

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

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

The Assembly Committee on Ways and Means was called to order by Chair Maggie Carlton at 5:39 p.m. on Monday, May 13, 2013, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, 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 might 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 Elliot T. Anderson, Clark County Assembly District No. 15
Assemblywoman Marilyn Dondero Loop, Clark County
Assembly District No. 5
Assemblyman Richard Carrillo, Clark County Assembly District No. 18
Assemblywoman Olivia Diaz, Clark County Assembly District No. 11

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Assemblyman James Healy, Clark County Assembly District No. 35
Assemblyman Jason M. Frierson, Clark County Assembly District No. 8
Assemblywoman Dina Neal, Clark County Assembly District No. 7

STAFF MEMBERS PRESENT:

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

Chair Carlton explained the Assembly Committee on Ways and Means would hear about 18 bills tonight and hold a work session on about 19 bills. She said Assembly Bill 161 (1st Reprint) and Assembly Bill 162 (1st Reprint) would not be heard tonight but would be rescheduled probably for Thursday evening. She had received no requests for early consideration of any specific bills. Assembly Bill 410 (1st Reprint) was added to tonight's agenda. Chair Carlton opened the hearing on Assembly Bill 38 (1st Reprint).

Assembly Bill 38 (1st Reprint): Makes various changes concerning the abatement or deferment of certain taxes imposed on a new or expanded business. (BDR 32-296)

Steve Hill, Executive Director, Office of Economic Development, Office of the Governor (GOED), testified that Assembly Bill 38 (1st Reprint) addressed changes to *Nevada Revised Statutes* (NRS) 360.750 that provided the process for the abatement of taxes on businesses in Nevada. The bill eliminated the intellectual property abatement because the abatement was similar to other abatements in the statutes and was unnecessary and rarely used. Assembly Bill 38 (1st Reprint) clarified effective dates, definitions, and lowered the employment criteria for new businesses in large counties from 75 employees to 50 employees and in smaller counties from 15 employees to 10 employees. The bill raised the employment criteria for expanding companies in large counties from 6 new employees to 25 new employees. Section 4 of Assembly Bill 38 (1st Reprint) lowered the criteria for eligibility for personal property tax abatements. New companies coming to Nevada must comply with substantial criteria for abatements, but existing companies that were expanding in Nevada had fewer criteria.

Mr. Hill stated that section 5 of Assembly Bill 38 (1st Reprint) temporarily extended the maximum duration and amount of the property tax abatement available to a business that would be located in a foreign trade zone in the state. The bill provided an additional incentive for companies that would be

operating in Nevada and expanding the businesses. A business located in a foreign trade zone might qualify for a partial tax abatement not to exceed 60 percent of the taxes on personal property for a period of not more than 15 years. He proposed an amendment after discussion with the Assembly Committee on Ways and Means and Assemblywoman Kirkpatrick to change section 5 to a partial tax abatement not to exceed 75 percent of the taxes on personal property for a period of not more than 5 years. The amendment would modify Nevada's abatement to match the abatement offered by the state of Arizona. Clark County had one company operating in its activated foreign trade zone. Mr. Hill believed the amendment was an important component for expanding Nevada's international trade.

Mr. Hill said section 6 eliminated the sales tax deferral for investments less than \$1 million. The existing statutes allowed companies to apply for a sales tax deferral starting with a \$100,000 investment. A graduated scale showed deferrals for investments with increments ranging from \$100,000 to \$1 million and for various periods of time ranging from 1 year to 5 years. Mr. Hill believed the smaller investments provided little business incentive and caused a significant tracking and audit burden for the Department of Taxation.

Mr. Hill mentioned that Assembly Bill 38 (1st Reprint) changed the approval process for abatements from requiring a public hearing to requiring a meeting. During the 76th Legislative Session (2011), the statutory language was changed from requiring a meeting held before the Board of Economic Development to requiring a hearing, which was burdensome for businesses and GOED. Another bill, Assembly Bill 61 (1st Reprint), transferred authority for approval of abatements from GOED to the Board of Economic Development.

In response to a question from Assemblyman Kirner about the effects of the bill, Mr. Hill replied that the fiscal effect of the bill to the state and local governments should be positive. There should be new companies coming to Nevada and expansions of existing businesses from the business and tax base. The abatements only applied to the growth of businesses in the state whether the growth was from a new company coming to the state or from an existing company. The abatement did not apply to existing assets or employees of a company but only to new assets or growth.

Assemblyman Kirner said it appeared the state had nothing now, would receive something in the future, and would give part of that back to the company. He wondered whether the state would come out ahead with employment, revenues, and other benefits.

Mr. Hill replied that the baseline theory of abatements was to encourage economic development.

In response to a question from Assemblyman Anderson concerning the abatement requirements, Mr. Hill replied that Assembly Bill 38 (1st Reprint) changed some graduated expiration dates, and requirements varied depending on the abatement. A company was eligible for abatements on its growth one time only for each increment of its growth. The growth could include moving to Nevada or expanding a business. The abatement program was only available to a company when growth occurred. One of the criteria considered by GOED was that the abatement must be an important component in driving the decision for that company to grow. The expiration of the abatement period was the end of the abatement for that specific initiative for the company.

Assemblyman Anderson said it appeared that the state was luring a company to Nevada on certain conditions, and the company would be under the impression that those abatements would continue. He wondered whether it was fair to allow the abatement periods to expire and apply new rules to companies that had already committed to being in Nevada.

Mr. Hill replied that most companies were aware of how the abatements worked. A company could potentially be eligible again for the abatement when it embarked on an additional expansion. That situation occurred a few times when a company received more than one set of abatements, particularly when Nevada was in a competitive situation with other states. A new company applying for an abatement would only receive approval for one abatement.

In response to a question from Assemblywoman Flores concerning the timing of the abatements, Mr. Hill replied that GOED issued a certificate of eligibility to prospective companies to show the potential effective period for the abatement. Once the abatement was approved, GOED entered into a contract with the company. The contract memorialized the commitments made concerning the number of jobs that would be created, the average wages that would be paid, and the amount of investment. The contract set forth the date that the contract became effective. The abatement period began on the effective date of the contract. The certificate of eligibility was preliminary and not as precise as the contract. The GOED recommended a change of language at the suggestion of the Office of the Attorney General to specify that the date in the contract was the exact date that the abatement eligibility began.

Mr. Hill said he, as the Executive Director of GOED, had authority to grant approval for abatements. He believed that was not a good policy. The Office of the Attorney General issued an opinion that the Executive Director of GOED had the authority to approve abatements and the authority should be transferred

to the Board of Economic Development. Assembly Bill 61 (1st Reprint) transferred the approval authority to the Board. The GOED entered into a contract after the abatement was approved to permit future audits and examination of "clawbacks" [abatements that should be reclaimed]. The effective date of the abatement was when the abatement was approved. Sometimes GOED approved abatements in advance of a company taking the necessary steps to establish its business in Nevada.

Assemblywoman Flores said the statutory language was confusing and would make it difficult for companies to understand how the abatement process worked. It would be difficult for the various state agencies to comply and determine when to complete the work involved in those abatements.

Mr. Hill replied that the language in Assembly Bill 38 (1st Reprint) was recommended by the Office of the Attorney General. The date on the contract was the date that the abatement process became effective. The contract date was used by GOED and the Department of Taxation and those were the only two state agencies that interacted with the abatement process.

Assemblywoman Kirkpatrick said it was important to establish an effective date to ensure that companies could only defer taxes during the actual abatement period. The effective date was used for audit purposes to ensure deferments were applied to the correct period of time. The abatement could be fluid depending on several things. Sometimes renewable energy projects required up to 18 months to complete the abatement application process. Often an additional six months was required to set up the business and hire the employees. The abatement was only valid for a three-year period of time. If a specific date was used, the state might defer more taxes than appropriate. Every abatement was different. The proposed changes would be consistent with how other states processed abatements.

Assemblywoman Kirkpatrick cited an example from 2007 when renewable energy abatements were administered by GOED. Some companies returned to request several abatements. She cited green buildings as a good example. Materials were purchased three years before the construction began for green buildings. The abatement was only valid during the abatement period. The state had a legal problem relating to when the abatement period was effective. Assembly Bill 38 (1st Reprint) would hold GOED accountable for establishing an effective date. The effective date for green building abatements involved about \$940 million. It was important to clarify the language to allow the Office of the Attorney General to work on the clawbacks. The Department of Taxation auditors must examine the records every couple of years to verify when the abatements began and ended.

Chair Carlton said it appeared that the Assembly Committee on Ways and Means had some concerns and was uncertain about the effects of Assembly Bill 38 (1st Reprint).

