

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

**Seventy-Seventh Session
May 13, 2013**

The Committee on Ways and Means was called to order by Chair Maggie Carlton at 8:09 a.m. on Monday, May 13, 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 Crescent Hardy
Assemblyman Pat Hickey
Assemblyman Joseph M. Hogan
Assemblywoman Marilyn K. Kirkpatrick
Assemblyman Randy Kirner
Assemblyman Michael Sprinkle

GUEST LEGISLATORS PRESENT

Assemblyman Richard (Skip) Daly, Washoe County Assembly District No. 31
Assemblyman Lynn D. Stewart, Clark County Assembly District No. 22
Assemblywoman Heidi Swank, Clark County Assembly District No. 16

Minutes ID: 1147



STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Mike Chapman, Principal Deputy Fiscal Analyst
Jeffrey A. Ferguson, Senior Program Analyst
Julie Waller, Senior Program analyst
Catherine Crocket, Program Analyst
Sherie Silva, Committee Secretary
Cynthia Wyett, Committee Assistant

Chair Carlton asked the Committee Assistant to take roll; all members were present. She announced the Committee would close budgets for the Governor's Office of Economic Development, the Office of the Treasurer, and the Public Employees' Retirement System.

**COMMERCE & INDUSTRY
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT
NEVADA CATALYST FUND (101-1529)
BUDGET PAGE ECONOMIC DEVELOPMENT-29**

Jeffrey Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that most of the Governor's Office of Economic Development (GOED) budget accounts had been closed by the Committee, but two were held: the Nevada Catalyst Fund and the Nevada Knowledge Fund.

Mr. Ferguson said the Governor had recommended a General Fund appropriation of \$3.5 million to the Catalyst Fund for fiscal year (FY) 2015. He had reviewed the request at the previous budget closing hearing, but he noted that the \$3.5 million represented the amount that was anticipated to be committed from the Catalyst Fund in FY 2013. The goal of the Catalyst Fund was to create jobs at a cost of up to \$4,000 per job. The original \$10 million appropriation from the 2011 Legislature was intended to create 2,500 jobs, and an additional \$3.5 million would bring the total to 3,375 jobs.

Mr. Ferguson said budget amendments were received from the Budget Division on May 10, 2013.

Chair Carlton noted that the Senate Committee on Finance had closed the Nevada Catalyst Fund budget. The Committee on Ways and Means could discuss the budget amendments at this meeting, but any action could conflict with the Senate Finance Committee's closing. Mr. Ferguson added that the Senate Committee on Finance had closed the budget as recommended by the Governor with the addition of \$3.5 million in FY 2015.

Mr. Ferguson explained that budget amendment A13A0120 proposed a General Fund appropriation to the Catalyst Fund of \$1.5 million in 2015 instead of the original \$3.5 million. The budget amendment indicated that \$1 million of the \$2 million reduction would be added to the Governor's Office of Economic Development budget account (BA) 1526, which had been closed, in a special-use category for the Unmanned Aerial Vehicle (UAV) program, and the remaining \$1 million would be combined with a \$3 million appropriation recommended for the Interim Finance Committee (IFC) Contingency Account for the UAV program. The GOED would need to approach IFC during the 2013-2015 biennium to access the \$4 million as needed, and the \$1 million in the GOED account would provide initial funding for the UAV program.

Mr. Ferguson suggested that the Committee consider three options:

1. Approve the Governor's original recommendation of \$3.5 million for the Catalyst Fund in 2015.
2. Approve the Governor's amended recommendation to reduce the General Fund appropriation for the Catalyst Fund from \$3.5 million in 2015 to \$1.5 million and divert \$1 million of the savings to the IFC Contingency Account for the UAV program and \$1 million to the GOED budget account in FY 2014 to fund the UAV program. Mr. Ferguson noted that approval of this option would require reopening the GOED budget and adding a General Fund appropriation of \$1 million in 2014 and a corresponding \$1 million expenditure in a special-use category for the UAV program.
3. Provide a total of \$5 million in funding for the UAV program by diverting the \$3.5 million originally recommended for the Catalyst Fund in 2015 to the UAV program and provide the remaining \$1.5 million to the UAV program from reserves in the Catalyst Fund. He said approval of this option would also require reopening the GOED budget to provide the \$1 million appropriation and corresponding expenditures.

Assemblywoman Flores affirmed that the additional \$3.5 million would increase the number of jobs created by 875 and the cost per job would still be \$4,000. Mr. Ferguson said \$4,000 was the maximum amount, but GOED had entered into a number of agreements at a cost of less than \$4,000 per job.

Assemblyman Kirner said he understood that several states were competing for the UAV program. He asked whether the proposed funding was designed to help with competition for the program or whether it would be devoted to program development.

Steve Hill, Executive Director, Office of Economic Development, Office of the Governor, replied that \$1 million of the Catalyst Fund transferred into the GOED budget account would allow GOED to prepare to be in a position to receive the designation from the Federal Aviation Administration (FAA) in the near future. He said volume 7 of the state's proposal was submitted on May 6, 2013, and Congress had directed that the FAA be in operation and testing UAV aircraft by January 1, 2014. Mr. Hill said the program had experienced some delay, but if the starting date was not January 1, 2014, he anticipated it would occur shortly thereafter.

Mr. Hill said 50 applications from 37 regions across the country had been submitted to the FAA, and Nevada was the only state with a statewide solution because it had assets across the state. Many of the applicants had been investing for some time to prepare for designation of the program. He explained preparation involved acquiring airspace, documenting that airspace existed and was available, and receiving authority from the FAA to fly specific vehicles in specific airspace. Frequencies needed to be secured for communication, there were data needs, and policies and procedures needed to be developed prior to receipt of designation: namely, how flights would operate; certification of the aircraft, pilots, and crew; safety and testing; how data would be tracked; and privacy concerns.

In addition, Mr. Hill said it was anticipated that a large number of grants would be available for the UAV program, and GOED would hire a grants manager specifically to get started on the program. Ultimately, the revenue from commercial applications and grants would enable the program to be self-funded. He said the first \$1 million was to prepare to receive the designation, and the last \$4 million would be placed in the IFC Contingency Account for the agency's use after the state's designation.

Assemblywoman Kirkpatrick affirmed that if designation was not received and the reserve funds were not spent, they would revert to the General Fund. Mr. Hill replied she was correct, adding that if the operation became self-funded prior to spending the entire amount in reserve, the balance would be available for other uses.

Chair Carlton asked for questions from the Committee.

Assemblywoman Flores noted other commitments had been made from the Catalyst Fund, and if the \$3.5 million was diverted to the UAV program, she asked how 2,500 jobs would be created.

Mr. Hill explained the Catalyst Fund was originally funded with a \$10 million General Fund appropriation, and commitments started being made from the Fund in December 2012. Currently, \$2.625 million had been committed to four different companies, which would create 1,025 jobs. He noted the plan was to create at least 2,500 jobs at a cost of \$4,000 per job, and currently the goal was slightly over one-quarter of the way in the financial commitment and nearly halfway in the number of jobs created.

Mr. Hill said the request for \$3.5 million was to restore the Catalyst Fund to \$10 million for the next biennium. He noted that the job potential for the UAV program was great; the impact analysis submitted to the FAA indicated that spending of \$2.5 billion per year and up to 15,000 jobs could be anticipated by the middle of the next decade. Mr. Hill said it was important that the state be ready to receive designation for the program.

Mr. Hill said a letter had been received from Lockheed Martin Skunk Works, a research and development component of Lockheed Martin, stating that Nevada had the best proposal it had seen and cited the reasons it was the best proposal, and they looked forward to working with Nevada on research and development when the state received designation. He added the letter was submitted with the state's application for UAV designation. Although there was a lot of competition for the designations, Nevada had much to offer.

Chair Carlton reminded members that any action taken by the Committee for the UAV program would create a budget difference with the Senate Committee on Finance, and further discussions would be required.

Assemblyman Kirner asked whether the current discussion involved option 2. Chair Carlton said the Committee appeared to have a level of comfort with option 2.

Assemblyman Eisen asked what investment would be required from the state to create 15,000 jobs. He had calculated that under the option to allocate \$5 million for the program, the cost would be \$300 per job, in contrast to \$4,000 per job mentioned earlier.

Mr. Hill replied the \$5 million consisted of the original \$1 million commitment to prepare to receive the designation, plus the \$4 million bridge financing to get from a start-up to a self-funded operation. He said the UAV industry had projected approximately 100,000 jobs and about \$100 billion of economic impact nationally by 2025. If Nevada was successful in becoming one of the six test centers, it was projected that much of the job growth would occur around the test centers. Mr. Hill noted that the jobs paid an average

of \$62,000 annually and would bring a significant research and development component that could tie into the Nevada System of Higher Education.

ASSEMBLYMAN HORNE MOVED TO APPROVE THE GOVERNOR'S AMENDED RECOMMENDATION TO REDUCE THE GENERAL FUND APPROPRIATION TO THE CATALYST FUND TO \$1.5 MILLION, TO ALLOCATE \$1 MILLION TO THE IFC CONTINGENCY ACCOUNT FOR THE UNMANNED AERIAL VEHICLE PROGRAM, AND TO PLACE \$1 MILLION IN THE GOED BUDGET IN FY 2014 FOR INITIAL FUNDING OF THE UAV PROGRAM.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

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

BUDGET CLOSED.

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COMMERCE & INDUSTRY

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT (101-1526)

BUDGET PAGE ECONOMIC DEVELOPMENT-7

Jeffrey Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that with approval of option 2, the Committee would need to reopen the Governor's Office of Economic Development budget account 1526 and provide Fiscal staff with authority to add \$1 million in General Fund and create a special-use category for expenditure of the funds.

ASSEMBLYMAN HORNE MOVED TO REOPEN BUDGET ACCOUNT 1526, THE GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT, AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO ADD \$1 MILLION IN GENERAL FUND APPROPRIATION TO THE ACCOUNT AND CREATE A SPECIAL-USE CATEGORY FOR EXPENDITURE OF THE FUNDS.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

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

BUDGET CLOSED.

