tahoe-Reno Industrial Center actually caught fire because it had never been cleaned inside. Mr. Mulvihill indicated that companies paid for cleaning services and expected a thorough job, but quite often the companies were not getting the appropriate service.

Mr. Mulvihill said the Division was currently investigating a complaint about a firm that was contracted to test the approximately 100 fire alarm devices in a building. From records to date, it appeared the contractor routinely tested about 6 devices, but charged the owner for testing all 100 alarm devices. The Division wanted to remove the profit potential in that type of violation and ensure that contractors would do a proper inspection.

Chair Carlton asked whether there were further questions from the Committee regarding A.B. 424 (R1), and there were none. Chair Carlton asked whether there was anyone who would like to testify in support of A.B. 424 (R1), or in opposition to the bill, and there was no one.

The Chair asked whether there was public comment regarding the bill, and there being none, the Chair closed the hearing on A.B. 424 (R1).

The Chair opened the hearing on Assembly Bill 447 (1st Reprint).

Assembly Bill 447 (1st Reprint): Revises provisions relating to roadside rest areas. (BDR 35-1157)

Richard J. Nelson, P.E., FASCE [Fellow of the American Society of Civil Engineers], Assistant Director, Operations, Department of Transportation (NDOT), introduced himself; Anita K. Bush, P.E., CPM, Chief Maintenance and Asset Management Engineer, Maintenance and Asset Management Division, NDOT; and Sean Sever, Communications Director, NDOT, to the Committee.

Mr. Nelson indicated that sponsorships provided a valuable resource to NDOT because the contributions, whether monetary or labor, allowed NDOT to use its resources on other highway infrastructure projects. Sponsor contributions to fund contractor work also created jobs in the state. Mr. Nelson indicated that Ms. Bush would introduce the specifics of A.B. 447 (R1).

Ms. Bush called the Committee's attention to Exhibit G, "Rest Area Sponsorships," which was available for review on the Nevada Electronic Legislative Information System (NELIS).

Chair Carlton pointed out that the Committee on Ways and Means was not a policy committee and was considering A.B. 447 (R1) because of the fiscal note attached to the bill. She asked Ms. Bush to keep her presentation brief and address the fiscal aspects of the bill.

Ms. Bush stated that the intent of A.B. 447 (R1) was to authorize NDOT to enter into contracts with private entities for rest area sponsorship. That would enable NDOT to offset rest area maintenance costs through contributions from sponsors. Private companies could sponsor rest areas and visitor centers either by giving monetary support or by providing the maintenance of the facilities themselves. In return, the private company might identify itself as the sponsor on a sign that was visible to the traveling public.

Per Ms. Bush, in 2012 the Federal Highway Administration (FHWA) issued a policy order that authorized the placement of roadside acknowledgement signs for rest area sponsorships. The policy order defined sponsorship agreement as an agreement between a recipient agency and a sponsoring organization to be acknowledged for a highway-related service, product, or monetary contribution provided. Ms. Bush stated that NDOT maintained 37 rest areas throughout the state at a cost of approximately $1 million per year.

Ms. Bush indicated that A.B. 447 (R1) would not seek exemption from the Randolph-Sheppard Act and *Nevada Revised Statutes* (NRS) 426.630 through NRS 426.720. For clarification, a proposed amendment to NRS 426.640 would be introduced by the Department of Employment, Training and Rehabilitation (DETR), and NDOT fully supported that amendment.

Ms. Bush said A.B. 447 (R1) identified the types of sponsors and agreements that would be acceptable and consistent with applicable state and federal laws and required that sponsorship contributions would be used only for highway purposes.

Ms. Bush stated that for sponsorship of rest areas, one acknowledgement sign for each direction of travel could be installed on the highway. An additional acknowledgement sign could be placed within the rest area, providing the sign was not legible to highway traffic and the sign did not pose physical risk to users of the rest area.

The question, said Ms. Bush, was why anyone would want to sponsor a rest area. One reason was that sponsorship provided exposure to the public in areas where billboards were prohibited. For example, on Interstate 80 sponsorship would provide exposure to approximately 5,225 daily vehicles each year.

Ms. Bush indicated that similar legislation had been introduced in Louisiana, Michigan, New Hampshire, and New Jersey. States that were already offering sponsorships were Arizona, Texas, Virginia, Ohio, Georgia, and Iowa.

Assemblyman Hickey stated that there had been maintenance problems at a number of rest areas throughout the state, and he wondered whether advertisements such as those proposed in A.B. 447 (R1) would assist NDOT in better maintenance of rest areas.

Ms. Bush said NDOT hoped that the sponsorships would help. There had been many complaints about the cleanliness of rest areas. The NDOT used contractors who maintained the rest areas four hours per day, five days per week, but unfortunately because there was no full-time presence at rest areas, there were problems with cleanliness. Ms. Bush said it was hoped that the sponsorships would help NDOT better maintain the rest areas.

Assemblyman Hickey commented that he also hoped it would help. He believed that if NDOT had additional money it could either pay the contractors more or use NDOT staff to improve conditions at the rest areas.

Chair Carlton asked whether there were further questions from Committee members.

Assemblyman Sprinkle said he was curious about the increase in fines for selling or advertising in a rest area as depicted in section 1, subsection 2 of A.B. 447 (R1). The increase would be from $100 for a first offense and $500 for subsequent offenses to $1,000 and $5,000 respectively, which seemed very steep. He asked about the rationale behind that increase.

Ms. Bush explained that the original fines of $100 and $500 were enacted in 1975. The NDOT believed the fines should be adjusted for inflation and to increase the deterrent value of the fines, and it was felt that $1,000 and

$5,000 would be appropriate. However, said Ms. Bush, the intent of the bill was not to increase the fines, but to allow for sponsorship. If the Committee could not support the bill because of the fines, NDOT would work with the Committee to reduce the fines and would introduce an amendment to the bill.

Assemblyman Sprinkle asked how often NDOT imposed the current fines. Ms. Bush replied that the Nevada Highway Patrol (NHP) was the entity that enforced the requirement. It was difficult to enforce, and the maintenance contractors usually removed the illegal signs.

Chair Carlton indicated that there was an unsolicited fiscal note attached to A.B. 447 (R1) from the Department of Employment, Training and Rehabilitation (DETR). When the bill was originally heard in the Assembly Committee on Transportation, the effect on the Blind Business Enterprises of Nevada (BEN) program had been discussed. Chair Carlton said the amendment to deal with that effect on the BEN program had not been proposed at the time the bill was being heard by the Committee on Transportation. The Chair noted that DETR would submit a proposed amendment to deal with the fiscal effect today, which would give the BEN program the priority of right to operate vending stands in roadside parks and rest areas. The priority would not extend to the erection of informational or directional signs concerning information, services, or products, which the Chair said was understandable.

Assemblywoman Kirkpatrick said section 3, subsection 2, paragraph (c) of the bill indicated that a private person under contract with NDOT could construct centers and place directional and informational signs within the right-of-way, which might infringe on the BEN program. The exhibit stated that NDOT would not violate any NRS regulations, and Mrs. Kirkpatrick wondered whether that section was the origin of the fiscal note.

Ms. Bush said that a representative from DETR was present and would introduce an amendment to A.B. 447 (R1). She explained that if NDOT decided to offer products through vending machines, it would contact DETR first so that DETR could assess the facilities to determine whether it would be feasible for blind vendors to operate the vending machines. If DETR was interested in establishing a vending program, NDOT would contract with DETR. Ms. Bush explained that the BEN program would have the priority to provide the services in rest areas.