Assemblywoman Kirkpatrick said almost every state had incentives, and Nevada would be one of only two states that did not offer incentives. Assembly Bill 38 (1st Reprint) made it more palatable to use the incentives and cleaned up some language to improve the abatement process. The Assembly Committee on Ways and Means must determine whether it wanted to offer any incentives or whether it wanted to tighten the provisions, but keep the abatements on a smaller scale for businesses in Nevada. She understood the state did not want to give away too much. Assembly Bill 38 (1st Reprint) was conservative, it was a good bill, and deserved a chance to see whether it could work. The foreign trade zone was important to Clark County, Washoe County, and Elko County. Assembly Bill 38 (1st Reprint) would keep Nevada competitive with Arizona by improving abatements. Nevada had a foreign trade zone that allowed it to attract more companies to export goods that would bring more revenue to the state.

Chair Carlton said the lack of a fiscal note to study was difficult for the members of the Assembly Committee on Ways and Means, who tried to understand the fiscal effects of the bill.

Hearing no response to her request for further testimony in support of or in opposition to the bill, Chair Carlton called for public testimony. There being no public testimony, she closed the hearing on Assembly Bill 38 (1st Reprint) and opened the hearing on Assembly Bill 125 (1st Reprint).

Assembly Bill 125 (1st Reprint): Revises provisions relating to governmental administration. (BDR 26-30)

Assemblywoman Marilyn K. Kirkpatrick, Clark County Assembly District No. 1, testified that Assembly Bill 125 (1st Reprint) authorized the discounted lease of state lands and buildings to certain businesses seeking to locate or expand in the state. Cell tower sites were not allowed on state lands, and she wanted to change that restriction. She believed that state lands should be used for economic development purposes. Section 3 of Assembly Bill 125 (1st Reprint) required the State Land Registrar; the Administrator of the State Public Works Division, Department of Administration; and the Executive Director of the Office of Economic Development, Office of the Governor (GOED), to approve such a lease and establish the amount of rent to be received for the state land pursuant to the lease. An inventory listed all of the state lands available for

rental. The rent would be discounted for the first year as an incentive to allow the businesses to begin operations with minimal costs.

Assemblywoman Kirkpatrick said the prison was a good place to film a movie. Other persons wanted to use the prison for training purposes. Assemblywoman Kirkpatrick's goal was to provide flexibility and to offer short-term leases to attract businesses interested in leasing state properties. She proposed the leasing concept during the 2009 Legislative Session for the Southern Nevada Correctional Center (SNCC) at Jean that sat empty in Clark County. She wanted to use SNCC as a transportation hub to generate some revenue for the state. There was no fiscal cost for the bill because the state lands were currently not being used. She worked on the leasing proposal with the State Land Registrar during the last several years, and had resolved all the fiscal concerns.

Chair Carlton said Assembly Bill 125 (1st Reprint) included requirements relating to provisions for health insurance for businesses that had 75 or more full-time employees, and hourly wages. The capital investment made by the businesses in Nevada must be at least 20 percent of the value of the property.

Assemblywoman Kirkpatrick replied that Assembly Bill 125 (1st Reprint) would have no effect on nonprofit agencies, in response to a question from Assemblyman Kirner. Assembly Bill 125 (1st Reprint) focused on economic development purposes and would not affect nonprofit agencies.

Assemblywoman Kirkpatrick replied in response to a question from Assemblyman Grady, that there was a possibility that a business that leased state lands under the bill could approach GOED for abatement, if the business qualified for that program. She said the lease of state lands and abatements were two separate matters. She clarified that no business should be double-dipping on abatements and agreed to modify the language if needed. No double advantage should be allowed.

James R. Lawrence, Administrator and State Land Registrar, Division of State Lands, State Department of Conservation and Natural Resources, testified in support of Assembly Bill 125 (1st Reprint). The current statutes for leasing state lands required two appraisals to be completed at the expense of the interested party followed by a public auction process. The Division found that since those statutes were implemented in 2005, few state lands were leased. Inquiries from some businesses indicated a desire to erect cell towers on state lands. After informing the businesses about the requirement for two appraisals on the vacant lands and the public auction process, the businesses withdrew their interest. The bill would amend the land statutes that exempted leases less

than 25,000 square feet from the two appraisals and the public auction process.

Mr. Lawrence added that Assembly Bill 125 (1st Reprint) allowed the state to use some of its nonperforming state land assets as a means to incentivize economic development and attract businesses. Nevada did not lease state lands but other states did. Some opportunities existed, and a recent example was a vacant warehouse in an undesirable location in Las Vegas. The building was formerly used by the Purchasing Division, Department of Administration, and the Division had to vacate the property because of a large infestation. The vacant warehouse was a liability. If a tenant wanted to lease the building, the tenant would have to provide two appraisals and participate in a public auction before the lease could be completed. The process was impractical for a tenant. Assembly Bill 125 (1st Reprint) would provide an opportunity for economic development to an interested party to lease the warehouse. The tenant could go through a more direct process to use the nonperforming assets. The leases would generate some revenue for the state. Mr. Lawrence said Assembly Bill 125 (1st Reprint) would resolve some problems because vacant buildings and lands were liabilities for the state.

Steve Hill, Executive Director, Office of Economic Development, Office of the Governor (GOED), testified in support of Assembly Bill 125 (1st Reprint), and he echoed the comments of Mr. Lawrence.

Evan Dale, Administrator, Administrative Services Division, Department of Administration, testified that he was neutral on the bill. He pointed out that section 6 related to leasing and required the Administrator of the State Public Works Division to provide the inventory of real property owned by the state to the Executive Director of GOED. The bill authorized the Administrator to enter into a lease or agreement with certain businesses seeking to locate or expand in the state for less than the fair market value during the first year of the lease. The Buildings and Grounds Section of the State Public Works Division, Department of Administration, had no vacant space that was suitable for lease pursuant to the bill, so there was no fiscal note. The Buildings and Grounds Section of the State Public Works Division, was an internal service fund, and there were restrictions imposed by the federal government on what could be done with state lands. The Buildings and Grounds Section could not offer preferential treatment for its services and must charge all customers in a uniform way. He believed that requirement might be a problem when it came to extending the provisions of section 6 to a private lessee.

Mr. Dale continued that it would be difficult for the Buildings and Grounds Section to verify that a lessee made the required capital investments

and paid its employees appropriately if the lessee received a reduced lease rate. The Buildings and Grounds Section did not have the resources to perform the verifications. The Buildings and Grounds Section would need to hire an outside accounting firm to determine how the business paid its employees, what type of insurance was offered to the employees, and what type of capital investment was made by the business. That verification might cost between \$5,000 and \$25,000 depending on the size of the business. There were some insurance requirements that the Risk Management Division, Department of Administration, would require in a lease agreement such as proof of workers' compensation, proof of business liability insurance, and property contents insurance. Those insurance requirements were not typical in the leasing industry.

Chair Carlton said the verifications were all things that other businesses must provide when leasing property, and the state was not required to do anything new.

Mr. Dale said the problem was that when the Building and Grounds Section leased space, federal grants paid that rent. The federal government had requirements for the lease process and the rental receipts. The federal restrictions prohibited the use of existing reserves to fix a building that was occupied by a tenant who was not paying rent. Repairs were not allowed, and a solution would need to be developed.

Chair Carlton said that the state must do everything appropriate to continue to qualify for and receive federal funds.

Bryan Wachter, representing Retail Association of Nevada, testified neutral on Assembly Bill 125 (1st Reprint) and appreciated the work on the abatement bills. He noted that abatement bills concerned money that the state was giving away for the promise of an economic benefit in the future. Nevada wanted to increase revenues to fund projects that were needed. Mr. Wachter wanted the Assembly Committee on Ways and Means to consider all the abatements and exceptions together and not separately, because expenditures were being made. He commented that he intended that his testimony be applied equally to Assembly Bill 125 (1st Reprint), Assembly Bill 38 (1st Reprint), and Assembly Bill 138 (1st Reprint).

Assemblywoman Kirkpatrick said she would work with Evan Dale, Administrator, Administrative Services Division, Department of Administration, to resolve the problems he presented.

Hearing no response to her request for further testimony in support of or in opposition to the bill, Chair Carlton called for public testimony. There being no

public testimony, she closed the hearing on Assembly Bill 125 (1st Reprint) and opened the work session to consider various bills.