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**COMMERCE & INDUSTRY
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT
NEVADA KNOWLEDGE FUND (101-1533)
BUDGET PAGE ECONOMIC DEVELOPMENT-33**

Jeffrey Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, recalled that detail on the Nevada Knowledge Fund was provided during the original budget closing, and the Governor had recommended General Funds of \$5 million each year of the 2013-2015 biennium for the Knowledge Fund. The Knowledge Fund was created by Assembly Bill No. 449 of the 76th Legislative Session (2011); however, no funding was appropriated for the Fund and a budget account did not exist.

Mr. Ferguson explained approval of the Governor's recommendation would create a budget account and provide \$5 million each year for the Knowledge Fund. The University of Nevada, Reno, the University of Nevada, Las Vegas, and the Desert Research Institute would be eligible to apply for grants from the Fund. He noted that Senate Bill 173, which was in the Senate Committee on Finance, would add \$10 million to the Knowledge Fund in fiscal year 2013 and an additional \$5 million in each year of the 2013-2015 biennium.

Mr. Ferguson asked whether the Committee wished to approve the Governor's recommendation to provide General Funds of \$5 million in each year of the 2013-2015 biennium for the Knowledge Fund.

Chair Carlton asked for questions or comments from Committee members. She noted the item had been held for further consideration at Assemblywoman Kirkpatrick's request, and she thanked the Committee for agreeing to delay action.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE THE
GOVERNOR'S RECOMMENDATION TO APPROPRIATE \$5 MILLION
IN GENERAL FUNDS TO THE KNOWLEDGE FUND IN EACH YEAR
OF THE 2013-2015 BIENNIUM.

ASSEMBLYMAN ANDERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Assembly Bill 46: Revises the provisions governing the funding of capital projects by school districts in certain counties. (BDR 32-413)

Pedro Martinez, Superintendent, Washoe County School District, introduced Lisa Ruggerio, Clerk, and David Aiazzi, Vice President, Washoe County School District Board of Trustees. Mr. Martinez said he and the trustees were appearing before the Committee to request support of Assembly Bill 46.

Mr. Martinez explained A.B. 46 was a capital improvement bill that would raise sales tax by one-quarter of 1 percent and the property tax by 5 cents per \$100 of assessed valuation for the Washoe County School District. He recalled testifying before the Assembly Committee on Taxation in February, and the bill had incredible support from 24 organizations from the chamber of commerce; teachers; parents; the economic development board; and every key industry group. There had been no testimony against the bill.

Mr. Martinez said the Washoe County School District had been doing well academically: more students were graduating, and the district led the state in advanced diplomas and students taking advanced placement (AP) classes. He noted that for the first time, Nevada was not ranked last in one of the national educational measures, which was the number of students taking AP classes.

However, Mr. Martinez explained, the district's challenge was old buildings: more than half of the school buildings were at least 30 years old and more than one-quarter were 50 years old. He said companies moving to Washoe County wanted to visit the schools, and although they recognized that the students were doing well academically, they were amazed to see how old the facilities were and that investments had not been made for improvements. Mr. Martinez noted there was a PowerPoint presentation on the Washoe County School District's website that displayed all of the needs over the next ten years, which amounted to approximately \$300 million.

Mr. Martinez said when the school district appeared before the joint meeting of the Senate Committee on Revenue and Economic Development and the Assembly Committee on Taxation in February 2013, Assemblyman Hickey, Assemblyman Bobzien, Senator Kieckhefer, and Senator Smith were united in their support of the bill and the tax increase. He said the district was aware the state was dealing with financial problems and it did not want to create any liability for the state. Mr. Martinez said the district was improving academically, but it was critical that an investment be made in its facilities to maintain its success.

Mr. Martinez noted that several of stakeholders were in the audience, and he offered to answer questions from the Committee. Chair Carlton asked for supporters of A.B. 46 to indicate their support by a show of hands.

Chair Carlton asked Mr. Martinez to discuss the fiscal note from Washoe County.

Mr. Martinez explained a \$30,000 fiscal note was attached to the bill from Washoe County, which would be the cost of raising the sales tax by one-quarter of 1 percent and increasing the property tax by 5 cents. He assured the Committee that the school district's board of trustees and key stakeholders were committed to find the resources to cover the \$30,000 cost to Washoe County. Mr. Martinez said that the tax increase would produce an average of \$20 million a year, which represented an average of approximately \$72 per year, per family.

Assemblyman Sprinkle asked what the annual costs would be for school improvements. Mr. Martinez replied the district had a need of approximately \$300 million over the next 10 years. He said the Washoe County School District website had a breakdown of what improvements would be made to each school within the next 12 months and over the next 10 years. He said the increase would produce a revenue source and put the district on par with the rest of the counties: Washoe County was the only county in the state without a dedicated revenue source for school maintenance. Mr. Martinez said the proposed increase was as small as possible because the economy was still stabilizing and families were struggling; the annual \$20 million investment would assure that the costs would not continue to increase.

Assemblywoman Kirkpatrick asked whether representatives from Washoe County were present to address the fiscal note. Mr. Martinez reiterated that the trustees and stakeholders had made the commitment to absorb the \$30,000 cost and had no concerns with being able to raise the funds.

Assemblyman Bobzien said he would echo Superintendent Martinez's statement: he was also confident that the fiscal note would be covered by supporters in the community.

Chair Carlton asked whether a representative from the Department of Taxation was present to discuss the \$33,469 fiscal note on A.B. 46. No one was present from the Department, and Chair Carlton said the Committee would need to discuss the Department's fiscal note before taking action on the bill.

Chair Carlton asked for questions from the Committee; there were none. She asked for testimony in support of A.B. 46.

Craig Stevens, representing the Nevada State Education Association, testified the Association fully supported A.B. 46. It was a good way to get educators, teachers, and students into good-quality buildings to improve the teachers' working conditions and students' learning conditions.

Tray Abney, representing the Reno/Sparks/Northern Nevada Chamber of Commerce, stated The Chamber was in full support of A.B. 46: it was important to take care of the county's future workforce.

Michael Cate, Co-Chair, Say Yes for Kids Committee, said over the last 8 to 12 months, the stakeholders had met several times to ensure that everyone was in support. He said the community supported raising the funds, and he urged the Committee's support: 63,000 children needed a solid place to learn.

Patrick Sanderson, representing Laborers International Local #872/AFL-CIO, asked the Committee to help Washoe County help the teachers and the kids, and he reminded the school district to use local labor and contractors.

Darrell Drake, founding member of the Council for Excellence in Education, which supported Washoe County School District and many education reforms, testified that the Council was very much in support of A.B. 46.

Tracy Goodsel, representing Parent Leaders for Education, said she and her husband recently moved their business to Washoe County from California. Her children were enrolled in the school district, and she and her husband were shocked at the state of the schools. She was hopeful that A.B. 46 would pass.

Chair Carlton asked for testimony in opposition to A.B. 46.

John Wagner, representing the Independent American Party of Nevada, testified that he lived in Carson City, where there was a recent bond election. He did not like the idea of bypassing the Washoe County voters, who were the people directly affected, and it appeared the bill ignored the property tax. He urged the Committee to vote no on the bill; he believed the voters had a right to vote on the tax increase.

Lynn Chapman, State Vice President of Nevada Families Association, said there were many people upset about the bill. When she asked how much was enough, the answer was always the same: it will never be enough. She was

appalled to hear that 30-year-old schools were crumbling; she graduated from a school that was built in the 1890s and remodeled in 1926 and was still operating. Thirty-year-old schools should not be crumbling; they should have been taken care of along the way. Ms. Chapman was worried that senior citizens would be hit with another tax increase, and their homes were also crumbling. She believed the county should work with the money available.

Chair Carlton remarked that the legislators were elected to deal with those types of issues, and they were elected by the same people being affected by the bill.

Chair Carlton asked for further testimony in opposition to A.B. 46, and hearing none, she asked for neutral testimony; there was none.

Chair Carlton asked for public comment, and hearing none, she closed the hearing on Assembly Bill 46 and opened the hearing on Senate Bill 477.

Senate Bill 477: Revises provisions relating to the basic support guarantee per pupil for school districts and the allocation of special education program units. (BDR 34-499)

Julie Waller, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained Senate Bill 477 was the result of the efforts of the legislative Interim Committee to Study a New Method for Funding Public Schools, and she would provide background on the bill.

Ms. Waller recalled that Senate Bill No. 11 of the 76th Session (2011) directed the Legislative Commission to appoint a committee to conduct an interim study concerning the development of a new method of funding for public schools. The committee contracted with a consultant, American Institutes for Research (AIR). One of the eight recommendations adopted by the interim committee was to amend *Nevada Revised Statutes* (NRS) chapter 387 to include the definition of factors used by the Department of Education to determine the basic support guarantee per pupil for each school district and the allocation for special education funding. The recommendation also required that the Department of Education review and update the underlying factors used in the school finance model and special education funding every six years.

Ms. Waller said AIR conducted a 50-state survey of school finance models and found that, except for a broad overview and conceptual framework of the state's finance model in the *Nevada Plan for School Finance* (Nevada Plan), the mechanics of the school finance model and special education were not

prescribed in statute. In its report, AIR noted that the majority of states' public school finance formulas were included in statute.

Ms. Waller said a further analysis of the state's finance model revealed that its components had not been updated for some time, and presently there was no statutory or regulatory requirement that the school finance model be periodically reviewed and updated. She said S.B. 477 would place the requirement to review and update the plan in statute.

Ms. Waller reviewed portions of the bill:

- Section 1, subsections 1 and 2: Defined the major factors to be considered by the Department of Education in performing the calculation of the basic support guarantee per pupil for each school district, in accordance with the existing practice in the current Nevada Plan, which included pupil population, attendance area, teacher allotment, school district expenditures, transportation, the sources and amounts of money available to the school district, the group of school districts within which the school district had been placed by the Department based on the size and location of the school district, and any other factor specified by the Department by regulation.
- Section 1, subsection 3, paragraphs (a) and (b): Established the time frame in which the Department must periodically review the underlying factors using the calculation of the basic support guarantee.
- Section 1, subsection 3, paragraph (c): Required the Department to develop and post on the Department's Internet website an informational pamphlet concerning the administration of the *Nevada Plan for School Finance*.