Maureen Cole, Administrator, Rehabilitation Division, DETR, said Exhibit H depicted the proposed amendment to A.B. 447 (R1). The amendment would clarify that the priority of right applied to vending stands anticipated at

a roadside rest area or park. Ms. Cole said that NDOT would contact the BEN program, and the Division would conduct a feasibility study. If the Division felt it would be feasible for a blind vendor to operate that site, the BEN program would enter into an agreement with NDOT. If the Division felt it was not feasible, that site would be waived, which would allow NDOT to seek a commercial operator.

Assemblywoman Kirkpatrick asked whether blind vendors had the ability to operate such sites throughout the state. Ms. Cole stated in the affirmative, and the amendment (Exhibit H) would clarify that policy.

Chair Carlton commented that the amendment would remove the fiscal note from the bill because there would no longer be a financial effect to DETR. However, to eliminate the fiscal note, the Legislature would need to adopt the amendment. Chair Carlton wondered what would occur if the amendment were not adopted.

Ms. Cole said one consequence might be confusion in the interpretation in the future that would perhaps require litigation to clarify.

Chair Carlton said another issue that came to light after the bill left the Assembly Committee on Transportation was the criteria regarding the placement of signs. She asked whether guidelines had been established about the criteria for placing signs.

Richard J. Nelson, P.E., FASCE [Fellow of the American Society of Civil Engineers], Assistant Director, Operations, Department of Transportation (NDOT), said NDOT had researched possible guidelines with respect to sponsorships, even though there were not many states that allowed sponsorship in rest areas. He explained that NDOT had discovered two examples of guidelines for sponsorships from the states of Arizona and Ohio. Those two states had developed a specific set of guidelines for sponsorship programs, and Mr. Nelson stated he would provide a copy of the guidelines to Committee members.

Mr. Nelson said the guidelines stipulated that the concessionaire, or entity that the state would actively recruit to manage the program, would have a set of criteria that included compliance with all federal and state nondiscrimination laws. The advertising could not denigrate any groups based on gender, religion, or race, nor could the advertising include names of any groups that had historically advocated for discrimination.

Mr. Nelson said the guidelines specified that advertising would not be allowed that contained obscene or pornographic messages; sexual overtones; alcohol, tobacco, or firearms ads; and political candidates. Mr. Nelson said the guidelines contained a significant list of prohibitions regarding the use of ads by sponsors of highways. The programs were fairly new, and to date there had been no court challenges to the guidelines, but that did not mean there would be no challenges in the future. Mr. Nelson said NDOT would strive to model its program after those states that had already "plowed the ground."

Chair Carlton asked that NDOT review the guidelines that were established for special license plates, which addressed several issues; she thought that might be a good starting point. She pointed out that Nevada was unique and allowed the operation of some businesses that were not allowed in other states.

Chair Carlton asked whether there were further questions from the Committee regarding A.B. 447 (R1), and there were none. Chair Carlton asked whether there was anyone who would like to testify in support of A.B. 447 (R1), or in opposition to the bill, and there was no one.

The Chair asked whether there was public comment regarding the bill, and there being none, the Chair closed the hearing on A.B. 447 (R1).

The Chair opened the hearing on Assembly Bill 488.

Assembly Bill 488: Revises provisions relating to the transfer of duties and consolidation of certain governmental agencies. (BDR 18-1136)

Jane Gruner, Administrator, Aging and Disability Services Division (ADSD), Department of Health and Human Services (DHHS), introduced herself; Marla McDade Williams B.A., M.P.A., Deputy Administrator, Health Division, DHHS; Tracey Green, M.D., State Health Officer, Health Division, DHHS; and Richard Whitley, M.S., Administrator, Health Division, and Administrator, Division of Mental Health and Developmental Services, DHHS, to the Committee.

Ms. Gruner said A.B. 488 would align the chapters in the *Nevada Revised Statutes* with the budget decisions already made during the budget closings within DHHS. The bill would move the Mental Health portion of the Division of Mental Health and Developmental Services (MHDS) into the new Division of Public and Behavioral Health. The bill would move the Developmental Services portion of MHDS into ADSD. Ms. Gruner stated that the bill would also move autism services from the Health Division into ADSD.

Per Ms. Gruner, A.B. 488 provided for the appointment of a Chief Medical Officer who would serve as the State Health Officer in unclassified service and would serve at the pleasure of the Director of the Department of Health and Human Services. The bill eliminated the position of Administrator of the Health Division and provided instead for an Administrator of the Division of Public and Behavioral Health. Ms. Gruner indicated that the bill would establish the qualifications for the Administrator, require the Administrator to appoint four deputies, and authorize the administrator to delegate his or her powers, duties, and functions to a deputy.

Ms. Gruner noted that the bill would align the definitions and the authority within each division to carry out the duties concerning services and policies. The bill moved authority of the three developmental services regional centers that provided services to individuals with intellectual disabilities or related conditions to ADSD.

Autism services provided by the Health Division, said Ms. Gruner, would be moved to ADSD. The bill would change the name of the Commission on Mental Health and Developmental Services to the Commission on Behavioral Health. The Commission would retain the authority and duties as currently assigned in the NRS.

Ms. Gruner asked the Committee, as it reviewed A.B. 488, to note that there were areas of language that were current law and had simply been moved to a new location within NRS. One example of that was section 48 of the bill that moved sections 49 through 59 from chapter 433 of NRS to chapter 435. Ms. Gruner indicated that the bill provided for the Legislative Counsel Bureau to substitute name changes appropriately throughout the NRS.

Assemblywoman Kirkpatrick asked how much it cost the state to continually change the names of divisions and move duties around. She thought there had to be a cost involved in changing stationery and forms, among other things.

Ms. Gruner said she did not have that information with her today, but would be happy to submit that information to Committee members.

Assemblywoman Kirkpatrick believed that would be helpful because it seemed the state was constantly changing and reorganizing divisions, and she wondered about the cost.

Chair Carlton said that when the budget was closed during the previous week, she believed the cost of reorganization was in the vicinity of $300,000. She asked Mr. Chapman to advise the Committee.

Michael J. Chapman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), recalled that there were costs included in the budget for reorganization, but Fiscal Analysis Division staff had not pointed out the amount given the relative importance of the issue, and the other major budget items that were discussed during the budget closing.

Ms. Gruner stated she would provide the information regarding the cost of reorganization to the Committee.

Assemblywoman Kirkpatrick thanked Ms. Gruner and noted that there were also costs associated with changes to regulations and definitions and changes to the NRS. Mrs. Kirkpatrick believed that agencies should be up front about the reorganization costs because those costs had to be included in agency budgets.

Chair Carlton asked whether there were further questions from the Committee.

Assemblyman Sprinkle asked about section 128, subsection 2, of A.B. 488, which removed language regarding treatment and prevention of substance abuse. One of the words that was added to that section was *may* be used for the provision of alcohol and drug abuse programs. He wondered how that money would be used if not for alcohol and drug abuse treatment programs.

Marla McDade Williams B.A., M.P.A., Deputy Administrator, Health Division, DHHS, explained that the money would revert to the General Fund if it was not used by the Health Division.

Assemblyman Sprinkle said he was curious as to why the original language had been stricken.

Ms. Williams indicated that the language was stricken as part of the technical clean up related to the mergers and name changes of the divisions, but the activities would remain the same. Ms. Williams noted that section 128, subsection 1, paragraph (c) indicated that the money did not revert to the General Fund at the end of any fiscal year and would be used for alcohol and drug programs.