Assembly Bill 7 (1st Reprint): Revises provisions relating to the Gaming Policy Committee. (BDR 41-333)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Assembly Bill 7 (1st Reprint) revised provisions relating to the Gaming Policy Committee. The bill was originally heard by the Assembly Committee on Ways and Means on April 29, 2013. The existing law established the Gaming Policy Committee and provided for the compensation and duties of the Gaming Policy Committee. The bill added a representative of academia who possessed knowledge of matters related to gaming to the Gaming Policy Committee. The bill authorized the Governor as Chair of the Gaming Policy Committee to appoint an advisory committee on gaming education and specified the duties of the advisory committee. An amendment changed the subcommittee on gaming education to an advisory committee on gaming education. The State Gaming Control Board submitted an amended fiscal note on April 23, 2013. Approval of the bill with the attached fiscal note would require an appropriation of \$15,208 each year to the State Gaming Control Board, and \$54,673 in fiscal year (FY) 2014 and a total sum of \$55,083 in FY 2015 for the Nevada Gaming Commission. There were no additional amendments because the amendment was proposed before the bill was presented to the Assembly Committee on Ways and Means.

Chair Carlton asked whether the Assembly Committee on Ways and Means members had any questions on the bill, and hearing none, she called for a motion.

ASSEMBLYMAN HARDY MOVED TO DO PASS AS AMENDED
ASSEMBLY BILL 7 (1ST REPRINT).

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Assembly Bill 20 (1st Reprint): Revises provisions governing agriculture. (BDR 50-321)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Assembly Bill 20 (1st Reprint) revised provisions governing agriculture. The bill was originally heard by the Assembly Committee on Ways and Means on May 6, 2013.

Assembly Bill 20 (1st Reprint) made various changes to the authority of the Director of the State Department of Agriculture and pertained to matters regarding the taxation of certain livestock. The fiscal note submitted by the Department indicated no fiscal effect from the bill. The bill deleted certain authority within the Department, and that authority was reestablished in another chapter of the *Nevada Revised Statutes*. Assembly Bill 20 (1st Reprint) facilitated the reorganization of the State Department of Agriculture that was approved by the Assembly Committee on Way and Means Subcommittee on General Government and the Senate Committee on Finance Subcommittee on General Government on April 26, 2013.

Chair Carlton asked whether the Assembly Committee on Ways and Means members had any questions on the bill, and hearing none, she called for a motion.

ASSEMBLYMAN EISEN MOVED TO DO PASS AS AMENDED
ASSEMBLY BILL 20 (1ST REPRINT).

ASSEMBLYMAN ANDERSON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Assembly Bill 7 (1st Reprint): Revises provisions relating to the Gaming Policy Committee. (BDR 41-333)

Chair Carlton asked the Assembly Committee on Ways and Means members to return their attention to Assembly Bill 7 (1st Reprint) to correct a minor mistake on the motion. She asked whether Assemblyman Hardy who made the original motion would agree to rescind his original motion; and whether Assemblyman Sprinkle who seconded the original motion would agree to rescind his second. Assemblyman Hardy and Assemblyman Sprinkle agreed to rescind their prior actions. Chair Carlton called for a revised motion.

ASSEMBLYMAN HARDY MOVED TO AMEND AND DO PASS AS
AMENDED ASSEMBLY BILL 7 (1ST REPRINT) TO INCLUDE THE
APPROPRIATION IN THE BODY OF THE BILL THAT WAS NOTED
BY FISCAL ANALYSIS DIVISION STAFF.

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Assembly Bill 91 (1st Reprint) revised certain provisions relating to programs of regimental discipline. The bill was heard by the Assembly Committee on Ways and Means earlier today. Assembly Bill 91 (1st Reprint) as amended provided that the Department of Corrections would supervise probationers for no more than 190 days while the offender participated in the regimental discipline programs. An amendment was provided for the bill that allowed the Department of Corrections to remove its fiscal note as confirmed by an email sent on April 23, 2013. There were no other amendments.

Chair Carlton asked whether the Assembly Committee on Ways and Means was requested to amend the bill again or act on the previous amendment.

Ms. Jones replied that the Assembly Committee on Judiciary amended the bill, so the Assembly Committee on Ways and Means could move to do pass as amended.

Chair Carlton asked whether the Assembly Committee on Ways and Means members had any questions on the bill, and hearing none, she called for a motion.

ASSEMBLYMAN GRADY MOVED TO DO PASS AS AMENDED
ASSEMBLY BILL 91 (1ST REPRINT).

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Assembly Bill 153 (1st Reprint): Provides for the licensing and operation of craft distilleries in Nevada. (BDR 52-607)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Assembly Bill 153 (1st Reprint) provided for the licensing and operation of craft distilleries in Nevada. The bill was originally heard by the Assembly Committee on Ways and Means on May 8, 2013. Assembly Bill 153 (1st Reprint) provided for the licensing and operation of craft distilleries with certain restrictions. The Department of Taxation submitted an unsolicited fiscal note; however, it withdrew that fiscal note on May 8, 2013.

Chair Carlton asked whether the Assembly Committee on Ways and Means members had any questions on the bill, and hearing none, she called for a motion.

ASSEMBLYMAN BOBZIEN MOVED TO DO PASS AS AMENDED
ASSEMBLY BILL 153 (1ST REPRINT).

ASSEMBLYMAN EISEN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Assembly Bill 303 (1st Reprint) revised provisions relating to the subsidy for coverage of certain retired persons with the Public Employees' Benefits Program. The bill was heard by the Assembly Committee on Ways and Means earlier today. The agency indicated that its interpretation of the new provision amended into the bill was that the additional contributions would be made from excess reserves; therefore, the bill had no fiscal effect on the budget.

Chair Carlton asked whether the Assembly Committee on Ways and Means members had any questions on the bill, and hearing none, she called for a motion.

ASSEMBLYMAN EISEN MOVED TO DO PASS AS AMENDED
ASSEMBLY BILL 303 (1ST REPRINT).

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Assembly Bill 344: Provides for the use of Physician Orders for Life-Sustaining Treatment in the State. (BDR 40-682)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Assembly Bill 344 related to public health and provided for the use of physician orders for life-sustaining treatment in the state. The bill was originally heard by the Assembly Committee on Ways and Means on April 29, 2013. The Health Division, Department of Health

and Human Services, withdrew its fiscal note. There were no proposed amendments.

Chair Carlton asked whether the Assembly Committee on Ways and Means members had any questions on the bill, and hearing none, she called for a motion.

ASSEMBLYMAN KIRNER MOVED TO DO PASS
ASSEMBLY BILL 344.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Assembly Bill 362 provided for the establishment of the Human Immunodeficiency Virus (HIV) Acquired Immunodeficiency Syndrome (AIDS) drug donation program. The bill was heard by the Assembly Committee on Ways and Means earlier today. The bill related to health care and provided for the establishment of the HIV/AIDS drug donation program requiring the State Board of Pharmacy to adopt regulations to carry out the program. The State Board of Pharmacy submitted a fiscal note for \$200,000 and had subsequently withdrawn the fiscal note. There were no amendments to the bill.

Chair Carlton asked whether the Assembly Committee on Ways and Means members had any questions on the bill, and hearing none, she called for a motion.

ASSEMBLYMAN BOBZIEN MOVED TO DO PASS
ASSEMBLY BILL 362.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Assembly Bill 364 (1st Reprint) revised provisions governing public officers and employees. The bill provided for additional days of paid leave for state employees in military service. The Department of Corrections submitted a fiscal note for \$859,000, but had subsequently removed its fiscal note.

Chair Carlton asked whether the Assembly Committee on Ways and Means members had any questions on the bill, and hearing none, she called for a motion.

ASSEMBLYMAN HARDY MOVED TO DO PASS AS AMENDED
ASSEMBLY BILL 364 (1ST REPRINT).

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Assembly Bill 422 required an autopsy under certain circumstances when an offender in the custody of the Department of Corrections died. The bill was originally heard by the Assembly Committee on Ways and Means on May 6, 2013. The bill facilitated a budget decision in budget account 3706, Prison Medical Care. Decision unit Enhancement (E) 225 requested funds in the amount of \$42,600 each year of the 2013-2015 biennium to support the activity. The budget account was scheduled to close on May 15, 2013, before the Assembly Committee on Ways and Means Subcommittee on Public Safety, Natural Resources and Transportation and the Senate Committee on Finance Subcommittee on Public Safety, Military and Veterans' Services.

Chair Carlton asked whether the Assembly Committee on Ways and Means members had any questions on the bill, and hearing none, she called for a motion.

ASSEMBLYMAN BOBZIEN MOVED TO DO PASS
ASSEMBLY BILL 422.

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Senate Bill 157 (1st Reprint) revised provisions relating to the budgets of school districts. The bill required the board of trustees of each school district to establish criteria for determining budgetary priorities and required the superintendent of the school district to use the criteria in preparing the budget of the school district. Senate Bill 157 (1st Reprint) required that the expenditure of each school district be prioritized to ensure that the budgetary priorities were enacted. The bill was not exempt and must pass out of the Assembly Committee on Ways and Means to be considered by the Nevada State Assembly by May 17, 2013. There were no proposed amendments.