The bill would become effective on July 1, 2013, and Ms. Waller understood the Department was well on its way to preparing the information to be available on its website by July 1.

Ms. Waller offered to answer questions from the Committee.

Chair Carlton noted that S.B. 477 came from the interim committee, and there was no fiscal note on the bill, but it was referred to the finance committees because it addressed financial support for schools. She said the bill was not exempt, and she would put it on the agenda for work session later in the meeting.

Chair Carlton said it was her understanding that the Nevada Plan would continue to be the funding model for education, and the provisions of the bill would be overlaid in the Nevada Plan.

Ms. Waller explained the components in the bill were currently used within the Nevada Plan, and S.B. 477 was defining those components in *Nevada Revised Statutes* (NRS). She said the bill did not make any changes to the existing financial model: the purpose was to place structure around the model statutorily.

Assemblyman Kirner asked whether it was the intention of the Legislature to study a new formula during the 2013-2014 Interim to make revisions to the *Nevada Plan for School Finance*.

Ms. Waller replied Senate Bill 500 would create a task force to conduct an interim study to continue the work of the 2011-2012 Interim committee to develop and revise the existing school plan finance formula.

Assemblywoman Kirkpatrick noted that the bill would become effective July 1, 2013, but section 1, subsection 3, paragraph (a) provided that factors had to be reviewed every six years. She asked whether the plan would be reviewed in six years or sooner.

Ms. Waller explained that as a result of the interim study, the Department of Education had undertaken a review and update of some components of the finance formula. The consultant indicated that circumstances would change over a period of time, which would be an appropriate time frame to review whether the state's demographics had changed and revisions would be required. She said unless the new interim committee to study the funding formula was to propose revisions to the Nevada Plan, the next review would take place in six years.

Assemblywoman Flores asked how the factors were determined. The formula currently did not take into account poverty, the ELL (English language learner) program, and gifted and talented students. She had always heard that Nevada was one of the few states that did not take those factors into account, and S.B. 477 contained the same list as in the Nevada Plan. She asked why the bill did not add the other needed factors.

Ms. Waller replied Assemblywoman Flores was correct. Based on its review of the existing school finance formula, the consultant noted that those factors were not considered in the existing Nevada Plan formula, and the interim committee recommended that the state evaluate and study those components.

She said there was neither enough time nor funding available during the 2011-2012 Interim to complete a full revision to the formula and to address at-risk and ELL students.

Ms. Waller explained that S.B. 477 placed more information currently used in the existing funding formula in NRS, and going forward, the education task force created in Senate Bill 500 would revise the components of the formula.

Assemblywoman Flores said she did not understand why the Committee was being asked to codify a flawed formula.

Ms. Waller replied that while the consultant reviewed and examined the existing finance formula, it felt that the Nevada Plan was a good foundation to move toward a weighted formula to recognize and differentiate between student populations. If during the 2013-2014 Interim, the task force recommended and the 2015 Legislature approved adopting a weighted formula for other student populations, those factors would be added into statute.

Chair Carlton noted that the bill was recommended by the interim committee; she was not sure who served on the committee.

Assemblywoman Flores said it seemed that the Legislature was agreeing that the funding base was accurate; she did not agree with moving forward with the bill without mentioning poverty, ELL, and gifted students.

Ms. Waller reiterated that the bill was not addressing the need for other factors: it was simply placing the components of the school finance model into NRS. Placing the existing factors into NRS did not mean that other factors should not be addressed in the future. She noted that the consultant had found that the existing Nevada Plan was equitable across the school districts. However, because the plan had not been updated since it was adopted in 1967, it did not vertically differentiate between the higher costs associated with educating students with different needs. Ms. Waller said work would be ongoing to address the deficiencies in the plan.

Deborah Cunningham, Acting Superintendent, Department of Education, testified that the Department supported S.B. 477 and S.B. 500 and the need to put in statute how the funding formula worked and require that the Nevada Plan be updated at least every six years.

Ms. Cunningham said when the Department looked at the funding formula during the interim, it determined that the formula was quite complex and in many ways antiquated, and the formula could not be quickly revised to address

all of the components. She said that a separate study was needed to develop a new plan; S.B. 477 was the first of two steps in that direction.

Chair Carlton said that was her impression: the plan had not been reviewed and updated since it was developed, and this was one of the first steps to address how to fill in the gaps.

Assemblyman Eisen asked why expenditures were a factor to determine pupil funding.

Ms. Waller replied the components were currently used in the equity allocation model, which was the process used once the Legislature determined the average statewide basic support per pupil. The Department of Education reviewed all of the resources by district, including number of teachers, expenditures, costs of transportation, density of the student population, and available resources. Using those factors, the equity allocation model would determine the amount of state resources each district would receive. A district with a large amount of local resources would receive less state resources, and a district with very few local resources would receive more state resources.

Ms. Cunningham said Assemblyman Eisen had pointed out one of the criticisms in the consultant study: using expenditures to determine basic support. Many states had an adjustment for the differential ability of districts to pay their employees, which was called a regional cost index. If it cost more to attract teachers in one part of the state, the formula would be adjusted for that factor. Ms. Cunningham pointed out the Nevada Plan had used expenditures to determine costs, and the researchers criticized the method as not properly adjusting for the differential cost of attracting teachers and suggested that more objective measures be used. She added that Nevada was looking at a more objective measure that had been developed at Texas A&M University.

Assemblyman Eisen agreed with the consultant's criticism, but he was concerned that it was being included as one of the required elements in the determination going forward. He believed defining the method of funding schools in statute and including an obligation to review the plan periodically were important. He did not understand why expenditures were being included in the text of the bill when the consultant had advised that they should not be.

Ms. Cunningham pointed out again that there was not time to revise the Nevada Plan during this session: it would take time to review and develop recommendations. She said as a base, the current system would be codified in statute and a commitment made to update it on a regular basis as step 1.

Step 2 would be to create a task force to study funding for education and develop a plan, and changes would be made in the 2015 Legislative Session.

Chair Carlton noted that the report from the interim committee had eight recommendations, and it was available online.

Assemblywoman Kirkpatrick said she did not necessarily agree with all of the provisions in the bill, but the bill must be moved to the Assembly floor. She understood the dissatisfaction with the current plan, particularly in southern Nevada, but there was not time to revise the plan this legislative session.

Chair Carlton asked for further questions or comments from the Committee on S.B. 477. Hearing none, she asked for testimony in support of the bill.

Joyce Haldeman, representing Clark County School District (CCSD), spoke in support of Senate Bill 477. She recalled that in the 2011 Legislative Session, CCSD used one of its bill drafts for Senate Bill No. 11, which requested a study of the *Nevada Plan for School Finance*. She noted that when the plan was created in 1967, there were 100,000 students in the entire state, 95 percent of whom were white. The U.S. Census did not even differentiate between categories of ethnicity other than white, black, or other. Ms. Haldeman said obviously the state had changed dramatically since that time, and the Nevada Plan needed to be reviewed.

Ms. Haldeman said CCSD felt that S.B. 477 was the first step that must be taken for everyone to understand the changes that needed to be made. She said there were very few individuals who could explain in detail how the Nevada Plan worked, because it was very complex. She said the Committee's conversation at this meeting indicated how complex the plan was and how little it was understood. Ms. Haldeman said that putting the information in statute would reveal what was in the formula: it was a matter of transparency for people to understand what was currently in place going forward.

Ms. Haldeman said CCSD urged passage of Senate Bill 477 and Senate Bill 500, which created the task force to study and revise the funding formula for education in the state.

Chair Carlton asked for further testimony in support of S.B. 477, and hearing none, she asked for testimony in opposition to the bill. There being no further testimony or public comment, Chair Carlton closed the hearing on Senate Bill 477 and opened the hearing on Senate Bill 489.

Senate Bill 489: Extends the deadline for issuing bonds for the program of conservation and protection of natural resources approved by the voters in 2002. (BDR S-1153)

James R. Lawrence, Administrator and State Land Registrar, Division of State Lands, State Department of Conservation and Natural Resources, explained that Senate Bill 489 extended the authority of the resource and conservation program commonly referred to as Question 1 (Q1). The Q1 program was passed by the 2001 Legislature and approved by the voters in 2002, and it provided for the sale of general obligation bonds in the amount of \$200 million for a variety of resource and conservation programs.

Mr. Lawrence explained that because of the suspension of bond sales by the Office of the State Treasurer, the full voter-approved amount of bonds had not yet been sold, and it was not anticipated that the full amount would be sold by the current statutory deadline of June 2014. He said S.B. 489 would extend the current authority from 2014 to June 30, 2019, to allow more time for the bonds to be sold because of the state's current challenges in issuing general obligation bonds.

Mr. Lawrence reminded the Committee that the program authorized the issuance of bonds for critical wildlife habitat projects, state park improvement projects, and grants to local governments and nonprofit organizations for the construction of recreational trails and the production of land with significant resource value. He said the program had been extremely successful and important in protecting and promoting Nevada's natural resources throughout the state.

Mr. Lawrence went on to say that not only was the program critical to protection of Nevada's resources, it was also directly tied to projects that helped promote Nevada's recreational tourism economy. Through the Division of State Lands' grant program, more than 16,740 acres had been protected for urban parks, conservation easements, and open space; more than 200 miles of recreational trails had been constructed statewide; critical wildlife habitat such as the Sage-Grouse habitat had been protected through adopted management plans; and more than 20 river restoration projects had been completed to preserve riparian areas and enhance recreational access. Mr. Lawrence added that projects had also leveraged more than \$54 million in matching funds.

Mr. Lawrence pointed out that the State Treasurer's Office was reporting that, based on current projections, the capacity to sell bonds would be limited moving forward. Passage of S.B. 489 was important to provide and preserve the authority to sell the Q1 bonds when the state's bonding capacity improved.