Chair Carlton stated that the Legal Division of the Legislative Counsel Bureau (LCB) could provide clarification regarding the language stricken in A.B. 488, section 128, subsection 2.

Chair Carlton asked whether there were other questions from the Committee. The Chair noted that there were two proposed amendments to the bill. The first

was from the Department of Health and Human Services (DHHS) (Exhibit I), and Chair Carlton asked whether the amendment included technical clean ups.

Ms. Williams stated the amendment included four major parts:

1. Clarified the duties and responsibilities of certain personnel as those duties changed in statute.

2. Revised provisions relating to the Commission on Mental Health and Developmental Services, which would become the Commission on Behavioral Health. The change for the Commission was primarily to change the title to the Commission on Behavioral Health; the language would not change the duties of the Commission. There were some chapters in statute where the term "mental retardation" had been removed. However, that term needed to be added back to the language because the Commission would continue to oversee those activities from a policy-making perspective. The State Board of Health would be the regulatory body.

3. Corrected technical issues in the bill.

4. Added new sections to chapter 435 of *Nevada Revised Statutes*, which duplicated chapter 433, making them applicable to the Division of Aging and Disability Services and ensuring that responsibilities were clear.

Ms. Williams said one other major change was to add substance use disorders to the responsibilities of the Commission on Behavioral Health. The amendment (Exhibit I) would make those changes along with other technical corrections.

Ms. Williams commented that the Health Division was also supportive of some changes recommended in the amendment proposed by Barry Lovgren (Exhibit J) and had included those proposals in the amendment proposed by DHHS (Exhibit I).

The other major issue that had arisen was a change to the membership of the Commission. In Exhibit J, Mr. Lovgren proposed eliminating the three members on the Commission who represented mental retardation issues. Ms. Williams said the Health Division would suggest leaving those three members on the Commission, but changing the number to two representatives for mental retardation and one representative for substance abuse. That would guarantee representation on the Commission to oversee and participate in substance abuse issues.

Ms. Williams referred to section 64 on page 1 of Exhibit I, and explained that the intention was that the Chief Medical Officer would also serve as the State Health Officer, which would eliminate the need to change all references within NRS.

Assemblywoman Kirkpatrick asked for clarification regarding section 12 of the bill; she was concerned about the Administrator being allowed to delegate to a deputy.

Richard Whitley, M.S., Administrator, Health Division, and Administrator, Division of Mental Health and Developmental Services, DHHS, believed that the policy Assemblywoman Kirkpatrick was concerned about was discharge planning and signing off by the Administrator of the Rawson-Neal Psychiatric Hospital in southern Nevada. Section 12 of A.B. 488 referred to the Division Administrator and would not change the current policy of requiring that the hospital administrator sign off on patient transports out of state from the psychiatric hospital.

Chair Carlton said Exhibit J, "Proposed Amendment of Assembly Bill 488," had been submitted by Mr. Lovgren, and she asked Ms. Williams whether those amendments had been incorporated into the proposed amendment submitted by DHHS.

Ms. Williams said that for the most part, DHHS agreed with Mr. Lovgren's proposed amendments, but there were some areas where a decision had not yet been made. Ms. Williams reviewed Exhibit J as follows:

- Item 2 remained in question because DHHS was not certain that change was necessary in section 2 of the bill, and the Division would discuss the issue with Mr. Lovgren. Currently, that provision was under the authority of the Director and was not designated to a specific division within DHHS. Also, the intent of DHHS was that the Commission would oversee mental retardation, and DHHS did not want to delete the language pertaining to mental retardation from the bill. The issues regarding substance abuse were agreeable to DHHS.

- Item 15 in Exhibit J would add lines related to private not-for-profit organizations and governmental agencies in section 23 of the bill, and DHHS did not have a preference. The Division would refer to the Legal Division of the Legislative Counsel Bureau regarding the appropriate language in that section.

- Item 21 would add language to section 23 of the bill, and DHHS was agreeable to that language.

- Items 25, 26, and 27, would modify section 25 of the bill, and DHHS would refer the proposed changes in section 25 of the bill to LCB Legal Division for determination.

- Items 37 through 46 were technical adjustments to change the name of the Health Division to the Division of Public and Behavioral Health, and DHHS was agreeable to those changes.

Chair Carlton asked Mr. Lovgren to come forward and address item 2.

Barry W. Lovgren, private citizen, said the purpose of the bill was the transfer of responsibilities for mental retardation and conditions related to mental retardation to the Aging and Disability Services Division (ADSD). Item 2 of his amendment (Exhibit J) addressed a section of the bill that failed to address that transfer.

Chair Carlton said it appeared that section 2 of the bill should be reviewed to make sure it contained the appropriate language. She pointed out that quite often when entities were separated or merged, there would be language in statute that had not been corrected. She informed Mr. Lovgren that the Committee would check with LCB Legal Division regarding the proposed language in item 15 of Exhibit J.

Mr. Lovgren said substance abuse services were provided by the state using a different model than other services. Unlike services for mental retardation and related conditions and mental illness, substance abuse services were provided by private, not-for-profit organizations and governmental entities other than the Substance Abuse Prevention and Treatment Agency (SAPTA) and the Division of Mental Health and Developmental Services (MHDS) under grant funding. Item 15 attempted to address the issue that services were not being provided directly by the state. At the same time, the services had to remain under the control of the state.

Chair Carlton asked about item 21.

Mr. Lovgren said item 21 concerned the powers and duties of the Commission. As proposed in Exhibit J, the Commission would be able to consider substance use disorders for the first time since 2007. Under current NRS, the Commission did not have authority to review substance use disorders or statistics.

Mr. Lovgren stated that items 8 through 27 addressed the fact that the Commission had not had the authority to address substance abuse issues since 2007.

Chair Carlton said it appeared that item 25 also addressed that issue, and Mr. Lovgren agreed and stated that item 25 also addressed the issue of facilities and programs funded by the Division.

Mr. Lovgren stated that items 37 through 45 addressed SAPTA and chapter 484C of NRS; he noted that the statutes had never been aligned, and the Health Division had not certified facilities since 2007.

Chair Carlton stated that the Committee would work with DHHS and the LCB Legal Division to mesh the various issues proposed as amendments to A.B. 488.

Assemblyman Aizley asked whether there would be a reduction in resources for children with autism spectrum disorder; he hoped that the efforts to educate autistic children would not be reduced in any way by the merger.

Ms. Gruner stated that the merger would create more opportunities for autistic children because all autism programs would be housed at one location with the merger.

Chair Carlton noted that Mr. Arkell had submitted a resolution for review by the Committee (Exhibit K), and she asked him to come forward and present testimony.

Bruce Arkell, representing Nevada Senior Advocates, stated that Nevada Senior Advocates had been looking at the merger since it was first proposed. The issues that had come up during subcommittee budget hearings was the outcome of the merger, the effect, and how it would deal with clients and funding levels. Mr. Arkell had also submitted his written testimony for Committee perusal (Exhibit L).

Mr. Arkell said the DHHS proposed a study that would review most of the issues and would commence at the end of the 2013 Session. That study would address the issues in the Aging and Disability Services Division (ADSD). The problem was that there would be several additional policy and budget issues that would occur over the next two years as both divisions were put into place.

For example, said Mr. Arkell, the Health Division dealt with facilities for the dependent; those were primarily nonmedical types of facilities, which probably belonged in ADSD. There were other issues with the blind vendor program within the Rehabilitation Division of the Department of Employment, Training and Rehabilitation (DETR) that probably belonged structurally within ADSD. Mr. Arkell believed it was a giant step forward, but more legislative involvement was needed in the process going forward.