Chair Carlton asked whether the Assembly Committee on Ways and Means members had any questions on the bill, and hearing none, she called for a motion.

ASSEMBLYMAN EISEN MOVED TO DO PASS
SENATE BILL 157 (1ST REPRINT).

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Senate Bill 185 revised the limitation on the principal amount of bonds and other securities that might be issued by the Board of Regents of the University of Nevada to finance certain projects. Under existing law, the Board of Regents of the University of Nevada was authorized to issue revenue bonds to finance capital improvements. The bill

increased the total principal amount of bonds and other securities that might be issued by the Board of Regents to finance certain projects at the University of Nevada, Reno from \$348,360,000 to \$427,715,000. The increased bonding authority would augment existing funding capacity to demolish the Getchell Library, build a student achievement center, complete a seismic retrofit on Manzanita Hall, build an indoor multipurpose practice facility, expand the Lombardi Recreation Center, and build a new residence hall. The bill would become effective on July 1, 2013. The bill was not exempt and must pass out of the Assembly Committee on Ways and Means by May 17, 2013, to be considered by the Nevada State Assembly. There were no proposed amendments.

Chair Carlton asked whether the Assembly Committee on Ways and Means members had any questions on the bill, and hearing none, she called for a motion.

ASSEMBLYMAN BOBZIEN MOVED TO DO PASS
SENATE BILL 185.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Senate Bill 344 (1st Reprint) revised provisions relating to the education of certain children who were patients or residents of certain hospitals or facilities. The bill authorized hospitals or facilities to request reimbursement for the provision of educational services to students under their care under certain circumstances. The Department of Education specified no fiscal effect of the bill if the students were included in the school district or charter school enrollments. Proponents of the bill indicated the facilities eligible for reimbursement would only be those licensed to provide educational services. The bill was not exempt and must pass out of the Assembly Committee on Ways and Means by May 17, 2013, to be considered by the Nevada State Assembly. There were no amendments proposed.

Chair Carlton asked whether the Assembly Committee on Ways and Means members had any questions on the bill, and hearing none, she called for a motion.

ASSEMBLYMAN HORNE MOVED TO DO PASS
SENATE BILL 344 (1ST REPRINT).

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Senate Bill 460 (1st Reprint) authorized a supplemental appropriation to the Commission on Judicial Discipline for the costs of one-time leave payouts resulting from the unanticipated retirement of certain staff and the costs related to unanticipated hearings. The bill was heard by the Assembly Committee on Ways and Means on May 6, 2013. Senate Bill 460 (1st Reprint) was amended to include the costs associated with the unanticipated hearings and appeared to appropriately address the shortfall for the remainder of fiscal year 2013.

Chair Carlton asked whether the Assembly Committee on Ways and Means members had any questions on the bill, and hearing none, she called for a motion.

ASSEMBLYMAN KIRNER MOVED TO DO PASS
SENATE BILL 460 (1ST REPRINT).

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Senate Bill 476 revised provisions relating to the compensation of special counsel employed by the Office of the Attorney General. The bill was heard by the Assembly Committee on Ways and Means on May 6, 2013. The Department of Administration indicated the bill would allow for the payment of costs associated with special counsel

from sources other than the General Fund, including agency revenue sources. There were no proposed amendments to the bill.

Chair Carlton asked whether the Assembly Committee on Ways and Means members had any questions on the bill, and hearing none, she called for a motion.

ASSEMBLYMAN SPRINKLE MOVED TO DO PASS
SENATE BILL 476.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Senate Bill 489 extended the deadline for issuing bonds for the program of conservation and protection of natural resources approved by the voters in 2002. Authority for the conservation bond program expired on June 30, 2014. The bill extended the period for the issuance of bonds until June 30, 2019. The Division of State Lands, State Department of Conservation and Natural Resources indicated there was an excess of \$21 million in authority remaining. A transfer of Question 1 bonds of \$176,856 in fiscal year (FY) 2014 and \$192,986 in FY 2015 was included in budget account 4173, State Lands, for a management analyst position that was currently vacant pending the reauthorization of the program. [The Conservation Bond Program became known as the "Question 1 Program" when the Proposal to Issue Bonds for Conservation and Resource Protection under Assembly Bill No. 9 of the 17th Special Session (2001) appeared number 1 on the State of Nevada voter's ballot. Nevada voters passed Question 1, thereby authorizing the State of Nevada to issue general obligation bonds in an amount not to exceed \$200 million.] Administrative expenses for the program were included and expected to be expended through those funds. There were no amendments to the bill.

Chair Carlton asked whether the Assembly Committee on Ways and Means members had any questions on the bill, and hearing none, she called for a motion.

ASSEMBLYMAN BOBZIEN MOVED TO DO PASS
SENATE BILL 489.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Carlton asked Assemblyman Elliot T. Anderson to come forward to answer some questions about Assembly Bill 304.

Assembly Bill 304: Makes an appropriation to the Eighth Judicial District Court for a Veterans Court Coordinator. (BDR S-629)

Chair Carlton said there might be some confusion about the bills that were to be discussed before the Assembly Committee on Ways and Means. She believed that Assembly Bill 304 contained an appropriation, and she thought the Assembly Committee on Ways and Means had discussed the appropriation. She wondered whether the appropriation was still current or had changed.

Assemblyman Elliot T. Anderson, Clark County Assembly District No. 15, stated that he would accept whatever change the Assembly Committee on Ways and Means requested. He did not realize that the Assembly Committee on Ways and Means would hear the bill today.

Chair Carlton said she thought the hearing on Assembly Bill 304 was a mistake and staff pulled the wrong bill number. She said the Assembly Committee on Ways and Means would have a discussion on the bill at a later hearing and would hold the bill for now. She thought several numbers had been transposed.

Chair Carlton said she believed the Assembly Committee on Ways and Means had completed hearing all the bills scheduled for the work session. She opened the hearing on Assembly Bill 138 (1st Reprint).

Assembly Bill 138 (1st Reprint): Revises provisions governing the partial abatement of certain taxes. (BDR 32-113)

Assemblyman Michael Sprinkle, Washoe County Assembly District No. 30, testified that Assembly Bill 138 (1st Reprint) allowed businesses that made capital investments in Nevada's institutions of higher education to apply to the Office of Economic Development, Office of the Governor, to receive partial abatements from taxes on personal property that were paid by that business. The Office of Economic Development and local jurisdictions had provided fiscal notes on the bill that listed zero as the cost. The fiscal effect was nearly

impossible to project because the number of businesses using the abatement in the future was unknown. There was another fiscal note from the Department of Taxation that included some changes that should be applied.

Chair Carlton said the businesses must pay \$1 million before applying to be eligible for the abatement.

Assemblyman Sprinkle said there were two parts to the bill, and the abatement depended on what the businesses were, what the businesses intended to do, and where the businesses would send the money. Businesses investing in research programs at the University of Nevada, Reno, University of Nevada, Las Vegas, or the Desert Research Institute, would be required to invest a minimum of \$1 million.

In response to a question from Chair Carlton about the fiscal note, Chris Nielsen, Executive Director, Department of Taxation, replied that in February the Department submitted a fiscal note on the bill showing a cost of \$70,000 for the 2013-2015 biennium. The Department was under the assumption that there could be a significant number of businesses that could apply for the abatement, and there would be a large number of abatement audits to be performed. The abatement audits were time-consuming, and there were a number of things that needed to be audited. In speaking with the sponsor of the bill, it was Mr. Nielsen's understanding that it was likely that there would be few abatements granted. Therefore, the Department was willing to remove the fiscal note of \$70,000 for the 2013-2015 biennium. He wanted the Assembly Committee on Ways and Means to understand that should the workload develop and become burdensome, the Department might return to a future Legislature to request additional resources if needed.

Assemblyman Sprinkle said the effects of the abatement were unknown. It would be helpful to have two years of history to examine the outcome of the program to determine whether there were many businesses that were interested in the program. After two years, the Department of Taxation would have some data history and might return to the Legislature with more accurate numbers.

Hearing no response to her request for further testimony in support of or in opposition to the bill, Chair Carlton called for public testimony. There being no public testimony, she closed the hearing on Assembly Bill 138 (1st Reprint).

Chair Carlton said the Assembly Committee on Ways and Means postponed hearing Assembly Bill 161 (1st Reprint) and Assembly Bill 162 (1st Reprint) to obtain more information on some of the other proposals. She opened the hearing on Assembly Bill 163 (1st Reprint).