He said the State Lands Division had a remaining Q1 authority of more than \$21 million of the \$65.5 million; the Division of State Parks had a remaining authority of more than \$3 million of the \$27 million allocated for parks projects; and the Department of Wildlife had a remaining authority of approximately \$3 million for wildlife habitat projects.

Chair Carlton asked for questions from Committee members; there were none. She asked for testimony in support of or in opposition to S.B. 489, and hearing none, she closed the hearing on Senate Bill 489.

Chair Carlton announced that the Committee would move to budget closings for the Legislative Counsel Bureau.

**LEGISLATIVE - JUDICIAL
LEGISLATIVE BRANCH
LEGISLATIVE COUNSEL BUREAU (327-2631)
BUDGET PAGE LEGISLATIVE-9**

Richard Combs, Director, Legislative Counsel Bureau (LCB), stated that he had prepared a document with proposed adjustments ([Exhibit C](#)) for the Legislative Counsel Bureau's 2013-2015 biennial budget. He explained that three accounts were proposed to be closed at this meeting: budget account (BA) 2631, Legislative Counsel Bureau, BA 2626, Nevada Legislature Interim account, and BA 1330, Printing Office.

Mr. Combs said there were a number of requests for replacement equipment included in the Governor's recommended budget for the LCB Administrative Division. Some equipment had to be replaced prior to the close of fiscal year (FY) 2013, and therefore he requested transfer of a portion of the equipment funds to make better use of funds in the upcoming biennium.

Mr. Combs explained that because of budget reductions, travel funds in the LCB Director's Office were reduced, and funds were not available for travel to Las Vegas. Most of the meetings of the Legislative Commission and the Committee to Consult the Director were held in Las Vegas, and he would like to be able to attend those meetings at that location. He was asking for \$1,200 in the first year of the biennium and \$800 in the second year for increased airfare.

Mr. Combs said there would be increased in-state travel expenditures associated with hosting the Council of State Governments (CSG)—*WEST* meeting beginning July 30, 2013; LCB staff would be required to travel from Carson City to Las Vegas for the meeting. He was requesting \$2,100 for airfare, and hotel rooms would be available to staff at a much-reduced

rate because they were staffing the CSG—*WEST* committees. He said the \$2,100 would be placed in the Administrative Division account, and he would determine how the funds would be distributed to the LCB divisions based on their budget situations and how many staff were involved in the CSG—*WEST* meeting. He assured the Committee that LCB would rely heavily on its Las Vegas staff to assist with the conference. Carson City staff with policy expertise and information technology services staff would need to travel to Las Vegas.

Mr. Combs said he was also requesting funds for increased out-of-state travel. The Audit Division had enough out-of-state travel authority to send the information technology auditor to a certification program he was required to maintain every year, but the Legislative Auditor was funding the trip out of his own pocket. Mr. Combs wanted to pay for the auditor to attend the conference annually.

Mr. Combs explained the Fiscal Analysis Division currently had approximately \$637 in its out-of-state travel budget, which was not enough money for any staff members to attend out-of-state meetings. He believed the meetings were helpful for staff to share information and ideas with staff from other states. There were situations when Nevada needed help from other states to solve or address an issue, and it would be beneficial to maintain relationships with them. Mr. Combs was requesting \$3,400 in each year of the biennium for out-of-state travel for the Fiscal Analysis Division.

Mr. Combs noted that the increased travel funds would not add General Funds to LCB's budget: the request was to move funding from equipment replacement to the travel categories.

Mr. Combs requested authority to make adjustments to several of the LCB budget accounts after budget closings to accommodate legislative actions during the session:

- Technical adjustments would be required based on the Legislature's action on statewide decision units, including those regarding employee compensation.
- There was currently \$39,600 budgeted for five interim study committees to meet four times during the interim, which would be sufficient if attendance by teleconferencing was encouraged or required. If the Legislature increased the number of studies, additional funding would be required for travel, printing, and other committee expenses.

- There were a number of bills that would require creation of new statutory committees and interim subcommittees to study issues during the upcoming biennium, all of which would have associated expenses. Money was built into the LCB budget for a certain amount, but adjustments may be required by legislative leadership to accommodate the additional workload that may be generated.
- There were additional duties and responsibilities for the Legislative Counsel Bureau near the end of a legislative session for which funds may be approved by the Legislature, and authority was requested to add those funds to the LCB budget after budget closings.

Mr. Combs said adjustments may be required to all of the LCB budgets except the Nevada Interim Legislature and Printing Office.

Assemblywoman Kirkpatrick asked whether the Senate Committee on Finance had closed the LCB budget. Mr. Combs replied that the budget had been closed in that committee with the adjustments.

Assemblywoman Kirkpatrick requested that the budget closing be held because she had understood there was going to be discussion between the Senate and the Assembly before the LCB budget was closed.

Chair Carlton asked that Assemblywoman Kirkpatrick try to have that conversation by that evening's Ways and Means Committee meeting because the Committee would not be meeting the following day and the budget needed to be closed. Assemblywoman Kirkpatrick said she would have an answer by the next meeting.

Chair Carlton asked for questions concerning Mr. Combs' presentation; there were none. She asked for public comment, and hearing none, she closed the hearing.

ELECTED OFFICIALS

OFFICE OF THE STATE TREASURER

STATE TREASURER (101-1080)

BUDGET PAGE ELECTED-179

Catherine Crocket, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the one major closing issue in budget account (BA) 1080 was a cost-allocation revision. The Governor recommended a change to the Office of the State Treasurer's cost-allocation methodology that was approved by the 2011 Legislature.

Ms. Crocket said the Treasurer's Office had indicated that the revised methodology would streamline the cost-allocation process and reduce staff time spent calculating costs to be allocated to each budget account in the Treasurer's Office. However, Ms. Crocket explained, the cost allocation included in The Executive Budget contained technical errors, and the Budget Division had submitted two budget amendments to correct the errors.

Ms. Crocket said that Fiscal staff had discussed the revised methodology with the Treasurer's Office and the Budget Division, and the revised cost-allocation methodology appeared reasonable to staff. However, the revised percentage of salary costs to be allocated to other budget accounts had been determined by the Treasurer's Office prior to Interim Finance Committee (IFC) approval of a new position in December 2012. She said that based on the information on the personnel form for the new position, the position would dedicate 30 percent of its time to arbitrage compliance oversight.

Ms. Crocket said that a budget amendment had been submitted to place the arbitrage compliance oversight into the Bond Interest and Redemption account, and it appeared reasonable to increase the percentage of staff time dedicated to activities related to the Bond Interest and Redemption account to be consistent with the revised methodology. Fiscal staff had calculated that increasing the percentage of salary costs allocated to the Bond Interest and Redemption account would generate approximately \$10,000 in General Fund savings over the upcoming biennium.

Ms. Crocket asked whether the Committee wished to approve allocating salary costs related to arbitrage compliance oversight to the Bond Interest and Redemption account for General Fund savings of approximately \$10,000 over the 2013-2015 biennium. If so, Fiscal staff requested authority to make technical adjustments resulting from the revised cost-allocation methodology.

Chair Carlton noted the budget had closed in the Senate Finance Committee as presented, and she asked the Committee for questions or comments. Hearing none, she called for a motion.

ASSEMBLYMAN HARDY MOVED TO APPROVE ALLOCATION OF SALARY COSTS RELATED TO ARBITRAGE COMPLIANCE OVERSIGHT TO THE BOND INTEREST AND REDEMPTION ACCOUNT AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Carlton asked Committee members to review the five other closing items recommended by the Governor for budget account 1080, which appeared reasonable to Fiscal staff.

1. Status of E-Payment and Arbitrage Compliance Responsibilities. Involved three interrelated issues: oversight of e-payment merchant services, location of the arbitrage compliance function, and rebidding the state's e-payment merchant services contract. Ms. Crocket noted that the Senate Committee on Finance had requested two bill draft requests to extend funding for rebidding the e-payment merchant services contracts.

2. NCIC Non-Cash Revenue. Decision unit Enhancement (E) 226 recommended establishing \$50,000 in noncash revenue and expenditure authority in each year of the 2013-2015 biennium to recognize marketing efforts for the Nevada Capital Investment Corporation (NCIC) by Hamilton Lane, the corporation's fund-of-funds manager.

3. Replacement Equipment. Decision unit E-710 recommended funding totaling \$17,669 in FY 2014 and \$11,340 in FY 2015, including General Funds of \$5,428 in FY 2014 and \$3,053 in FY 2015, to replace computer hardware and software: 15 desktop computers without monitors, 1 laptop computer, 1 small agency server, and associated software.

4. Nevada Capital Investment Corporation. Decision unit E-225 recommended additional General Funds of \$10,475 over the biennium to support the operating costs of the NCIC. Fiscal staff noted that technical adjustments were made from two budget amendments, which had the effect of decreasing General Fund appropriations by \$10,475 over the biennium.

5. Additional Travel Costs in Budget Amendment A130011080. The budget amendment increased General Fund by \$771 over the 2013-2015 biennium for additional in-state and out-of-state travel to correct an error in the base budget.

Chair Carlton asked for questions on other closing items 1 through 5, and hearing none, she called for a motion.

ASSEMBLYMAN SPRINKLE MOVED TO CLOSE OTHER CLOSING ITEMS 1 THROUGH 5 AS RECOMMENDED BY THE GOVERNOR AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**ELECTED OFFICIALS
OFFICE OF THE STATE TREASURER
NEVADA COLLEGE SAVINGS TRUST (101-1092)
BUDGET PAGE ELECTED-196**

Catherine Crocket, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said there was one major closing issue in the Nevada College Savings Trust Fund budget account, which was the increase in outreach and awareness efforts. The Governor recommended increasing funding transferred from the College Savings Endowment Account by \$322,069 in each year of the 2013-2015 biennium to support additional outreach and awareness activities and website enhancements for the program. She said in each year of the biennium, \$300,000 of the additional funding would be used to increase outreach and awareness efforts, and the remaining \$22,069 would support enhancements to the College Savings Plan website.