When considering changes or mergers of divisions, there was always discussion about how to proceed, said Mr. Arkell, and the current proposed realignment would benefit the customers if it was done properly. There were many steps that had to be taken to complete the merger; the DHHS had been very open to involvement by stakeholders in moving forward with the merger, and Mr. Arkell said Nevada Senior Advocates would continue to take advantage of that involvement. He believed it was just as important for legislators to be involved in the process because there would be more legislation and budget changes required because of the merger.

Mr. Arkell believed that the merger should not be undertaken only by administration, but should involve the Legislature and stakeholders because there were many outside issues to consider.

Mr. Arkell said that his resolution (Exhibit K) would create a task force with DHHS to dissolve the Division of Mental Health and Developmental Services and transfer the various operating units to ADSD and the Health Division. That would allow the Legislature to provide some direction to the merger and would allow DHHS to proceed with the work.

Chair Carlton said it seems that communication had been lacking in the process. She asked whether there were questions from the Committee, and there were none. Chair Carlton said it appeared Mr. Arkell's resolution would be processed with the bill.

Mr. Arkell said he had considered options that ranged from letters of intent to resolutions, and he felt the most simple solution would be a companion resolution that involved all the "players" in the process.

Chair Carlton asked whether there were questions from the Committee.

Assemblywoman Kirkpatrick said there might be a procedural issue with a companion resolution; she thought it might be better to include Mr. Arkell's resolution as a preamble in the bill.

Mr. Arkell said DHHS was involving everyone except legislators in the process, and that was why he had submitted the resolution.

Chair Carlton asked whether there were further questions from the Committee regarding A.B. 488, and there were none. Chair Carlton asked whether there was anyone else who would like to testify in support of A.B. 488, or in opposition to the bill, and there was no one.

The Chair asked whether there was public comment regarding the bill, and there being none, the Chair closed the hearing on A.B. 488.

Chair Carlton opened the hearing on Senate Bill 157 (1st Reprint).

Senate Bill 157 (1st Reprint): Revises provisions relating to the budgets of school districts. (BDR 34-849)

Senator Mark A. Hutchison, Clark County Senatorial District No. 6, introduced himself and Dr. Dotty Merrill, Executive Director, Nevada Association of School Boards, to the Committee. He said he had cosponsored S.B. 157 (R1), which was reflective of the economy of the state over the past several years. School boards and school districts had been challenged by serious budgetary cuts: there had been millions of dollars of cuts in programs, salaries, supplies, and facilities. Senator Hutchison stated that many of the budgetary cuts had been devastating, particularly to the education process.

Senator Hutchison said his purpose in bringing S.B. 157 (R1) forward was to look toward the future when there would be fewer budget cuts and an eventual turning point in the economy beyond what had already been realized. He wanted to ensure that those expenditures made by the school districts reflected the priorities of those who were responsible for setting policy in Nevada's school systems.

Senator Hutchison stated that when he was campaigning in 2012, he met several teachers in his Senate District who did not feel the school district had established priorities for the classroom in the budgetary and expense process that focused on student achievement and classroom structure. Senator Hutchison said that might or might not be true, but that was the perspective of the teachers he had talked with during his campaign. Teachers had indicated that they spent their own money to purchase school supplies and provide classroom resources for students.

Senator Hutchison said he understood that because of the tough budgetary environment throughout the state, school boards and school districts were forced to make budget cuts and look for ways to cut costs. Those budget cuts had an effect on student achievement and classroom instruction.

The bill, said Senator Hutchison, sought to accomplish the establishment of priorities in the strategic plans for school districts and to allocate funds and make cuts strategically to put the mission of local public schools at the forefront. Senator Hutchison opined that the mission should place the learning of students as the first priority.

Senator Hutchison stated that his friends in the education community, including the Nevada Association of School Boards, had assisted him with amendments to S.B. 157 (R1). The result was clear language that budgetary priorities would be set by the policy-making boards, or school boards, and the boards would then direct superintendents of school districts to initiate the priorities. Those priorities then had to be communicated to teachers and administrators at the school district level.

In conclusion, said Senator Hutchison, he hoped that the Committee also felt that S.B. 157 (R1) was a worthy bill and would prioritize the budgetary process, which in turn would prioritize expenditures and lead toward better pupil achievement and classroom instruction. He asked that the Committee act favorably regarding S.B. 157 (R1).

Chair Carlton asked whether the bill had been heard by the Senate Committee on Finance, and Senator Hutchison replied in the affirmative.

Chair Carlton commented that the bill had not been reviewed by a policy committee and was strictly a fiscal bill, and Senator Hutchison replied that was correct.

Chair Carlton asked whether there had been discussion about the current budgetary criteria used by school boards and school districts.

Senator Hutchison explained that the Committee would hear from representatives of Clark County School District (CCSD) and Washoe County School District (WCSD) that both districts had established budgetary priorities and expenditures were made consistent with those priorities. However, there were many other school districts throughout the state where priorities had not been established. The Senate Committee on Finance had discussed the policies of the various school districts through testimony presented at meetings.

Chair Carlton said there was one fiscal note attached to the bill from Pershing County School District because of a possible budgetary effect. Apparently, no other county throughout the state believed there would be an effect. Senator Hutchison said that was his understanding.

Assemblyman Hickey asked how the bill would help school districts construct budgetary priorities beyond the process that was currently in place.

Senator Hutchison believed that Dr. Merrill could address that question. He hoped that all school districts had established budgetary priorities, but there was a perception among teachers that expenditures were not made according to those priorities.

Dotty Merrill, Ph.D., Executive Director, Nevada Association of School Boards (NASB), stated that the focus of S.B. 157 (R1) was transparency, to ensure that local school boards set budget priorities and that all members of the community had the opportunity to be aware of, and contribute to the development of, those priorities. After that process, the superintendent and administrative staff of school districts moved forward with development of a budget, which would then be reviewed by the school board for possible adjustments.

For example, said Dr. Merrill, during an earlier meeting with Senator Hutchison, several members of the Association's executive committee had been present. One member described a situation in her school district where the school board had established, as a budgetary priority, extended opportunities for students through a program of alternative education that had been recently established in that district. Even though the program had only been underway for six or eight months, there was already a striking record of getting students back into school and moving them toward graduation. The school board established its priorities, and those were reviewed by the superintendents and administrative staff; however, the school board did not think sufficient money had been allocated to the alternative education program. The board believed greater emphasis should be placed on the program and requested that the school district make budget adjustments.

Dr. Merrill opined that bringing transparency into greater focus during the process of establishing budgetary priorities would be an important outcome of S.B. 157 (R1).

Assemblyman Eisen asked whether there was current language in statute that prohibited a board of trustees of a school district from establishing budgetary priorities.

Dr. Merrill replied that there was no current language in statute that would prohibit the establishment of budgetary priorities. The goal of the bill was greater transparency of the process so that everyone involved understood what was occurring.

Assemblywoman Kirkpatrick asked whether there was a representative present from the Pershing County School District to explain the fiscal note attached to S.B. 157 (R1).

Senator Hutchison stated that he had not heard from the Pershing County School District.

Assemblywoman Kirkpatrick asked whether the board of trustees from the Pershing County School District had reached out to the NASB regarding the fiscal note.

Dr. Merrill stated that she had no specific information regarding the fiscal note, but she would be happy to contact the board of trustees for the Pershing County School District in an attempt to ascertain the reason behind the fiscal note.