Assembly Bill 163 (1st Reprint): Makes an appropriation for school districts to provide early childhood education programs. (BDR S-723)

Assemblywoman Marilyn Dondero Loop, Clark County Assembly District No. 5, testified that Assembly Bill 163 (1st Reprint) would appropriate \$10 million each year of the 2013-2015 biennium for early childhood programs. To receive an award for those purposes, the school district must submit to the Department of Education a comprehensive plan for the delivery of early childhood education services. If the plan was funded, the district must submit a longitudinal evaluation and outcomes report. A funding award would be made in the amount of \$3,200 for each child projected to participate in the program, or up to \$120,000 in lieu of the per-child award if the school district submitted a detailed budget demonstrating the need for funding in excess of the \$3,200 per-child allotment. The bill required a school district receiving an award to prioritize the establishment or expansion of programs targeted to children with the greatest need. The bill directed the Department of Education to develop statewide performance levels and outcome indicators and report the outcomes to the Governor and the 2015 Legislative Session.

In response to a question from Chair Carlton, Assemblywoman Dondero Loop replied that the children in those programs would be prekindergarten, between 3 and 4 years of age.

Assemblywoman Dondero Loop replied in response to a question from Assemblyman Kirner, that the cost of the program would require an appropriation of \$10 million in fiscal year (FY) 2014 and \$10 million in FY 2015, for a total cost of \$20 million. The appropriation was not included in The Executive Budget. She indicated that there were some funded prekindergarten programs, but those were not funded from the General Fund.

Nicole Rourke, Executive Director, Community and Government Relations, Clark County School District (CCSD), testified in support of Assembly Bill 163 (1st Reprint). She appreciated all the efforts to provide preschool programs to the younger students in preparation to meet the new Common Core State Standards that were about to be used in kindergarten through Grade 12 (K-12). The fiscal note from CCSD indicated that the programs would cost approximately \$110,000 per program, and CCSD would apply for as many programs as allowed. The CCSD believed it could fund approximately 64 programs for a total cost of \$7,040,000.

Lindsay Anderson, Government Affairs Director, Washoe County School District (WCSD), testified in support of Assembly Bill 163 (1st Reprint). The WCSD estimated the cost of the program per classroom would be

approximately \$104,000. There were approximately 31 classrooms in the WCSD that needed the program for a total cost of \$3.2 million.

Mary Pierczynski, representing Nevada Association of School Superintendents, testified in support of Assembly Bill 163 (1st Reprint). She said early childhood education programs were an important step in the right direction.

Craig M. Stevens, Director of Government Relations, Nevada State Education Association, testified in support of Assembly Bill 163 (1st Reprint).

Dotty Merrill, Ph.D., Executive Director, Nevada Association of School Boards, testified in support of Assembly Bill 163 (1st Reprint). She thought the program was important and would have a long-term benefit for children and the state.

Janine Hansen, representing Nevada Families Association, testified in opposition to Assembly Bill 163 (1st Reprint). She said Head Start was the premier prekindergarten program in the United States, and had been a failure. Since 1965, taxpayers had spent more than \$166 billion on Head Start. President Obama released a gold-standard study by the United States Department of Health and Human Services in October 2012 that found that by the end of the first grade, children who attended the Head Start programs were essentially indistinguishable from a control group of students who did not attend Head Start. The study used the best possible methods to review the program. Not a single test of the 114 tests administered to first grade students on academics, social, emotional, developmental, healthcare, health status, and parenting practices showed a reliable and statistical significant effect from participating in Head Start.

Ms. Hansen said it was her understanding that the earlier that boys were placed in school, the more boys were set for failure. Boys were about a year behind girls developmentally. Placing boys in Head Start programs placed boys in a position of being discriminated against by not giving them the time to develop properly. For those reasons the Nevada Families Association believed the bill would not improve education and opposed the bill.

Chair Carlton said there was no mandatory attendance at Head Start programs required in the bill. Attendance at Head Start programs was optional.

Ms. Hansen replied the attendance was optional, but the Nevada Families Association believed that government should not spend money on something that did not work. She referenced articles from the United States Department of Health and Human Services and The Heritage Foundation.

The study was released in 2010. She had an article about the study from the Cato Institute. The study was titled, "Head Start Impact Study."

Hearing no response to her request for further testimony in support of or in opposition to the bill, Chair Carlton called for public testimony. There being no public testimony, she closed the hearing on Assembly Bill 163 (1st Reprint) and opened the hearing on Assembly Bill 213 (1st Reprint).

Assembly Bill 213 (1st Reprint): Revises provisions governing the issuance of a certificate of registration to a provider of a service contract. (BDR 57 759)

Neena Laxalt, representing National Home Service Contract Association, testified that several years ago some language was removed from the statutes that affected the home service contract businesses. The change made it difficult for small home service businesses to meet the standards that remained in the language of the statutes. The Association worked with the Division of Insurance, Department of Business and Industry, and developed some compromise language approved by the Assembly Committee on Commerce and Labor that improved the requirement for a security deposit filed by the companies with the Commissioner of Insurance. The Commissioner of Insurance, Division of Insurance, Department of Business and Industry, had some remaining concerns regarding the fiscal health of the companies and the amount of the reserve accounts. The Division of Insurance proposed an amendment (Exhibit C) to Assembly Bill 213 (1st Reprint). The amendment was supported by the National Home Service Contract Association. The amendment changed the methodology for the calculation of a reserve account and changed the method for the security deposit to a method that the interested parties agreed was less controversial.

Adam Plain, Insurance Regulation Liaison, Division of Insurance, Department of Business and Industry, testified that he marked he was in opposition to the bill on the sign-in sheet (Exhibit B) because the Division proposed an amendment. The Division and the interested parties reached a policy agreement to amend Assembly Bill 213 (1st Reprint). The amendment language was agreeable to all parties. The Division no longer required the fiscal note attached to the bill that it submitted before the amendment was presented and agreed to withdraw the fiscal note. The Division would be able to include the additional workload in its existing regulatory procedures.

Hearing no response to her request for further testimony in support of or in opposition to the bill, Chair Carlton called for public testimony. There being no

public testimony, she closed the hearing on Assembly Bill 213 (1st Reprint) and opened the hearing on Assembly Bill 166 (2nd Reprint).

Assembly Bill 166 (2nd Reprint): Establishes requirements for the permitting of a vehicle that was driven in Nevada by a nonresident who commutes to work on a regular basis in Nevada. (BDR 43-707)

Assemblyman Richard Carrillo, Clark County Assembly District No. 18, testified that Assembly Bill 166 (2nd Reprint) would create a permit and fee for nonresident daily commuters coming to Nevada from border towns in Utah, Arizona, California, and Idaho. The justification for the fee was that commuters used Nevada's infrastructure that residents of Nevada paid for on a daily basis. The fee would allow the nonresidents to pay a portion of the costs for the infrastructure. The nonresidents used Nevada's roads every day to and from the surrounding states.

Assemblywoman Kirkpatrick commented that she worked with Andy Tobin, who was the Speaker of the House of the Arizona State Legislature, on Assembly Bill 166 (2nd Reprint). Arizona had a similar law, as did California. She had gathered a great deal of research should anyone care to review it.

In response to a question from Chair Carlton, Assemblyman Carrillo replied that the fiscal note would be a positive amount of revenue generated for the state. He understood that there was a programming cost associated with the bill.

Chair Carlton commented that about 2,300 hours of programming would be required for the bill.

Assemblyman Carrillo said there were similarities between two bills mentioned by the Department of Motor Vehicles, Assembly Bill 166 (2nd Reprint) and Assembly Bill 167 (2nd Reprint). Should both bills pass, the fiscal note would be one-half of the amount shown in the fiscal note because the programming for both bills could be completed together. The programming was essentially the same programming that must be completed for each bill.

In response to a question from Assemblyman Hardy concerning whose bill it was, Assemblyman Carrillo replied that Assembly Bill 166 (2nd Reprint) was his bill.

Terri L. Carter, C.P.M., Administrator, Management Services and Programs Division, Department of Motor Vehicles, testified that the Division's position was neutral on both Assembly Bill 166 (2nd Reprint) and Assembly Bill 167 (2nd Reprint). She submitted Exhibit D, as the revised fiscal

note on Assembly Bill 166 (2nd Reprint). Passage of both bills would reduce the programming estimates. However, given that reduction, it would be virtually impossible to complete the 2,300 programming hours by the January 1, 2014, implementation date. She requested an extension of the effective date.

In response to a question from Assemblyman Kirner concerning when the programming could be completed, Ms. Carter replied that there were a substantial number of programming matters before the Department, and therefore she would request an effective date as late as possible, perhaps October 1, 2014, would be acceptable.

Chair Carlton said some bills generated revenue and those should probably receive a priority for the implementation dates.

Hearing no response to her request for further testimony in support of or in opposition to the bill, Chair Carlton called for public testimony. There being no public testimony, she closed the hearing on Assembly Bill 166 (2nd Reprint) and opened the hearing on Assembly Bill 167 (2nd Reprint).