Ms. Crocket noted that the \$300,000 increase in funding for outreach efforts was a 120 percent increase from the 2011 legislatively approved funding of \$250,000 for the same purpose. She also pointed out that Upromise, one of the College Savings Plan providers, was contracted to provide \$200,000 annually in in-kind marketing services for the College Savings Plan program. The Office of the Treasurer indicated that the additional outreach and awareness efforts, including the website redesign, were intended to increase participation of Nevada residents in the College Savings Plan program.

Ms. Crocket asked whether the Committee wished to approve increased funding from the College Savings Endowment Account by \$322,069 in each year of the biennium to support additional outreach and awareness efforts and develop website enhancements for the Nevada College Savings Plan program.

Assemblyman Kirner asked whether the \$300,000 from the Endowment Account and \$200,000 from the Upromise contract were needed in both years of the biennium.

Ms. Crocket replied those amounts were recommended in both years to develop various modules on the website, such as videos and personal stories from participants. Assemblyman Kirner remarked the amount seemed to be excessive for both years.

Chair Carlton asked whether the Senate Committee on Finance had approved the request with no changes. Ms. Crocket replied that it had been approved that way.

Chair Carlton understood Assemblyman Kirner's concerns, but she was not sure she wanted to continue the discussion any longer.

ASSEMBLYMAN KIRNER MOVED TO APPROVE THE REQUEST FOR ADDITIONAL FUNDS OF \$322,069 IN EACH YEAR OF THE 2013-2015 BIENNIUM FOR OUTREACH AND AWARENESS EFFORTS FOR THE COLLEGE SAVINGS PLAN PROGRAM.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Carlton asked Committee members to review the two other closing items recommended by the Governor for budget account 1092, which appeared reasonable to Fiscal staff.

1. Equipment Replacement. Decision unit Enhancement (E) 710 recommended \$5,507 over the 2013-2015 biennium to replace desktop computers and associated software.

2. Cost Allocation. Decision units E-800 and E-801 recommended revising the Treasurer's Office cost-allocation methodology.

Chair Carlton asked whether Committee members had questions on the other closing items; there were none.

ASSEMBLYMAN HARDY MOVED TO APPROVE OTHER CLOSING ITEMS 1 AND 2 AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**SPECIAL PURPOSE AGENCIES
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (101-4821)
BUDGET PAGE PERS-2**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that the Public Employees' Retirement System (PERS) provided retirement, disability, and death benefits to long-term public employees. She said PERS included employees of Nevada counties, cities, school districts, state government, and miscellaneous public employers. In addition to administering the retirement funds for regular and police/fire members, PERS also administered the Legislators' Retirement System and the Judicial Retirement System.

Ms. Jones further explained that *Nevada Revised Statutes* (NRS) 353.246 provided that PERS was not subject to the State Budget Act. While PERS was required to submit its proposed budget for inclusion in The Executive Budget, the Budget Division did not review or make adjustments to the budget.

Ms. Jones said that the PERS recommended budget for the 2013-2015 biennium included funding of \$312,742 for three new positions: an auditor 2, a retirement examiner 1, and a retirement technician. According to PERS staff, justification for the new positions was related to changes to the retirement rules enacted by the 2009 Legislature, including retirement eligibility dates and early retirement penalties.

- The auditor 2 position was needed to ensure that PERS employers had a full understanding of statutes, policies, and procedures that applied to all areas of the System, including enrollment requirements, reemployment of PERS retirees, and salary subject to contribution.
- The retirement examiner 1 position related to an increase in benefit requests and retirement applications resulting from rules enacted by the 2009 Legislature.

- The retirement technician position would provide telephone-counseling services to employees who requested a calculation of retirement benefits or determination of their accumulated service credit.

Ms. Jones asked whether the Committee wished to approve the request for three new positions with authority for Fiscal staff to make technical adjustments as necessary.

Chair Carlton asked for questions from the Committee; hearing none, she called for a motion.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE THE REQUEST FROM THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM TO HIRE THREE NEW POSITIONS AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Carlton asked Committee members to review three other closing items recommended by the Governor, which appeared reasonable to Fiscal staff:

1. Replacement Equipment. Decision unit Enhancement (E) 710 included \$30,774 to replace a vehicle.
2. Replacement Equipment. Decision unit E-711 recommended \$3,048,300 over the biennium to replace the telephone system, upgrade software, and replace 30 workstations and 20 servers in each year of the biennium.
3. Merit Pay Increases. Chair Carlton asked Ms. Jones to discuss the technical adjustments for merit pay increases.

Ms. Jones explained that Fiscal Analysis Division staff had made technical adjustments related to merit pay increases for PERS staff because the Governor had recommended reestablishment of merit pay increases for state employees in the second year of the biennium. The following positions were nonclassified positions within PERS, but the positions were subject to a 10-step salary schedule, which was approved by the Board of the Public Employees' Retirement System:

- Executive Officer
- Operations Officer
- Investment Officer
- Assistant Investment Officer
- Technology Manager
- Administrative Analyst
- Administrative Coordinator

Ms. Jones said the intent of the PERS Board was to remain consistent with changes in employee compensation recommended by the Governor and ultimately approved by the Legislature. Therefore, The Executive Budget included the same 2.5 percent salary reduction and 1.15 percent reduction in furloughs in the second year of the biennium and suspended merit and salary pay provisions.

Ms. Jones noted that the merit salary increases for nonclassified positions subject to the step system in PERS were not included in The Executive Budget. Therefore, Fiscal staff would make technical adjustments to include merit pay for the PERS nonclassified positions consistent with the Governor's recommendation and PERS Board policy.

Ms. Jones requested authority for Fiscal staff to make adjustments to merit pay increases based on the final decisions of the money committees and to make technical adjustments to the other closing items recommended by the Governor.

Chair Carlton asked for questions, and hearing none, she called for a motion.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE OTHER CLOSING ITEMS 1 THROUGH 3 AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Assembly Bill 139 (1st Reprint): Revises provisions relating to the state business portal. (BDR 7-127)

Richard (Skip) Daly, Washoe County Assembly District No. 31, explained that the key provisions incorporated in Assembly Bill 139 (1st Reprint) related to revising provisions to the Office of the Secretary of State's state business portal. Section 1, subsection 2, paragraph (e) would require the business portal to interface with the system established by the Secretary of State to assign business identification numbers. Section 1, subsection 2, paragraph (f) established the common registration information to be collected from businesses by state and local agencies and health districts for issuance of licenses, certifications, registrations, and permits. Assemblyman Daly said the bill was an important step toward streamlining processes at all levels of government to make the state more business-friendly.

Assemblyman Daly explained some local governments were concerned about the timelines and costs of complying with the requirements for integration with the business portal website. He said the Secretary of State had issued a memorandum of understanding that full compliance would be by mutual agreement.

Ross Miller, Secretary of State, said A.B. 139 (R1) was a key initiative for economic development efforts in the state. The Northern Nevada Development Authority conducted a survey of business owners, who indicated that the biggest barriers were trying to navigate through a process of cumbersome regulations and filling out the same information repeatedly. Secretary Miller said a recent secretaries of state symposium was held on development of one-stop shops throughout the country. Every jurisdiction was moving quickly to create one-stop portals, primarily through the secretaries of state's filing offices, and many states were making significant progress.

Secretary Miller said it was imperative that the state work quickly to try to integrate all agencies from the state down to the local level. Ongoing discussions had been held with the local governments, but some jurisdictions still had concerns. Secretary Miller wanted to stress two points:

- There was nothing in the bill that mandated a local jurisdiction, county, or municipality to impose any kind of business license it did not currently have: that was not the intent of the bill. The business portal would not dictate business licensing requirements to the local governments.

- The Secretary of State's Office understood that complete integration as contemplated in the bill would have challenges. Several agencies had antiquated systems that would require upgrading before they could feed into the portal, and some were still using a paper-based process.

Secretary Miller said the business portal would be a work in progress, and with that in mind, his office would move forward in a spirit of partnership, cooperation, and collaboration. With passage of A.B. 139 (R1), he said efforts would continue toward making Nevada the premier filing jurisdiction in the country.

Assemblyman Grady asked whether all state agencies and boards were integrated into the system. Secretary Miller said 30 agencies at the state level were partnered with the Nevada Business Portal with varying degrees of integration. Initial paperwork could be processed with some agencies, but most agencies were not fully integrated.

Assemblyman Grady said he had talked to constituents in Lyon County, and he was led to believe that the county's computer system was not compatible with the Secretary of State's system, and the county did not have funds to develop a new system. He asked whether there would be any assistance to counties that had the same problem.

Secretary Miller acknowledged that some of the local government systems were antiquated and would not have the capability to fully integrate. He said that A.B. 139 (R1) provided a process for integration into the Nevada Business Portal. He said all jurisdictions should be able to comply with level 1 integration, which was to accept common business registration data: name, address, and contact information. Levels 2 and 3 required the jurisdictions to have the ability to accept common business registration information from the business portal and to ultimately fully integrate into the system.

Secretary Miller noted that in section 1, subsection 3, paragraph (a) of the bill, the provisions outlining the process for integration into the business portal were prefaced with the words, "to the extent practicable." He pointed out that section 9, subsection 2 of the bill provided that if an entity could not comply with the requirement to accept common registration information, it could submit a written request for extension to the State Board of Examiners, which had authority to extend the deadline.

Secretary Miller said it was important to take the initial steps toward development of the portal, and some of the challenges might not be as much of a barrier as initially envisioned.

Assemblyman Grady recalled that during the 2011 Legislative Session, funds were appropriated to start the business portal, and he asked whether any of those funds would be available to assist the local jurisdictions.

Secretary Miller replied there were no funds contemplated to upgrade the local systems. He surmised that most of the upgrades would eventually be required for the local governments anyhow: there was demand from the business community to move from a paper-based system. He said his office could provide some technical resources for the local jurisdictions, but the electronic system upgrades would remain local responsibility.

Chair Carlton noted that there were several fiscal notes on the bill, but she did not see one from Lyon County. Many of the smaller counties indicated that there would be no fiscal effect, but several jurisdictions did not respond to the request for a fiscal impact statement. She recommended that all entities should submit their concerns for the record.