Assemblyman Aizley commented that his first budgetary priority would be to restore salaries and benefits for the teachers throughout the State of Nevada.

Chair Carlton asked whether there was testimony to come before the Committee in support of S.B. 157 (R1).

Dr. Merrill stated that although some school boards were already well engaged in the process of establishing budgetary priorities, there were others that could do a more effective job. Any time the Legislature took action to make something a priority, there was subsequent action taken by local school boards to comply with the Legislature.

Dr. Merrill indicated that the NASB appreciated the opportunity to have worked with Senator Hutchison on S.B. 157 (R1), and she asked that the Committee support the bill.

Chair Carlton said that there was a possibility that there could be 17 different sets of priorities in the state because of the various needs of the 17 school districts.

Dr. Merrill stated that was correct, and there were 17 different sets of local needs and variables that were the concern of each school board in each district, from the largest to the smallest. There could be different priorities in the districts, and class-size reduction might be a priority in one district but not another; she emphasized that priorities would vary from one school board to another.

Chair Carlton said those priorities could not be contradictory to the mandates set by the Legislature when it approved the allocation to the Distributive School Account (DSA), such as establishment of the various levels for English language learner (ELL) students and the class size for Kindergarten to Grade-3.

Dr. Merrill did not foresee problems with the mandates of the Legislature; in the past when the Legislature included specific directions for DSA allocations, those directions had been followed.

Chair Carlton asked whether there was further testimony to come before the Committee regarding S.B. 157 (R1).

Joyce Haldeman, Associate Superintendent, Community and Government Relations, Clark County School District (CCSD), stated that the position of CCSD was neutral regarding S.B. 157 (R1), primarily because the district believed it already had a process in place that was working well for the district. There were some initial concerns about unintended consequences that might occur, and because of that, CCSD remained neutral regarding the bill.

Lindsay Anderson, Government Affairs Director, Government Affairs Department, Washoe County School District (WCSD), stated that WCSD was also neutral regarding S.B. 157 (R1). Ms. Anderson indicated that WCSD had invested heavily in its strategic plan and believed that the plan had determined priorities for either budget shortfalls or additional funding. The WCSD appreciated the intent of the bill; however, the district wanted to avoid unintended consequences and felt it was already living up to the intent of S.B. 157 (R1).

Regarding transparency, Ms. Haldeman stated that CCSD had invested resources in an online feature called Open Book, which could be accessed through the CCSD website, and persons could review CCSD budgets and spending within every department. The CCSD believed it had gone the extra mile to be transparent.

Assemblyman Sprinkle asked what CCSD and WCSD believed might be the unintended consequences of S.B. 157 (R1).

Ms. Haldeman stated that the bill had been reviewed on her behalf, and the report indicated that the bill was written vaguely and appeared to limit the flexibility of the board. The report asked what would occur if CCSD could not fund its priorities, if the priorities changed midyear, or if CCSD priorities were in conflict with state law or contracts. The report asked how the board would carry out the priorities in those cases and what would occur if the board did not carry out a priority. Ms. Haldeman said those were the issues that had been raised.

Ms. Haldeman recognized and agreed with the intent of the bill. She believed that Senator Hutchison had spoken to many people who believed that funding was not going directly to classrooms. One good example was teachers purchasing the needed classroom supplies. However, even with the passage of S.B. 157 (R1), there would not be enough money to eliminate the need for teachers to purchase their own classroom supplies. In fact, said Ms. Haldeman, there was a separate bill that would address that very issue and provide a reimbursement to teachers for purchasing classroom supplies.

Ms. Haldeman said it was not a lack of priorities, but rather a lack of funding. She explained that the number one priority for CCSD for the current school year was to lower class sizes, and even if the district used every bit of additional money available, it still could not meet that first priority. There were other priorities that had to be met, and the district could not expend all available money on the first priority and ignore the remaining priorities. Ms. Haldeman said the district reviewed priorities incrementally. It was a very difficult time, and Senator Hutchison made a good point about struggling with budgets. Ms. Haldeman noted that what became a priority when the overall budget was reviewed might not be considered as such by someone who was not familiar with the budgetary process.

Chair Carlton asked whether there was further testimony in support of S.B. 157 (R1), or in opposition to the bill, and there was none. The Chair asked whether there was public comment regarding the bill, and there being none, the Chair closed the hearing on S.B. 157 (R1).

Chair Carlton opened the hearing on Senate Bill 460 (R1).

Senate Bill 460 (1st Reprint): Makes supplemental appropriations to the Commission on Judicial Discipline for the costs of one-time leave payouts resulting from the unanticipated retirement of certain staff and the costs related to unanticipated hearings. (BDR S-1189)

David F. Sarnowski, Esq., General Counsel and Executive Director, Commission on Judicial Discipline, and Executive Director, Standing Committee on Judicial Ethics, stated that the budget for the Commission on Judicial Discipline had closed. However, S.B. 460 (R1) was now before the Committee because of a review of the Commission's current finances by the Budget Division, Department of Administration, and the Fiscal Analysis Division of the Legislative Counsel Bureau (LCB).

Mr. Sarnowski pointed out that his retirement was not unanticipated as stated in section 1 of the bill. However, it was deemed appropriate, given his projected retirement date, that funds be added to the budget for the costs related to unanticipated hearings to accommodate the needs of the Commission. Mr. Sarnowski noted that there were two pending hearings, with a week-long hearing scheduled for the last week of June 2013. Because the amount usually remaining in the budget for the last week of the fiscal year was minimal, said Mr. Sarnowski, a reassessment of the budget was conducted, and it was decided that an appropriation from the State General Fund would be requested so the Commission could pay outside counsel, primarily the attorneys designated by the Commission to prosecute the cases that were set for hearing in June 2013.

As an update, said Mr. Sarnowski, the week-long event had recently been taken off the calendar at the request of the judge's attorney but had been reset for a "time to be determined" in July 2013; the Commission still anticipated the need for payment to outside counsel to be prepared to conduct the hearing in July. The Commission did not intend to spend over and above what was needed for the two hearings, but because those matters had to be heard, Mr. Sarnowski said the Commission would appreciate the Committee's support of S.B. 460 (R1).

Chair Carlton asked whether there were further questions from the Committee regarding S.B. 460 (R1), and there were none. Chair Carlton asked whether there was anyone who would like to testify in support of S.B. 460 (R1), or in opposition to the bill, and there was no one.

The Chair asked whether there was public comment regarding the bill, and there being none, the Chair closed the hearing on S.B. 460 (R1).

Chair Carlton opened the hearing on Senate Bill 476.

Senate Bill 476: Revises provisions relating to the compensation of certain special counsel employed by the Attorney General. (BDR 3-1122)

Stephanie Day, Deputy Director, Budget Division, Department of Administration, stated that the Attorney General was authorized to employ special counsel. Per existing law, that special counsel was required to be paid out of the Reserve for Statutory Contingency Account, which was a General Fund appropriated account. Ms. Day said that S.B. 476 requested the ability to use other funding sources such as federal grants or a permanent fund in the State Treasury, other than the General Fund, to pay special counsel.

For example, said Ms. Day, if the Office of the Attorney General hired special counsel for the Nevada Department of Transportation (NDOT), which was funded through the Highway Fund, per existing law the payment for special counsel had to be paid out of the Reserve for Statutory Contingency Account, which was General Fund. The bill would allow for other funding sources to be used for payment to special counsel.

Chair Carlton asked whether payment would be approved by the State Board of Examiners.