Assembly Bill 167 (2nd Reprint): Establishes requirements for the permitting of certain vehicles that were driven in Nevada and owned by a nonresident business. (BDR 43-708)

Assemblyman Richard Carrillo, Clark County Assembly District No. 18, testified that Assembly Bill 167 (2nd Reprint) established requirements for the permitting of certain vehicles that were driven in Nevada and owned by a nonresident business. Nevada had seen an increase in the number of out-of-state contractors that entered Nevada for business purposes trying to obtain whatever small jobs might be available. Contractors went through the process of getting contractor's licenses that were nonresident business permits. The permit puts the business on notice that if it was going to do work in Nevada, it must pay for the privilege. Out-of-state contractors took all the money earned back to the state of residency. Contractors had no problem coming into Nevada and becoming contractors. Contractors brought their vehicles from surrounding states and used Nevada roads. Those vehicles were in Nevada longer than 30 days. Nevada residents were required to register their vehicles from out of state within 30 days. The bill was not a registration bill but provided for a permit that was nontransferable. The vehicles brought into Nevada were required to have a permit to operate on the roads that Nevada residents shared with them.

Terri L. Carter, C.P.M., Administrator, Management Services and Programs Division, Department of Motor Vehicles, testified that the Division's position was neutral on Assembly Bill 166 (2nd Reprint) and Assembly Bill 167 (2nd Reprint). She submitted [Exhibit E](#), the revised fiscal note on Assembly Bill 167 (2nd Reprint). Passage of both bills would reduce the programming cost estimates.

Hearing no response to her request for further testimony in support of or in opposition to the bill, Chair Carlton called for public testimony. There being no public testimony, she closed the hearing on Assembly Bill 167 (2nd Reprint) and opened the hearing on Assembly Bill 405 (2nd Reprint).

Assembly Bill 405 (2nd Reprint): Revises provisions concerning the identification of seasonal residents and establishes provisions concerning the permitting of the motor vehicles of seasonal residents. (BDR 43-414)

Assemblyman Richard Carrillo, Clark County Assembly District No. 18, testified that Assembly Bill 405 (2nd Reprint) was a bill that revised provisions concerning the identification of seasonal residents. The bill gave the seasonal residents a method to let the public see their seasonal resident permits on their out-of-state license plates. Seasonal residents might own properties in Nevada, but their primary residence was out of state. Seasonal residents did not register their vehicles in Nevada and did not register to vote in Nevada. They did not pay property taxes in Nevada. Seasonal residents enjoyed all the conveniences of the state but were not residents of Nevada. The statutes authorized the seasonal resident status, but there was no way of showing that status.

Assemblyman Carrillo developed the idea of having a permit to show the seasonal resident status. The permit would be proof of seasonal residency in case a constable questioned the person or a neighbor turned them in because of a fair-share program. The permit allowed a seasonal resident to display some type of indicator to show that they spent several months in Nevada. A person who spent more than 31 consecutive days in Nevada would have to register his vehicle in Nevada. The permit gave seasonal residents something to show that they were complying with vehicle registration. They would have a permit showing a seasonal resident status on their out-of-state vehicle. The seasonal residents proved they were not avoiding registering their vehicle in Nevada. The seasonal resident status applied to full-time students as well. Out-of-state residents contributed to Nevada's economy by paying out-of-state tuition. Students came to Nevada to get their schooling and when the schooling was complete, they returned to their home state.

Assemblywoman Kirkpatrick commented that seasonal residents were a big problem last year in Clark County, and the problem existed across Nevada. Residents from Minnesota and Wyoming suggested the type of seasonal pass because they owned property as their second homes in Nevada. A number of other snowbird states had a seasonal resident problem and other states suggested Nevada create a seasonal resident permit.

In response to a question from Assemblyman Kirner, Assemblyman Carrillo replied that a student in Nevada attending schools would not need to obtain a Nevada license plate. Assemblyman Kirner was aware of persons in Incline Village who were year-round Nevada residents who parked their cars in a garage for six months during the winter because of the deep snow at Incline Village. Those persons were trying to avoid paying insurance for six months. He wondered whether there was a program to assist those persons, and would the seasonal resident permit help them.

Assemblyman Carrillo replied the program would not help Nevada residents avoid paying insurance, and he was unaware of a program that would provide assistance.

Terri L. Carter, C.P.M., Administrator, Management Services and Programs Division, Department of Motor Vehicles, testified that the Division added an amendment to the bill to extend the effective date to January 1, 2015. She requested that the Assembly Committee on Ways and Means consider using the same effective date as used for Assemblyman Carrillo's other two bills, Assembly Bill 166 (2nd Reprint) and Assembly Bill 167 (2nd Reprint). She said Assembly Bill 405 (2nd Reprint) showed a positive fiscal effect.

Hearing no response to her request for further testimony in support of or in opposition to the bill, Chair Carlton called for public testimony. There being no public testimony, she closed the hearing on Assembly Bill 405 (2nd Reprint) and opened the hearing on Assembly Bill 224 (1st Reprint).

Assembly Bill 224 (1st Reprint): Revises provisions governing the collection and maintenance of certain data relating to public education. (BDR 34-269)

Assemblyman Elliot T. Anderson, Clark County Assembly District No. 15, testified that Assembly Bill 224 (1st Reprint) created a unique identifier in the existing education data system to track student achievement of each pupil whose parent or guardian was a member of the Armed Forces of the United States. Assembly Bill 224 (1st Reprint) would allow the United States Department of Defense (DOD) to evaluate the progress of military children.

Assembly Bill 224 (1st Reprint) would allow the DOD to adjust its policies and procedures to ensure military families had the best possible support.

Assemblyman Elliot T. Anderson worked with the Department of Education and the Washoe County School District to address their fiscal concerns. Both agencies submitted letters removing their fiscal notes. He presented [Exhibit F](#) showing that Washoe County School District removed its fiscal note on Assembly Bill 224 (1st Reprint) and presented [Exhibit G](#) as evidence that the fiscal note on Assembly Bill 224 (1st Reprint) was also removed by the Department of Education. There were some smaller fiscal notes from other school districts, but he kept those to a bare minimum. The total fiscal effect should be less than \$2,000.

In response to a question from Chair Carlton about the fiscal notes, Assemblyman Elliot T. Anderson replied that he worked with the Department of Education to remove its fiscal note. The Department of Education would use existing resources to the extent possible to fund the requirements of Assembly Bill 224 (1st Reprint). One way to reduce the costs was to require the local school districts to report the data directly to the Department. Direct reporting would allow the data to be used, and the Department of Education could update its existing data structure as it was bringing other data projects online. The Department had other projects planned to create the bridges necessary for statewide education reporting.

In response to a question from Chair Carlton, Assemblyman Elliot T. Anderson replied that the Assembly Committee on Education considered unique student identifiers, and the enhanced unique identifier would identify military family students.

In response to a question from Chair Carlton, Assemblyman Elliot T. Anderson replied that currently the military emphasized family readiness programs. The military spent considerable funds on training military members. It was important to convince volunteer members to keep reenlisting. If the government did not take good care of the families, ensure the children did well in school, and make sure the families were well taken care of, then military members would not reenlist. Senator Patricia Spearman, Clark County Senatorial District No. 1, was involved in family readiness programs before she served in the Nevada Legislature. The DOD had large departments devoted to family readiness programs. Failure to care for the military families caused the senior leaders and officers to leave military service.

Hearing no response to her request for testimony in support of or in opposition to the bill, Chair Carlton called for public testimony. There being no public

testimony, she closed the hearing on Assembly Bill 224 (1st Reprint) and opened the hearing on Assembly Bill 242 (1st Reprint).

Assembly Bill 242 (1st Reprint): Authorizes the placement of a designation of veteran status on certain documents issued by the Department of Motor Vehicles. (BDR 43-145)

Assemblyman Elliot T. Anderson, Clark County Assembly District No. 15, testified that Assembly Bill 242 (1st Reprint) was presented on behalf of the Legislative Committee on Senior Citizens, Veterans and Adults with Special Needs. The intent of the bill was to make it easier for businesses and the state to identify persons who were veterans. A person who had been honorably discharged from the Armed Forces of the United States could choose to put a designation on his or her driver's license. Many businesses held a special celebration or sale on Veterans Day or Memorial Day. Currently a veteran was required to provide a Certificate of Release or Discharge from Active Duty (DD Form 214) to prove veteran status. That requirement could be burdensome for persons in businesses that were uncertain how to read a DD Form 214. Other states placed a special designation on the veteran's driver's licenses. Assemblyman Elliot T. Anderson thought the program was a good idea. He suggested Nevada develop a similar designation.