Assemblyman Bobzien said he understood that there would be no fiscal effect on the local governments to comply with level 1. He knew there would be concerns going forward, but he urged passage of the bill to determine the specifics and problems so that the Legislature could address them in the 2015 Legislative Session.

Assemblyman Kirner asked whether there were friendly amendments to the bill. Assemblyman Daly replied there was a proposal in the Assembly Committee on Government Affairs to exempt smaller counties and jurisdictions. The amendment was not accepted because the bill already included the provisions that only step 1 of the integration was required, and a waiver could be obtained for full compliance. He said that he had heard concerns with the provisions of the waiver, and he assured those jurisdictions there would be no penalties. Assemblyman Daly said the goal was to move toward an integrated system that would streamline the government's process in the most efficient and quickest manner for the users. Assembly Bill 139 (R1) was the first step toward achieving that goal.

Assemblyman Daly said several meetings had been held with the larger jurisdictions to work through the processes, and he did not believe that a bifurcated system excluding some jurisdictions would be an efficient system. He was confident that the smaller jurisdictions' concerns would be addressed.

Assemblyman Kirner noted that Douglas County did not issue business licenses, and he asked whether that would be a problem. Secretary Miller replied Douglas County would not be required to issue a business license, and the county was currently a partner in development of the Nevada Business Portal.

Secretary Miller said that passage of A.B. 139 (R1) was also important because, in addition to laying out the timeline for integration, the bill removed some antiquated provisions in the law that required needless paper shuffling. With passage of the bill, the processes would be less onerous for the local jurisdictions.

Assemblyman Sprinkle said he understood the goal of the portal and he applauded the Secretary of State's efforts. He asked whether the smaller jurisdictions would be able to continue to do business as usual even if they were not able to fully integrate into the portal system.

Secretary Miller replied current practices would continue to exist; it was not contemplated that the portal would ever assume entire responsibility for those practices. A business owner would have the choice of processing all of his licenses through the portal or submitting a paper-based form to multiple agencies across the state and pay for them individually.

Chair Carlton asked for additional questions from the Committee; there were none. She then called for public testimony in support of or in opposition to the bill.

Mendy Elliot, representing the City of Fernley, stated that the city did not submit a fiscal note, but it was working very closely with the Secretary of State's Office. She said Fernley would work toward full integration and take the Secretary of State's offer of technical support. She said the city was in full support of A.B. 139 (R1) and was looking forward to working with the Secretary of State's Office and the Legislature to move Fernley into the twenty-first century.

Greg Dye, General Manager of Briggs Electric Inc. in Carson City, said his company worked all over the state, and at times it could be challenging to deal with the local governments because their systems were not consistent. His company pulled permits from a number of areas, and having a business license in effect before pulling a permit was required. Mr. Dye said one problem was that business licenses were mailed at different times of the year, and if one was not received, he would not know that the license was not current until he tried to pull a permit and could not because a company officer's signature was needed for the business license.

Mr. Dye said to be able to execute the business licenses and pay for them at a single location, along with a multitude of other government services, would be extremely helpful. Currently, a business license came through the company's system as an invoice, and by the time it was approved and a check was cut and mailed, the cost to process the invoice was about \$160. Briggs Electric worked in 17 counties and several cities, and Mr. Dye said that if all of the business license fees could be paid at one time using a credit card, the transaction fee would be reduced to 1 for \$160 versus 17 or more.

Mr. Dye said his company strongly supported A.B. 139 (R1); it was inevitable that the process would have to evolve at some point in time.

Former Senator Maurice Washington, Deputy Director, Northern Nevada Development Authority (NNDA), testified in support of A.B. 139 (R1). He said the Secretary of State's business portal was crucial to NNDA's ongoing economic development efforts for expansion, relocation, and retention of businesses. The portal would simplify the process for entities considering relocation to Nevada, for existing businesses wanting to expand, and for retention of businesses currently in the state.

Mr. Washington noted that Nevada had moved from twelfth to ninth in ranking of business-friendly states, but to continue to move up in the rankings, the state would need to compete with other states. He encouraged Committee members to visit the Texas business portal, which was creative and innovative.

Mr. Washington encouraged the Committee to approve A.B. 139 (R1) and said that NNDA would work with its partners in the local governments to ensure they would be able to comply moving forward.

Roy Edgington, City Councilman, City of Fernley, stated that the city council voted 4-1 to support A.B. 139 (R1). The council members realized that the city's program was 10 years old and needed to be replaced. It would be some time before money would be available for a new system, but the council agreed that the business portal was important.

Chair Carlton asked Mr. Edgington to send documentation of the city council's vote for the record. He agreed to do so.

Chair Carlton asked for further testimony in support of A.B. 139 (R1); there was none. She asked for neutral testimony on the bill.

Mike Cathcart, Business Operations Manager, City of Henderson, said after further understanding of the business portal, the city had a neutral position on the bill. The Secretary of State had provided the city with a memorandum of understanding on the bill, which discussed what was expected of the local governments at level 1 of integration of the portal.

Mr. Cathcart said the city had filed a fiscal note on the bill because of concern that the complete electronic integration would be required by a certain date. However, level 1 integration included the data exchange agreement and use of the portal in the city's processes, and the city would only be required to file a status report with the Board of Examiners and Secretary of State's Office. A waiver would not be necessary.

Wes Henderson, Executive Director, Nevada League of Cities and Municipalities, said the League was currently neutral on the bill; it agreed with the concept, but had concerns with the cost and integration. He said the League would continue to work with the Secretary of State's Office on the details of the process.

Dagny Stapleton, representing the Nevada Association of Counties (NACO), testified that NACO was neutral on A.B. 139 (R1). She said NACO recognized the benefits to the state and the businesses by creating a streamlined business licensing and registration portal. It was her understanding that the local governments had reported on their fiscal notes that there would be no financial impact because the note was only for level 1 of the integration, which all of the counties could meet at this point. Ms. Stapleton said the counties had concerns with the long-term integration and whether there would be sufficient time to acquire resources for full integration. She said the sponsor of the bill and the Secretary of State had made it clear that they understood the counties' concerns.

Michael P. Murphy, representing Clark County, thanked the Secretary of State for working with Clark County on a memorandum of understanding; the county's fiscal note was tied to full integration of the process and not level 1.

Mary Walker, representing Carson City and Douglas, Lyon, Storey, and Eureka Counties, testified the counties appreciated the business portal concept and the Secretary of State, but they had some concerns. She said that all of the rural counties had the same computer system, which was put in place over 20 years ago to provide a consistent treasurer and assessor property tax billing system. It was estimated that it would cost \$200,000 to upgrade each county's system to be able to fully integrate with the business portal. She said it seemed pointless to spend that amount of money on a 20-year-old system, adding that there was only one vendor still providing maintenance for the system.

Ms. Walker noted that if the entire system had to be changed, the estimated cost was \$500,000 for each local government, and added that the counties would appreciate receiving more information on whether a jurisdiction that could not integrate would be allowed more time to do so.

Chair Carlton said that Ms. Walker's testimony sounded more opposed to the bill than neutral. She noted most of the counties had not submitted a fiscal note.

Ms. Walker replied that Carson City had submitted a \$200,000 fiscal note for one portal. Lyon County and Storey County did not submit a fiscal note because they did not have the information in time. She said it was ultimately decided that the cost would be \$200,000 per entity, and she would have the counties submit a fiscal note.

Chair Carlton asked that fiscal notes be submitted by the counties as soon as possible for the record.

Jeff Page, County Manager, Lyon County, apologized for not submitting a fiscal note; he said it took some time to understand the process from level 1 through full integration. Lyon County was in the process of laying off another 11 to 14 employees, and funding would need to be found to tie into the business portal, but it supported the concept of the business portal to promote economic development in the county and the region.

Chair Carlton asked whether Lyon County was opposed to the bill, and Mr. Page replied it was neutral: it supported the concept, but did not know how it was going to fund the system in a timely manner without causing a heavier burden on county taxpayers.

Nick Providenti, Finance Director, Carson City, said that Carson City supported the concept of a business portal. He said level 1 would not have a fiscal impact, but a fiscal note for \$200,000 was submitted for full integration.

Chair Carlton asked for testimony in opposition to the bill; there was none. She asked for public comment on Assembly Bill 139 (R1), and hearing none, she closed the hearing on A.B. 139 (R1) and opened the hearing on Assembly Bill 31 (1st Reprint).

Assembly Bill 31 (1st Reprint): Revises various provisions relating to public records. (BDR 19-211)

Keith Munro, Assistant Attorney General, Office of the Attorney General, explained that Assembly Bill 31 (1st Reprint) was a policy bill to improve the public records process for state agencies. A fiscal note on the bill had been removed when the bill was heard in the Assembly Committee on Government Affairs.

Chair Carlton noted there were two other fiscal notes: one for \$6,000 and one for \$5,000. Mr. Munro said they were not on the bill when it was heard in the Committee on Government Affairs. In reviewing the bill, he noted it simply approved the existing process and was not asking agencies to do anything they were not already required to do by law.

Chair Carlton had received an email from the Division of Insurance, Department of Business and Industry, withdrawing its fiscal note, and Fiscal staff would contact the Office of the Military concerning its fiscal note.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained the fiscal note from the Office of the Military was for 10 percent of a management analyst position, which she thought could be removed easily.

Chair Carlton asked for testimony in support of or in opposition to A.B. 31 (R1), and hearing none, she closed the hearing on Assembly Bill 31 (R1) and opened the hearing on Assembly Bill 67 (1st Reprint).

Assembly Bill 67 (1st Reprint): Revises provisions relating to crimes. (BDR 3-403)

Keith Munro, Assistant Attorney General, Office of the Attorney General, explained that Assembly Bill 67 (1st Reprint) was the Attorney General's sex-trafficking bill, which was heard in a joint meeting of the Assembly Committee on Judiciary and Senate Committee on Judiciary.