Ms. Day stated that the bills for special counsel were approved by the Budget Division and paid through the Administrative Services Division. If the bill was passed, the bills for special counsel would continue to be received by the Budget Division. The Budget Division would help the Office of the Attorney General identify the appropriate funding source.

Chair Carlton asked whether there were further questions from the Committee regarding S.B. 476, and there were none. Chair Carlton asked whether there was anyone who would like to testify in support of S.B. 476, or in opposition to the bill, and there was no one.

The Chair asked whether there was public comment regarding the bill, and there being none, the Chair closed the hearing on S.B. 476.

The Chair opened the hearing on Senate Bill 185.

Senate Bill 185: Revises the limitation on the principal amount of bonds and other securities that may be issued by the Board of Regents of the University of Nevada to finance certain projects. (BDR S-914)

Vic Redding, Vice Chancellor for Finance and Administration, Nevada System of Higher Education (NSHE), stated that S.B. 185 represented the Board of Regents biennial request for additional revenue bond capacity. The request was for an additional $79,355,000 and would affect one campus, the University of Nevada, Reno (UNR). Mr. Redding stated that a detailed list of the proposed projects, Exhibit M, was available on the Nevada Electronic Legislative Information System (NELIS). Mr. Redding noted that the increases were for bonds issued by NSHE and not the state; there was no General Fund involved.

Assemblywoman Kirkpatrick asked whether expanding the bonding capacity would affect the bidding process for construction projects. She also noted that the new funding model allowed universities to retain student fees.

Mr. Redding said the increased bonding capacity would not affect the new funding model adopted by the Board of Regents. There would be no overlap of the state-supported operating budget and the nonstate-supported operating budget.

Assemblywoman Kirkpatrick said she understood that bond capacity would be increased, but constituents throughout the state were asking who was getting the construction jobs, and she wanted to be able to answer those constituents.

Ronald M. Zurek, Vice President, Administration and Finance, UNR, stated that over the past five years, UNR had been able to construct building projects totaling $355 million on the UNR campus, and UNR was very pleased that no state money had been used in the construction of those facilities. The funding for those projects had been through student CIP [capital improvement program] fees and gifts from donors. The persons who were employed as subcontractors and laborers on those projects were local individuals. Mr. Zurek stated that he had reviewed major projects for the past five years, and he would be happy to provide a copy of the list to Fiscal Analysis Division staff. That list depicted the names and addresses of all subcontractors that were involved in the projects.

Mr. Zurek said the only time that a project was bid out of state was when specialty work had to be done, and it became necessary to use an out-of-state contractor. The UNR was very cognizant that everyone, including the construction industry, had been very hard-hit, and UNR was very pleased that it had been able to finance construction projects that otherwise would not have happened.

Assemblywoman Kirkpatrick said she would like to know about the bidding process and how the projects were awarded to contractors. She stated her constituents were constantly asking about the bidding process and how they could successfully bid for a job.

Mr. Zurek explained that there were two types of bidding processes used by UNR. One process was a hard bid, which was used when a project had already been designed. Usually a hard bid would be awarded to the qualified contractor who submitted the lowest bid. In other cases, the construction manager at risk (CMAR) process would be used to select a manager based on qualifications rather than through a competitive bidding process. Mr. Zurek said there were many persons involved in selecting a contractor under the CMAR process.

Assemblywoman Kirkpatrick asked whether that process was used at all NSHE facilities.

Mr. Zurek said he could speak only for UNR, but he believed that the same policies were used for all campuses.

Assemblyman Kirner noted that repayment of the bonds would be funded by student fees.

Mr. Zurek stated that student CIP fees would be used along with donor funding.

Assemblyman Kirner asked whether the increase in bond capacity would increase the fees paid by students.

Mr. Zurek explained that UNR had been seeking to close the Fire Science Academy for approximately ten years, and that facility had recently been sold to the Nevada National Guard. The UNR had also used other assets eliminate the capital debt for the Fire Science Academy; therefore, the absolute amount of student CIP fees would not change. Mr. Zurek stated that UNR had talked with students about what projects should be constructed with the additional bonding capacity, and the students had identified two projects that were included in Exhibit M, "University of Nevada, Reno, Additional Bonding Authorization Request for 2013-15."

Assemblyman Kirner asked about the stadium project currently being considered; he wondered whether that was part of S.B. 185.

Mr. Zurek said the stadium project was not included in the bill, and that project would be completed with outside funding. The UNR had a partner who would participate in the renovation of stadium seating and perhaps the stadium club.

That partner would then share in the revenues to recapture his investment, with UNR receiving the balance of the revenue. Mr. Zurek emphasized that funding from student fees would not be used for the stadium project, and it was not part of the bill.

Assemblyman Eisen referred to Exhibit M that identified an additional bonding authorization request of $79,455,000, but S.B. 185 would increase the authorization by $79,355,000. He asked about the additional $100,000.

Mr. Redding said NSHE was aware of that discrepancy; the language in the bill was correct, and he did not realize the exhibit had not been updated. He reiterated that the language in the bill was sufficient for the projects.

Assemblyman Eisen asked which project listed in the exhibit would be decreased.

Mr. Redding pointed out that the exhibit depicted proposed projects with the best estimates to date, but it was not a notice to proceed. The NSHE would not bring the projects back to the Board of Regents unless the bond market and revenue streams remained cooperative. The figures in the exhibit were identified as approximate maximums; even with the figure of $79,355,000, there would be sufficient capacity to complete the projects.

Assemblyman Aizley asked about the bonding capacity for NSHE and whether it was determined by student fees; he also wondered why other campuses were not taking advantage of the bond funds.

Mr. Redding indicated that NSHE issued bonds and cross-pledge revenues, so all university revenues were available to service the bonds. However, when the Board of Regents approved the projects, it also approved dedicated revenue streams. Even though NSHE could not dedicate fees for bond purposes, there was a definite revenue stream identified that would be deemed sufficient to pay off the bonds.

Mr. Redding explained that bond revenue was one of many tools that NSHE used to achieve its capital needs. For example, the College of Southern Nevada and the University of Nevada School of Medicine recently secured bank loans for smaller projects. Mr. Redding said in general the bonds made sense for fairly large projects, but NSHE would not realize the economy of scale with smaller projects. He reiterated that bonding was simply one tool used by NSHE for capital improvement projects.

Assemblyman Aizley asked whether the total principal amount not to exceed $427,715,000, as stated in section 1, line 9 of the bill, was supported by student fees. Mr. Redding replied that was correct.

Chair Carlton asked whether there was anyone who wished to testify in support of S.B. 185, or in opposition to the bill.

Paul McKenzie, Executive Secretary-Treasurer, Building and Construction Trades Council of Northern Nevada, AFL-CIO, stated that he normally would not oppose a bill that might create additional construction jobs, but the major issue at UNR was the manner in which the bids were awarded for the construction jobs.

Mr. McKenzie said earlier testimony by Mr. Zurek claimed that UNR used two methods of bidding as outlined in chapter 338 of the *Nevada Revised Statutes* (NRS) that applied to hard bids, or direct-cost bidding, or the CMAR bidding process. It was interesting that UNR claimed to use those methods because when a contractor attempted to use the appeal process outlined in statute, UNR claimed that the construction was not a public works project and was not subject to those forms of bidding.

Mr. McKenzie said NSHE claimed the funds raised through student fees were private funds; that was the attitude when NSHE spent the money and bid the projects. Until there was a clarification through a legislative policy committee regarding whether student fee-funding was public or private, Mr. McKenzie asked the Committee not to provide additional bonding capacity without guidance regarding student fee revenue.