Assemblyman Elliot T. Anderson said a designation program provided a benefit for the state. The reason the Office of Veterans' Services existed was to assist veterans through the bureaucratic process at the federal level and bring more federal dollars into the state that veterans earned from their service. The program would make it easier for businesses to provide special benefits to veterans. In addition, the program would aid the state in determining who served in the military and how the state could help veterans receive the benefits to which they were entitled and perhaps not receiving.

Assemblyman Elliot T. Anderson explained the program had a fiscal cost of \$55,000. The Office of Veterans' Services indicated that there was the Gift Account for Veterans funded from the fees on special license plates that could pay the one-time costs.

Assemblyman Elliot T. Anderson said the Assembly Committee on Ways and Means would receive a mock-up amendment to synthesize the bill with Senate Bill 244 (1st Reprint) from Senator Greg Brower, Washoe County Senatorial District No. 15, to ensure that no conflict existed. The Legislature could pass both bills and prevent any legal problems.

Troy L. Dillard, Interim Director, Department of Motor Vehicles, testified that Caleb S. Cage, Captain, U.S. Army, Executive Director, Office of Veterans' Services would provide a letter committing \$55,000 from the Gift Account for Veterans for the program. He relayed that Mr. Cage stated the Gift Account for Veterans could be used to pay the expenses of Assembly Bill 242 (1st Reprint) and Senate Bill 244 (1st Reprint). Mr. Dillard agreed to speak to Captain Cage about the commitment and obtain a letter to confirm it.

In response to a question from Assemblyman Kirner, Mr. Dillard replied that Senate Bill 244 (1st Reprint) required the Department of Motor Vehicles to track the designation program and provide monthly status reports. The bill synthesized both programs.

Hearing no response to her request for further testimony in support of or in opposition to the bill, Chair Carlton called for public testimony. There being no public testimony, she closed the hearing on Assembly Bill 242 (1st Reprint) and opened the hearing on Assembly Bill 260 (1st Reprint).

Assembly Bill 260 (1st Reprint): Revises provisions governing tuition charges assessed against certain students within the Nevada System of Higher Education. (BDR 34-226)

Assemblyman Elliot T. Anderson, Clark County Assembly District No. 15 testified that Assembly Bill 260 (1st Reprint) changed existing law that provided that some tuition charges could not be assessed against veterans of the Armed Forces of the United States who were honorably discharged. Current law required that a veteran must be discharged from a base in Nevada with a physical nexus such as the Marine Corps Mountain Warfare Training Center at Bridgeport, California [formerly known as Pickel Meadow]. Any honorably discharged veteran with that physical nexus would qualify for in-state tuition in perpetuity whether the veteran was a Nevada resident or not.

Assemblyman Elliot T. Anderson said Assembly Bill 260 (1st Reprint) changed the law to allow any honorably discharged veteran to qualify for in-state tuition. The tuition benefit was restricted to a two-year period. The goal was to welcome a trained and skilled workforce that had many skill sets at its disposal. Veterans had a number of skills learned in the military that were useful especially when the state was trying to develop a technical workforce for economic development. About 19 other states provided tuition benefits to veterans and competed for the workforce.

Assemblyman Elliot T. Anderson commented that it was difficult to determine the fiscal costs of the bill because the number of persons who might qualify for tuition benefits was unknown. The bill expanded the number of veterans who qualified but established a two-year limitation on benefits. He believed that most persons who would take advantage of tuition benefits could already comply with the physical nexus requirement because they were based at Nellis Air Force Base or the Naval Air Station Fallon. He said numerous persons talked about coming to Nevada and contacted the Veteran Services Office at the University of Nevada, Reno. Veterans asked about in-state tuition benefits, and often went to other states when they learned that Nevada did not offer in-state tuition benefits.

In response to a question from Chair Carlton concerning the two-year limitation on tuition benefits, Assemblyman Elliot T. Anderson replied the original bill was amended resulting in the first reprint of the bill. A three-year period was included in the original version of the bill, and that period was amended to two years in the first reprint. He said a letter of support ([Exhibit H](#)) for Assembly Bill 260 (1st Reprint) was provided by the Nevada System of Higher Education.

Hearing no response to her request for testimony in support of or in opposition to the bill, Chair Carlton called for public testimony. There being no public testimony, she closed the hearing on Assembly Bill 260 (1st Reprint) and opened the hearing on Assembly Bill 272 (1st Reprint).

**Assembly Bill 272 (1st Reprint): Revises provisions governing education.
(BDR 34-791)**

Assemblywoman Olivia Diaz, Clark County Assembly District No. 11, testified that she was a teacher of English language learners (ELL). She believed that Assembly Bill 272 (1st Reprint) would improve the delivery of instruction for ELL students in Nevada. She received input from the persons who would be affected. Assembly Bill 272 (1st Reprint) would create the English Mastery Council, and she was excited about the tasks that it would perform. She had tried to reduce the costs of the program and asked for funding for the bill.

In response to a question from Chair Carlton, Assemblywoman Diaz replied that the fiscal notes from the counties had been eliminated, but the fiscal note from the Department of Education remained. The fiscal notes from the counties were based on the original version of the bill, but Assembly Bill 272 (1st Reprint) was amended to eliminate the costs to the counties, and those fiscal notes had been withdrawn. She presented her proposed amendment 8739 to the bill as [Exhibit I](#).

Sylvia R. Lazos, Professor of Law, William S. Boyd School of Law, University of Nevada, Las Vegas, presented [Exhibit J](#), "[Assembly Bill 272: Nevada's ELL Policy](#)." She explained the bill was a policy bill that would establish Nevada's ELL policy for the first time, just as Governor Brian Sandoval allocated funds to the ELL children. The bill stated the policy of Nevada was that the state would provide instruction designed to address academic needs of every ELL child to allow the child to achieve academic proficiency up to his or her full potential.

Ms. Lazos stated that there were four components to the bill. One component to the policy incurred a fiscal cost. School boards would be directed to develop a strategic plan to close the achievement gap. Parents and children would have an opportunity to ensure that children would be able to advance academically because the bill would place children in an individualized instruction plan. Community members interested in ELL would see greater accountability because there would be transparency regarding the achievement gap. The main cost was associated with creating an English Mastery Council. The key to having an ELL policy was to have quality instruction, and that did not exist in Nevada now. The state could move towards quality instruction being the default for every ELL child. The English Mastery Council would study higher education to see what type of course work was in place and recommend new course work to ensure courses focused on literacy. About 70 percent of all ELL children were not reading at proficiency levels, and something should be done to improve those statistics.

Ms. Lazos continued that the English Mastery Council would look at certification standards, and it would make recommendations to the Commission on Professional Standards in Education on the type of certification needed to ensure that all teachers were able to provide quality instruction. The English Mastery Council would create transition plans. If the state decided to require higher certification standards, the state must be fair in regard to the transition and ensure that higher education was represented. The State Board of Education (SBOE) adopted a resolution that the English Mastery Council would advise the SBOE on ELL matters. There was a fiscal note attached to the bill but those were important pieces of Nevada's ELL policy.

Chair Carlton said the Department of Education integrated the concepts in its "read-by-third-grade" initiatives to ensure that children were ready to progress to the next grade level.

Assemblywoman Diaz said [Assembly Bill 272 \(1st Reprint\)](#) would ensure that Nevada left no stone unturned in ELL programs. The population of ELL students

was growing incrementally, and the state must keep up with that growth and offer ELL children the best quality education possible.

Rorie Fitzpatrick, Interim Superintendent of Public Instruction, Department of Education, testified in support of the policy of the bill. She said the Department would be able to absorb many of the costs internally, including the ELL positions included in The Executive Budget. As a result, the Department was able to remove all portions of the fiscal note except the costs associated with travel for the English Mastery Council members to meet quarterly as required in the bill. She presented [Exhibit K](#) as the revised fiscal note for the Department.

Craig M. Stevens, Director of Government Relations, Nevada State Education Association, testified in support of Assembly Bill 272 (1st Reprint). He said it was a good bill, and the Association looked forward to working with the sponsor and others on the English Mastery Council.

Dotty Merrill, Ph.D., Executive Director, Nevada Association of School Boards, testified that the Association had the privilege to work with Assemblywoman Diaz and testified in support of the bill. The bill contained an important policy and concerned important work. The Association looked forward to providing professional development for school board members to develop strategies and plans and move forward with the policy.

Lindsay Anderson, Government Affairs Director, Washoe County School District, testified in support of the bill and confirmed that the District could remove its previous fiscal note based on the amended version of the bill.

Tami Berg, Vice President of Legislative Service, Nevada PTA, testified in support of the bill. The Nevada PTA was named in the bill to appoint a representative to the English Mastery Council.