Mr. Munro said that the Department of Corrections had submitted a fiscal note indicating that beginning in 2016, there would be a one-time cost of \$7,000, but there would be no fiscal impact for the 2013-2015 biennium. He said supporters of the bill had raised the \$7,000 one-time cost to implement the legislation. He requested that the Committee on Ways and Means provide a method for the Department of Corrections to accept the funds to allow the legislation to move forward.

Chair Carlton said she had concerns about accepting private donations because it was more than a biennium out and the funding could be addressed in a future budget. She said the donation was appreciated, but she did not think it was appropriate: it was the state's job to fund legislation. Since the fiscal note did not apply to the 2013-2015 biennium, it could be addressed in the future budget cycle. Mr. Munro concurred.

Chair Carlton asked for testimony in support of A.B. 67 (R1).

Marlene Lockard, representing the Nevada Women's Lobby, thanked the Attorney General for bringing Assembly Bill 67 (R1) forward. She said the Nevada Women's Lobby was very supportive of the bill and urged the Committee's support.

John McKendricks, representing Awaken, Inc. and the Grace Church network, which raised the \$7,000 for the bill's fiscal note, said that on behalf of over 40 churches in Reno that supported the bill, he wanted to thank the Committee for consideration of A.B. 67 (R1) and urged its passage.

Allan Smith, representing the Religious Alliance in Nevada, a group of five denominations throughout the state, stated that several hundred churches in the state supported A.B. 67 (R1) and encouraged the Committee's approval.

Michael Patterson, representing Lutheran Advocacy Ministry in Nevada, urged the Committee's support of A.B. 67 (R1).

Barbara Paulsen, speaking on behalf of Nevadans for the Common Good, said the group strongly supported A.B. 67 (R1) because it would provide help to victims of sex trafficking, and it was important for the children of the state.

Charles Redmon, President of the Board, Nevadans for the Common Good, said his organization had been in support of A.B. 67 (R1) from its beginning and continued to support it through the Interfaith Council of Southern Nevada. He encouraged continued financial support for rehabilitation and restitution for victims and the Office of the Advocate for Missing and Exploited Children. He urged the Committee's approval of the bill.

Deacon Tim O'Callaghan, representing the Catholic Diocese of Las Vegas and the Nevada Catholic Conference, expressed their full support of A.B. 67 (R1).

Rabbi Malcolm Cohen, representing the Nevadans for the Common Good, expressed support of the Jewish community for A.B. 67 (R1).

Chair Carlton asked for further testimony in support of the bill; hearing none, she asked for testimony in opposition to A.B. 67 (R1). She noted that the policy of the bill had been decided in a policy committee, and Ways and Means was considering the fiscal impact only.

Marc Randazza, Marc Randazza Legal Group, testified he was a First Amendment attorney based in Las Vegas, and he was opposed to redefinitions in sections 41 and 42 of the bill that would have a severe fiscal impact on the state. He said the bill redefined prostitution and essentially changed the state's prostitution law to make the production of adult entertainment films prostitution, which would present a First Amendment problem and render the bill constitutionally invalid. Mr. Randazza supported the purpose and remaining portions of the bill.

Chair Carlton asked whether Mr. Randazza had discussed his concerns with the Attorney General or the chairman of the Assembly Judiciary Committee. Mr. Randazza replied he had not; he was just made aware of the bill.

Chair Carlton said that Mr. Randazza would need to discuss the language of the bill with either the Attorney General or the chairman of the Judiciary Committee. She noted the bill was filed at the end of 2012, and the language had changed numerous times. She explained the Ways and Means Committee could not discuss policy; the Assistant Attorney General was in the meeting, and she suggested that Mr. Randazza discuss the bill with him, adding that the bill would be held in the Ways and Means Committee until his concerns could be addressed.

J. Malcolm Devoy, an associate of Marc Randazza Legal Firm, testified the firm represented a number of adult entertainment companies, and he wanted to discuss the economic impacts for the legal firm and the clients it represented. Mr. Devoy said a number of the companies were considering relocating to Nevada and bringing their tax revenue and up to 100 employees with them, and the provisions of sections 41 and 42 of A.B. 67 (R1) would keep the companies from moving to the state. Mr. Devoy said the other provisions of the bill would be supported by everyone in the adult entertainment industry, which was committed and serious about human trafficking and child exploitation.

Mr. Devoy said there was close to a 30 percent vacancy rate in commercial space in Las Vegas, but the adult entertainment business industry could not expand until its clients had security. He said the state's definition of prostitution had worked for many years, but by removing that certainty, the state would be deprived of millions of dollars in economic activity. The changes

in sections 41 and 42 had a small impact, but a broader consequence was being overlooked.

Quentin Byrne, Department of Corrections, testified that the Department would be able to address the fiscal impact of A.B. 67 (R1) in future budgets and projections.

Chair Carlton affirmed the Department's fiscal note would be considered withdrawn and had no effect on the Department's 2013-2015 budget, and Mr. Byrne replied she was correct.

Chair Carlton asked for further testimony on A.B. 67 (R1), and hearing none, she closed the hearing on Assembly Bill 67 (1st Reprint) and opened the hearing on Assembly Bill 91 (1st Reprint).

Assembly Bill 91 (1st Reprint): Revises certain provisions relating to programs of regimental discipline. (BDR 14-740)

Steven Yeager, representing the Office of the Public Defender, Clark County, explained that Assembly Bill 91 (1st Reprint) revised eligibility provisions relating to a program of regimental discipline, known as the boot camp program, in two ways. Section 1 would allow a district attorney to stipulate with the defense attorney that an individual who committed an act of violence would be eligible to participate in the boot camp program. Under *Nevada Revised Statutes* (NRS), only the district court had authority to send an offender to the boot camp program.

Mr. Yeager said that currently offenders who had been in jail for more than six months in their lifetime were excluded from the boot camp program, but the language on page 2, lines 1 and 2, of the bill extended the time to 365 days, which would open the program to additional offenders. Mr. Yeager pointed out that *Nevada Revised Statutes* (NRS) 209.481, as shown on lines 29 through 31 on page 3 of the bill, currently provided that a prisoner could not be assigned to an institution where the boot camp was located if he had been convicted of a violent crime within the preceding year. That section would be revised to make an exception to allow potentially violent offenders to be able to attend the boot camp program at its current location as provided in the revision to section 1. Mr. Yeager said he could not comment on the fiscal note.

Chair Carlton said that the Department of Corrections had submitted an unsolicited fiscal note on March 1, 2013, indicating a fiscal impact of \$2.56 million over the biennium, but because of the amendment changing the eligibility of nonviolent offenders or offenders recommended by the district

attorney, the Department removed the fiscal note on April 23. She said the information was not received until after the bill was referred to the Assembly Committee on Ways and Means from the floor of the Assembly, but documentation had been received that the fiscal note was removed. She apologized to Mr. Yeager that he had not received the information.

Assemblyman Sprinkle asked whether an offender who completed the program would have his sentence reduced, which could have a positive effect on state funds.

Mr. Yeager replied that Assemblyman Sprinkle was correct. Generally individuals going to boot camp were either going to prison for good or they would go to boot camp and have a chance to reform themselves. If they successfully completed the program, they would usually receive a short-term probation afterward to ensure their compliance, which would keep them out of prison. He said that statistics showed that the boot camp program was less expensive per person than a prison term, and one of the results of opening the boot camp program to additional participants would be savings to the state.

Chair Carlton asked whether anyone wished to testify in support of or in opposition to A.B. 91 (R1). Hearing none, she asked for public testimony.

James G. "Greg" Cox, Director, Department of Corrections, said he wanted to confirm that the fiscal note had been removed because of the district attorney's stipulations. Looking at the facts and circumstances of the offense would also give the Department capacity to evaluate each offender placed in the program.

Mr. Cox said the Department supported the concept of providing offenders with the opportunity to participate in diversionary programs. The program currently had a capacity of 75, but the headcount was down to 62; he had talked to a number of judges about continuing communication to keep the program full.

Mr. Cox added that the Board of State Prison Commissioners had approved a reentry step-down program for the boot camp, which would be conducted at the Casa Grande Transitional Housing Center. Boot camp participants would be sent to Casa Grande the last two weeks of the program and provided with opportunities and information for work, resumé writing, and other skills to assist them with reentry into society.

There being no further public comment, Chair Carlton closed the hearing on Assembly Bill 91 (1st Reprint) and opened the hearing on Assembly Bill 287 (1st Reprint).

Assembly Bill 287 (1st Reprint): Authorizes the involuntary court-ordered admission of certain persons with mental illness to programs of community-based or outpatient services under certain circumstances. (BDR 39-163)

The Honorable William O. Voy, Eighth Judicial District Court, Clark County, said he had been presiding over the civil commitment court for adults in Clark County since 1994, first as a hearing master and then as a judge from 1998 forward. He explained that a hardcore group of approximately 200 patients, who were seen by the court on a reoccurring basis, were continually readmitted to the mental hospital for acute admissions. Assembly Bill 287 (R1) would authorize the involuntary court-ordered admission of those individuals to an outpatient program of community-based services to keep them from returning to the hospital and using the more costly and more intrusive services provided in a locked mental health facility.

Judge Voy said the patients were already committed to the hospital for an inpatient stay, and upon their release, they would go off of their medications, decompensate, return for treatment, and go through the whole process again. He said the bill would allow the courts to commit those patients to outpatient programs to receive medication and other help to prevent them from returning to the hospital for an inpatient stay.

Judge Voy said the bill would save the state money in the long run. He explained that if there were 75 patients in the program at one time and they averaged at least ten inpatient stays per year, the total of 7,500 bed days at a cost of \$666 a day would amount to an annual cost of \$4.9 million.

Judge Voy said the Governor had submitted a request for a supplemental appropriation to address the mental health services problems in southern Nevada, including an amount specifically earmarked for the Program for Assertive Community Treatment (PACT) team.