Mr. McKenzie noted that NSHE had also requested appropriations from state government for projects during the current biennium, and those monies would be spent under the same disguise of public or private funding. Mr. McKenzie opined that if UNR wanted to spend funding like a private school system, it should live on the funds it generated, rather than asking the state for money for projects and acting like a private university system when that money was spent for construction projects.

Mr. McKenzie said the Building and Construction Trades Council of Northern Nevada, AFL-CIO, would appreciate the Committee not affording NSHE any additional funding until a clarification had been made by a legislative policy committee that determined how NSHE could spend the funds.

Assemblyman Hickey asked whether Mr. McKenzie presumed that NSHE bid the projects as other than public works projects to save money by not paying prevailing wage costs. He asked whether that was the problem.

Mr. McKenzie did not believe NSHE was trying to save money, but rather that NSHE wanted to contract however it felt was appropriate at the time. He opined that if a contractor selected by NSHE took representatives out to dinner the night before, NSHE believed that was the contractor who should win the bid.

Mr. McKenzie said the Building and Construction Trades Council of Northern Nevada, AFL-CIO, had heard complaints from contractors, particularly under the CMAR process. The last CMAR contract awarded by UNR was to a contractor who had huge cost overruns and UNR paid those overruns; therefore, the project came in over cost. Also, there were some structural deficiencies in the building itself that UNR actually approved and allowed the deficiencies to remain rather than pay the additional cost to remove them.

Mr. McKenzie did not believe the current bidding process had saved UNR any money, and UNR continued to spend as much money as it would if it followed the law that that applied to every other public body. It appeared that the attitude of UNR was that it had an exemption under the law, and nobody could take it to court and win. Mr. McKenzie explained that there was a recent case where a local contractor contested the decision of UNR in awarding a contract. The UNR used the provisions in chapter 338 of NRS that exempted UNR if the project did not use appropriations from the Legislature. The UNR claimed the contract in question was for a project that would be constructed with student fees, and the local contractor lost his appeal.

Mr. McKenzie said if money appropriated from the Legislature was used to construct a project, that would fall under the State Public Works Division (SPWD). The SPWD would ensure that the job was bid properly, that the construction was sound, and that the project was completed in a timely manner.

Per Mr. McKenzie, the Building and Construction Trades Council of Northern Nevada believed that the distinction regarding public or private funding had to be removed so that when NSHE spent the public's money, which included student fees, it should be subject to the same provisions of the law that applied to every other public agency in the state.

Chair Carlton thanked Mr. McKenzie for his testimony and recognized Mr. Thompson.

Danny Thompson, representing the Nevada State AFL-CIO, stated that he could not add much to the comments made by Mr. McKenzie. The AFL-CIO wanted to put Nevada contractors and laborers to work, and the local contractor who

contested the bidding process for a recent UNR project had been unsuccessful in his attempt.

Mr. Thompson said the AFL-CIO shared the same concerns regarding student fee revenue and would also oppose passage of S.B. 185.

Chair Carlton thanked Mr. Thompson for his testimony and recognized Mr. Sanderson.

Patrick Sanderson, representing Laborers International Union Local 872, AFL-CIO, said he had been born and raised in Nevada and loved UNR, and UNR loved its citizens when it needed funding. The UNR operated under its own rules when following NRS was not convenient.

Mr. Sanderson said the Union believed that if UNR wanted to be part of the community and the state, it had to belong to the citizens all the time, and UNR should remember the parents who were paying for their children and grandchildren to attend UNR. The way UNR could repay the community was to provide jobs to local contractors and laborers.

Mr. Sanderson asked that the Committee follow through with the review of student fee revenue. He did not believe that UNR should make up the rules whenever it was convenient. The UNR was either a Nevada institution or a private institution that operated by its own rules.

Chair Carlton thanked Mr. Sanderson for his testimony. The Chair asked whether there was further testimony in support of, or in opposition to S.B. 185, and there was none.

The Chair asked whether there was public comment to come before the Committee, and there was none. Chair Carlton closed the hearing on S.B. 185.

Chair Carlton opened the hearing on Senate Bill 344 (1st Reprint).

Senate Bill 344 (1st Reprint): Revises provisions relating to the education of certain children who are patients or residents of certain hospitals or facilities. (BDR 34-933)

Senator Joyce Woodhouse, Clark County Senatorial District No. 5, introduced herself to the Committee. Senator Woodhouse said S.B. 344 (R1) would expand the availability of educational opportunities for children who received residential treatment in certain hospitals or facilities licensed by the Health Division of the Department of Health and Human Services (DHHS).

The bill would allow the hospitals or facilities to request reimbursement from the Department of Education when educational services were provided in a private school to a child for more than seven school days. The Department of Education would be required to calculate the appropriate reimbursement based upon a percentage of the per pupil basic support guarantee.

Senator Woodhouse said that additionally, the Department of Education must withhold the allocated money from the school district in which the child resided and subsequently provide such money to the hospital or facility. To further facilitate the education of the child in a hospital or facility, the bill would enable the Department of Education, the Health Division, local school districts, and charter schools to enter into cooperative agreements for the provision of educational services at any hospital or other facility licensed by the Health Division. The education provided through such arrangements could also be funded through the school district's basic per pupil support.

Per Senator Woodhouse, following the initial hearing of the bill by the Senate Committee on Finance, she had worked with the proponents of the bill, the school districts, the Nevada Department of Education, and the Health Division. Senator Woodhouse believed that the issues had been resolved and S.B. 344 (R1) reflected those needed changes. Senator Woodhouse voiced appreciation to those who had assisted in amending the bill.

Senator Woodhouse said there had been much discussion during the 2013 Session about the need for, and the value of, expanding education for children before they entered kindergarten. She indicated that S.B. 344 (R1) offered a creative solution by using an existing funding mechanism to provide vital services to children in special circumstances.

Senator Woodhouse thanked the Committee for its thoughtful consideration of S.B. 344 (R1).

Chair Carlton asked what had been changed by the amendment to the bill that significantly lowered the fiscal note.

Senator Woodhouse said the discussion was that when a student who was already registered in a school district was placed in a hospital or facility, the Department of Education would act as the fiscal agent. Funds would be held from the school district where the child had been registered, and the Department would then work with the hospital or facility to reimburse those funds to the hospital or facility for the continued education of that child.

Chair Carlton said it appeared that currently when a student was in a hospital or facility and received continued educational services, there was no reimbursement for the hospital or facility.

Senator Woodhouse stated that was correct, and S.B. 344 (R1) would change that situation.

Michael Lyons, Vice President, Specialty Education, Behavioral Health Division, Universal Health Services, Inc., said he would speak on behalf of Willow Springs Treatment Center, a residential treatment facility located in Reno. He thanked Senator Woodhouse and Senator Smith for championing S.B. 344 (R1). He stated that both Senators had worked long and tirelessly over the past year to help Willow Springs Treatment Center meet the needs of the population.

Mr. Lyons indicated that there were times when children or adolescents might need to be admitted to a mental health facility because of severe mental illness. Those children could be suffering a bipolar episode or be severely depressed or suicidal, and it was important for the child or adolescent to be in a safe and secure environment. Simultaneously, said Mr. Lyons, it was equally important that those children and adolescents continued their education. He noted that the average stay in a facility to receive necessary treatment was between four to six months, and it was important for those children to move to the next grade level so that when they transitioned back to their traditional public schools, they would not be retained.

Mr. Lyons said S.B. 344 (R1) would support facilities in meeting the educational obligations and ensure that the child or adolescent experienced a quality educational experience while a patient in a hospital or facility.

Chair Carlton asked whether the parents of a child in a hospital or facility would be responsible for paying for the educational component or whether the expenses would be absorbed by the facility.

Mr. Lyons stated that parents currently were not billed for the educational component, and the hospitals assumed that cost. The bill would bring some equity and fairness to that process and allow hospitals and facilities to purchase textbooks and computers and hire teachers.

Assemblyman Sprinkle asked about children in a facility or hospital that was an out-of-state resident.

Mr. Lyons indicated that S.B. 344 (R1) pertained to educational opportunities for Nevada residents who were patients in hospitals or facilities, and out-of-state students would not qualify for the funding.

Chair Carlton asked whether there were further questions from the Committee regarding S.B. 344 (R1), and there were none.

Chair Carlton asked whether there was anyone who would like to testify in support of S.B. 344 (R1).

Lindsay Anderson, Government Affairs Director, Government Affairs Department, Washoe County School District (WCSD), stated that WCSD supported S.B. 344 (R1). The WCSD had worked with the sponsor of the bill about some concerns, but those concerns had been addressed with the amendment. Ms. Anderson stated that WCSD understood the importance of providing educational services to children in residential treatment facilities.

Nicole Rourke, Executive Director, Community and Government Relations, Clark County School District (CCSD), stated that CCSD was also appreciative of the process that revised the bill to address the concerns of CCSD. Ms. Rourke said the fiscal note on the original bill would now change, and the amount would be reduced, although CCSD was not sure how to calculate the costs because students would enter the facilities at different times and would remain for different lengths of time.

Chair Carlton asked whether there would be any difficulties in tracking those students for billing purposes and transparency.

Ms. Rourke believed that the Department of Education had the methodology to make those calculations, and CCSD would provide any information necessary regarding its students. There would also be communication from the facilities regarding the children in their care. Ms. Rourke said CCSD would know when a student entered a facility.

Ms. Anderson added that one major clarification made in the amendment was that reimbursement would be for students attending licensed private schools within hospitals or residential treatment facilities. That would help with the coordination of student activities and reimbursement.

Chair Carlton asked whether there was further testimony in support of, or in opposition to the bill, and there was none. The Chair asked whether there was public comment regarding the bill, and there being none, the Chair closed the hearing on S.B. 344 (R1).

The Chair opened the hearing on Assembly Bill 475.

Assembly Bill 475: Makes appropriations to the Legislative Fund for dues and registration costs for national organizations, building maintenance projects and information technology purchases. (BDR S-1177)

Richard Combs, Director, Legislative Counsel Bureau (LCB), stated that A.B. 475 requested the one-shot funds for LCB for the upcoming biennium. Section 1 of the bill contained the amount for dues and registration costs for national organizations for the Legislature. Section 2 contained the amount for building maintenance projects and information technology purchases.

Mr. Combs said he had previously reviewed the revision of the various costs for dues and registrations based on updated information with the Committee at an earlier budget hearing, along with the fact that the Interstate Compact on Educational Opportunity for Military Children would be paid from the Educational Trust Fund rather than the one-shot appropriation requested in A.B. 475.

At the present time, said Mr. Combs, the amount needed for dues and registration costs was approximately $10,000 less than what was included in the bill for the first year of the biennium, and approximately $6,000 less for the second year of the biennium. During the hearing, Mr. Combs said he had provided information regarding changes to the building maintenance and information technology purchase amounts that also freed up approximately $4,000. The total difference was approximately $20,000 for the biennium, and the amounts in the bill could be reduced by that amount.

Mr. Combs said there had been a question from Assemblyman Hardy during the previous hearing regarding the replacement of the uninterruptable power supply. Mr. Combs believed his testimony had been unclear, and there were three parts to the uninterruptable power supply system at LCB. The parts consisted of a battery, a distribution unit, and a generator. Assemblyman Hardy was interested in the generator because even though the generator was over 10 years old, it was still a functioning generator. Mr. Combs indicated that LCB did not plan to replace the generator, but would replace the battery with a larger battery unit and replace the power distribution unit. Those units were located inside the Legislative Building in a server room. That room would require some modification because of the larger battery.

Mr. Combs explained that the current diesel generator was operating well, and when the power failed in the building, the batteries took over for a period of about 30 minutes, which allowed the generator sufficient start-up time, and once the generator was running, the battery power shut off.

Chair Carlton said there was a proposal to add a new membership to the National Conference of Insurance Legislators (NCOIL) because of the constant changes in the insurance industry. Apparently, Nevada participated in NCOIL, but because the state was not an actual member, there were some restrictions. The proposal would allow Nevada to become a member of NCOIL and participate in all insurance discussions.

Assemblyman Sprinkle asked whether the bill would need to be amended, and Chair Carlton replied in the affirmative because the dollar amounts in the bill would change.

Mr. Combs said if the Committee wanted to amend the bill to add NCOIL membership, the cost would be $10,000 per year and that would change the amount in section 1 of A.B. 475 from $377,500 in the first year of the biennium to $377,117, which included the aforementioned adjustments and the addition of $10,000. The second year of the biennium, the amount would increase from $377,500 to $381,456.

Mr. Combs said the amount contained in section 2 of the bill, based on adjustments, would decrease from $1,086,859 to $1,082,800. Therefore, by adding the $20,000 over the biennium for NCOIL membership, the overall cost would be $486 less than the amount recommended in The Executive Budget.

Chair Carlton asked whether there were questions from the Committee, and there were none; the Chair asked whether there was public comment regarding A.B. 475 and there was no one. The Chair called for a motion.

> ASSEMBLYMAN AIZLEY MOVED TO AMEND AND DO PASS ASSEMBLY BILL 475 TO INCLUDE THE ADJUSTED DOLLAR AMOUNTS.
>
> ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.
>
> THE MOTION PASSED. (Assemblymen Hickey, Hogan, Horne, and Kirkpatrick were not present for the vote.

Chair Carlton announced that Senate Bill 477 and Senate Bill 489 would be rescheduled for consideration at a later date, and Senate Bill 350 (1st Reprint) would not be heard by the Committee today.

With no further business to come before the Committee, Chair Carlton adjourned the meeting at 11:31 a.m.

RESPECTFULLY SUBMITTED:

_____
Carol Thomsen
Committee Secretary

APPROVED BY:

_____
Assemblywoman Maggie Carlton, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Ways and Means

Date: May 6, 2013 **Time of Meeting: 8:11 a.m.**

Bill	Exhibit	Witness/Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 470	C	David Perlman, Commission on Postsecondary Education	Prepared Testimony
A.B. 364 (R1)	D	Assemblyman Anderson	Prepared Statement
A.B. 364 (R1)	E	J.D. Escobar, NV Enlisted Association of the National Guard	Letter in Support of A.B. 364 (R1)
* *	F	Michael J. Chapman, Fiscal Analysis Division, LCB	Closing List #7, May 6, 2013
A.B. 447 (R1)	G	Anita Bush, NDOT	Rest Area Sponsorships.
A.B. 447 (R1)	H	Maureen Cole, DETR	Proposed Amendment
A.B. 488	I	Jane Gruner, DHHS	Proposed Amendment
A.B. 488	J	Barry Lovgren	Proposed Amendment
A.B. 488	K	Bruce Arkell	Proposed Resolution
A.B. 488	L	Bruce Arkell	Written Testimony
S.B. 185	M	Vic Redding, NSHE	UNR Additional Bonding Authorization Request for 2013-15.