Assemblyman Lynn D. Stewart, Clark County Assembly District No. 22, said that beginning in August 2012, four meetings concerning the bill were held with various individuals and groups, including the Office of the Attorney General, Judge Voy, the Las Vegas Metropolitan Police Department, the Department of Health and Human Services, Assemblyman Andy Eisen, and Senator Joe Hardy. Assemblyman Stewart said the purpose of the bill was to: (1) protect the individual with the mental health problem, (2) protect the general public, and (3) save money for the state.

Chair Carlton was called out of the meeting and Vice Chair Assemblyman Horne assumed the duties of the chair.

Vice Chair Horne noted there were two unsolicited fiscal notes on the bill. Assemblyman Stewart said he was aware of the fiscal notes, but with the supplemental appropriation request from the Governor, he was certain they would be withdrawn.

Vice Chair Horne said the Department of Public Safety, Records and Technology Division, did not specify any fiscal impact but noted that the bill would require the court to transmit records of individuals ordered into community commitment to the criminal history repository.

Mark Teska, Administrative Services Officer, Department of Public Safety, explained that the unsolicited fiscal note submitted by the criminal history repository was to notify the Committee that there would be a potential impact on the Brady firearms background check unit within the repository because of increased activity in background checks. Mr. Teska said it was difficult to quantify how many transactions would affect the Brady unit because there was no centralized court system. Any transaction related to the commitments would have to be entered into the state and federal criminal system and the National Instant Criminal Background Check System (NICS). He said the repository would attempt to address the increase with the existing level of staffing, but if that was not possible, the Department may have to submit a request for additional funds to the Interim Finance Committee.

Vice Chair Horne affirmed that Mr. Teska was stating that a fiscal note did not exist, but the repository may have to seek additional funds from the Interim Finance Committee to handle the increased workload.

Mr. Teska replied that was correct: the Department would attempt to use the reserves in the repository budget to add staff if necessary.

Vice Chair Horne stated the Health Division had submitted a fiscal note for \$517,000 in fiscal year (FY) 2014 and \$677,000 in FY 2015 to fund the program for assertive community treatment for 75 clients.

Tracey Green, M.D., Statewide Medical Program Coordinator, Division of Mental Health and Developmental Services, and State Health Officer, Health Division, Department of Health and Human Services, explained the Health Division had submitted a budget amendment for \$1.4 million to establish the Program for Assertive Community Treatment (PACT) outpatient team to serve 75 clients. If the amendment was approved, the fiscal note would be eliminated.

Vice Chair Horne said the amendment had just been received by the Committee, and it would be heard when the budget was closed.

Dr. Green said if the amendment was not approved, the program would require the fiscal note for \$1.4 million over the biennium.

Chair Carlton returned to the meeting and resumed duties of the chair. She asked whether the amendment had been discussed at the policy level with Assemblyman Stewart and Judge Voy.

Dr. Green replied the budget amendment was submitted after the policy hearing, but it had been discussed with Assemblyman Stewart and Judge Voy.

With regard to the potential fiscal impact on the repository records, Judge Voy explained the bill would actually lessen the number of orders sent to the central repository because currently every time a patient was recommitted, a new order was sent. Preventing patients from being readmitted to the hospital through the outpatient program would lessen the number of recommitment orders.

Chair Carlton asked for testimony in support of A.B. 287 (R1).

Joseph Tyler, President, National Alliance for Mental Illness (NAMI) Nevada, said there was more need for services in Nevada than could ever be fulfilled: 1 in 17 persons had a serious mental illness. He said the provisions of A.B. 287 (R1) would help many family members receive the care they needed for their loved ones with mental illness.

Chair Carlton asked for further testimony in support of A.B. 287 (R1); hearing none, she asked for testimony in opposition to the bill.

Robert Bennett, Chairman, Protection and Advocacy for Individuals with Mental Illness (PAIMI), testified in opposition to A.B. 287 (R1) and urged its defeat. (Written documentation supporting his testimony is attached as [Exhibit D](#).)

Ty Robben, private citizen, Nevada State Personnel Watch, testified that he opposed A.B. 287 (R1).

There being no further testimony in opposition to the bill, Chair Carlton closed the hearing on Assembly Bill 287 (1st Reprint) and opened the hearing on Assembly Bill 362.

Assembly Bill 362: Provides for the establishment of the HIV/AIDS Drug Donation Program. (BDR 40-757)

Assemblyman Lynn D. Stewart, Clark County Assembly District No. 22, explained Assembly Bill 362 extended an existing program to donate unused, sealed cancer drugs to a pharmacy that would accept them for use by cancer patients at no cost. The bill would establish the HIV/AIDS Drug Donation Program. Assemblyman Stewart said attempts were made to extend the program to a variety of drugs, but it was determined that the HIV/AIDS drugs were the only unused drugs properly sealed for redistribution by a pharmacy.

Chair Carlton noted that the State Board of Pharmacy had submitted a fiscal note on the bill. Assemblyman Stewart said he was told the fiscal note would be withdrawn because the program was an extension of an existing program.

Chair Carlton said that was her understanding as well, and she asked Assemblyman Stewart to contact the State Board of Pharmacy and request that a notice of withdrawal of the fiscal note be sent to her.

Chair Carlton asked for testimony in support of or in opposition to A.B. 362, and hearing none, she closed the hearing on Assembly Bill 362 and opened the hearing on Assembly Bill 303 (1st Reprint).

Assembly Bill 303 (1st Reprint): Revises provisions relating to the subsidy for coverage of certain retired persons under the Public Employees' Benefits Program. (BDR 23-681)

Assemblyman Paul Aizley, Clark County Assembly District No. 41, disclosed that he was a retired state employee and eligible for Medicare.

Assemblyman Aizley said that the Board of the Public Employees' Benefits Program (PEBP) was recommending increases in the subsidy for Medicare retirees. The subsidy was fixed in current law, and A.B. 303 (1st Reprint) would allow the subsidy to change so that Medicare retirees could benefit from an increased subsidy when funds were available.

Chair Carlton noted the increased subsidy would have a fiscal impact overall, but there was no fiscal note.

Chair Carlton asked for testimony in support of A.B. 303 (R1).

Marlene Lockard, representing the Retired Public Employees of Nevada (RPEN), testified in support of A.B. 303 (R1). She explained that when there were excess reserves in the PEBP fund and a one-time rebate was given to other PEBP members, the bill would allow a rebate to also be given to Medicare retirees.

Assemblyman Kirner asked whether the bill was addressing a rebate or a subsidy. Ms. Lockard replied that PEBP had found excess reserve funds that would allow a one-time benefit to its members.

James Richardson, representing Nevada Faculty Alliance chapters around the state, testified in support of A.B. 303 (R1). He recalled that the proposal to remove Medicare retirees from the PEBP system was first addressed in the 2011 Legislature, and the language was very limiting. The new language would grant the PEBP Board the same authority it currently had to use excess reserves for other categories of participants in the plan. He urged the Committee to approve A.B. 303 (R1).

Patrick Sanderson, Nevada Alliance for Retired Americans, testified that he would echo Mr. Richardson's remarks and urged the Committee's support of A.B. 303 (R1).

James R. Wells, Executive Officer, Public Employees' Benefits Program, said that PEBP appreciated Assemblyman Aizley's willingness to work on the language in A.B. 303 (R1). He said PEBP would prefer that the language be explicit in stating that the excess reserves could be used for additional health reimbursement contributions. Mr. Wells clarified that PEBP's interpretation of the language in section 1, subsection 6, paragraph (b), ". . . from any money that is available for that purpose," meant excess reserve funds above those that were actuarially required for PEBP operations. Mr. Wells said with the clarification, PEBP would remove its fiscal note from the bill.

Mr. Wells said that the PEBP Board had taken a position of support for A.B. 303 (R1) and appreciated the added flexibility and authority to allocate excess reserves as provided in the bill.

Chair Carlton asked for testimony in support of or in opposition to A.B. 303 (R1), and hearing none, she closed the hearing on Assembly Bill 303 (1st Reprint).

Chair Carlton opened the hearing on Assembly Bill 436 (1st Reprint).

Assembly Bill 436 (1st Reprint): Revises provisions governing the regulation of public utilities which furnish, for compensation, any water for municipal, industrial or domestic purposes, or services for the disposal of sewage, or both. (BDR 58-1196)

Assemblywoman Heidi Swank, Clark County Assembly District No. 16, explained that Assembly Bill 436 (1st Reprint) was enabling legislation for the Public Utilities Commission (PUC) of Nevada to be able to set rates that would allow water utilities to appropriately account for the effects of existing water conservation policies and allow for the replacement of aging infrastructure.

William McKean, Attorney at Law, representing Utilities, Inc., which owned four small water utilities in the state, said that the PUC had worked with Utilities, Inc. on the revised language of the bill, which allowed the PUC to remove its fiscal note. Mr. McKean said PUC's efforts were appreciated.

Donald Lomoljo, Utilities Hearing Officer, Public Utilities Commission of Nevada, explained that a memorandum had been submitted from the PUC Executive Director indicating that, as amended in the first reprint, A.B. 436 (R1) no longer had a fiscal impact on the PUC.

Steve Walker, representing Gold Country Water Company in southwest Winnemucca, testified that A.B. 436 (R1) would allow small water companies to recapture the costs of water conservation.

Chair Carlton asked for testimony in support of or in opposition to A.B. 436 (R1), and hearing none, she closed the hearing on Assembly Bill 436 (1st Reprint).

Chair Carlton announced that Assembly Bill 106 and Assembly Bill 186 (1st Reprint) would be rescheduled for a future hearing.

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Chair Carlton announced the Committee would meet again later in the day for a work session on several bills. There being no further business to come before the Committee, she adjourned the meeting at 11:40 a.m.

RESPECTFULLY SUBMITTED:

Sherie Silva
Committee Secretary

APPROVED BY:

Assemblywoman Maggie Carlton, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Ways and Means

Date: May 13, 2013

Time of Meeting: 8:09 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Richard Combs, Director Legislative Counsel Bureau	Legislative Counsel Bureau Final Budget Closing Request
A.B. 287	D	Robert Bennett, Chairman Protection and Advocacy for Individuals with Mental Illness (PAIMI)	Supporting documentation for testimony