Hearing no response to her request for further testimony in support of or in opposition to the bill, Chair Carlton called for public testimony. There being no public testimony, she closed the hearing on Assembly Bill 272 (1st Reprint) and opened the hearing on Assembly Bill 328.

Assembly Bill 328: Revises the calculation of the basic support guarantee for school districts to include an additional percentage for pupils who were limited English proficient. (BDR 34-725)

Assemblyman Elliot T. Anderson, Clark County Assembly District No. 15, testified that Assembly Bill 328 achieved a goal shared by many. It was important to ensure that English language learners (ELL) received the full amount

of attention and resources needed. The bill had a small fiscal note. The bill was important because of the demographics of Nevada's kindergarten through 12th grade (K-12) student body. The Lincy Institute reported that 30 percent of the Clark County School District (CCSD) student body was ELL, and the state had other school districts with high ELL populations. Nevada was one of three states that did not have an additional wait-time for ELL students, including South Dakota and Montana. Students could not learn and participate in school when they are unable to communicate. It cost more to provide instruction to students who must learn a second language in addition to the subject material. The Lincy Institute compiled statistics about how other states funded ELL pupils in addition to the regular per-pupil funding. Clark County provided \$119 in extra funding for ELL students, and the extra funding for ELL in Broward County and Miami-Dade County in Florida was \$4,837 and \$4,677 respectively. In Houston, Texas the ELL funding was \$2,588 extra.

Assemblyman Elliot T. Anderson stated that during the legislative session there had been discussion about ELL and various proposals to fund it. He presented the February 2007 "School Financing Adequacy" Legislative Counsel Bureau Bulletin No. 07-7 ([Exhibit L](#)) that sought to determine the adequacy of Nevada's education. That study was the genesis of the bill. Page 124 of [Exhibit L](#) contained the formula for funding. The formula reflected that an extra amount of money was needed to fund ELL students. The formula recognized the economy of scale of the larger school districts by adding less of a percentage on top of the normal per-pupil funding. The total funding needed for ELL was significant in the fiscal note.

Assemblyman Elliot T. Anderson continued that CCSD needed \$2,471 extra per ELL student. The extra funding would rank Nevada at approximately 50 percent of Florida's per-pupil spending for ELL students. He referenced Florida because many education stakeholders referenced Florida constantly as an example of what Nevada should do. He liked much of Florida's education policy. He believed it was time for Nevada to fund education as Florida had. It was inappropriate to adopt Florida's policy but not fund education at Florida's level. The Legislature was not isolating the variable if it did not fund education at a higher level.

Assemblyman Elliot T. Anderson stated the Federation for American Immigration Reform estimated the cost of educating an ELL student in Clark County was \$9,810 in 2009. The bill would provide \$2,471 per student to CCSD. When the base per-pupil spending in Clark County in 2008-2009 was included, the total was \$7,546. If the wait-time was included, the total cost would add up to the projected costs in the study to educate an ELL student effectively.

Assemblyman Elliot T. Anderson replied, in response to a question from Assemblyman Kirner, that the basic support guarantee per-pupil expenditure was funded from several sources including state and local revenues. After the per-pupil support was calculated according to the Nevada Plan, an additional amount was added based on the percentages shown in the study.

Assemblyman Kirner said the Governor made proposals to fund ELL, and some argued that the funding was enough and others argued that the funding was insufficient, but Senate Bill 500 existed. [Senate Bill 500 created the Task Force on K-12 Public Education funding to recommend a plan for funding public schools based upon a weighted formula that took into account the individual educational needs and demographic characteristics of pupils.] He wondered whether it would be better to allow the funding mechanism to be developed before the Assembly Committee on Ways and Means took action on Assembly Bill 328.

Assemblyman Elliot T. Anderson thought it was important to present Assembly Bill 328 because education funding had been studied before. A study in 2007 provided direction. He said the legislators often compared Nevada's education funding to Florida's education funding. He thought the comparison should be part of the discussion. Assembly Bill 328 was more substantial than any of the other proposals presented and would put Nevada at 50 percent of Florida's funding level. A person might argue that compared to the results that Florida got with its investment, that maybe the funding was not enough. But it would move Nevada closer to its goal. The state could not just adopt Florida's policies to achieve success in education. Nevada must match the funding and policies to design its education policy in a manner similar to Florida's program. He presented Assembly Bill 328 to start the discussion. The state had studied education funding before and he thought funding should receive a hearing.

Craig M. Stevens, Director of Government Relations, Nevada State Education Association (NSEA), testified in support of Assembly Bill 328. He added that the NSEA commissioned a study from Jeremy Aguero, Principal Analyst, Applied Analysis, about the economic benefit of investing in ELL. That study was called "By the Numbers," and it showed the state's return on investment. For every dollar invested in ELL, the state would receive a return between \$1.15 to \$2.03. For those students who graduated from college, that figure rose to \$2.37 to \$4.29. For every dollar invested in early childhood education, the state received a benefit because it would not have to pay as much for prison care, healthcare, and so on. Anytime students graduated, costs decreased and the state received a return on investment. When students graduated, students made more money and paid more taxes.

Mr. Stevens continued that the Legislature should ensure that funding for education was effective and should not just "throw money" at the problem. The ELL programs would provide high-quality preschool programs, comprehensive instructional programs, sufficient and appropriate support for family and student, ongoing professional support for teachers, and class-size reduction. All of those programs would benefit children.

Assemblyman Elliot T. Anderson added that the "By the Numbers" study also found that the cost to Nevada of ELL students who failed to graduate was in the millions from the loss of tax payments, unemployment benefits, costs of incarceration, and costs of healthcare that would have to be subsidized. Not ensuring that children were as well educated as possible cost the state. He agreed to provide a copy of the "By the Numbers" study to Chair Carlton to review because he was unsure about the specific time frame of that study.

Assemblywoman Olivia Diaz, Clark County Assembly District No. 11, testified she was an ELL educator in a school with a high ELL population. It was sad to see a software program with 100 licenses when she had more than 500 ELL students who needed the program. She said it was difficult to decide who could use the software license to benefit from it. The funding was crucial and instrumental in ensuring that the state overcame the language barrier in instructing ELL students, especially now with the Common Core State Standards that were difficult to achieve. The state should provide more resources to its educators to overcome the language barrier. A focus on ELL would help children succeed and not drop out of school.

Sylvia R. Lazos, Professor of Law, William S. Boyd School of Law, University of Nevada, Las Vegas, testified that it was essential to allocate the proper amount of funds to ELL programs. It was important to build good policy and to recognize that ELL children were an investment in the future and a resource for Nevada. The ELL students who successfully became bilingual performed better in school than monolingual children. However, most ELL children were unable to achieve that success in Nevada, and 70 percent were not reading at a proficient level. Only 30 percent of ELL students graduated. An investment in ELL children was an investment in the future, and she asked the Assembly Committee on Ways and Means to seriously consider the bill.

Joyce Haldeman, Associate Superintendent, Community and Government Relations, Clark County School District (CCSD), testified in support of Assembly Bill 328. The CCSD thought ELL funding was essential. The CCSD had a large population of ELL students, and about 54,000 of its 310,000 students were ELL. There was little possibility that CCSD would

ever achieve the expectations it had for its students without addressing the ELL needs. The CCSD's top priorities were class-size reductions, programs for ELL students, and expanding full-day kindergarten. Those top priorities were addressed in the bill and would help students achieve success.

Ms. Haldeman continued that another top priority of CCSD was ensuring that the funding formula was addressed. She recognized that the fiscal note for Assembly Bill 328 was not small, and it would cost a material amount to do the right thing for ELL students. There were 154 different languages spoken in CCSD. It was important to overcome the language barriers and develop strategies for teaching English to students who spoke a second language.

Hearing no response to her request for further testimony in support of or in opposition to the bill, Chair Carlton called for public testimony. There being no public testimony, she closed the hearing on Assembly Bill 328 and opened the hearing on Assembly Bill 336 (1st Reprint).

Assembly Bill 336 (1st Reprint): Provides for an extended term of vehicle registration for certain trailers. (BDR 43-240)

Assemblyman James Healy, Clark County Assembly District No. 35, testified that he developed Assembly Bill 336 (1st Reprint) to help recreational trailer owners and semitruck owners and to generate more revenue in the state. The bill allowed semitruck owners to complete a one-time registration in Nevada rather than registering in neighboring states. The bill allowed recreational trailer owners the option to register the trailer for a three-year period of time or a one-year period of time. Recreational trailer owners did not typically use the trailers all year long so registering for a three-year period of time was a benefit.

Assemblyman Healy cited an example. A person might take a Sea-Doo to the lake during the summer and park it in his yard at the end of the season. The person might get excited as the spring weather arrived and go out to the trailer and realize that the trailer registration had expired. The person could either risk going out on the road with an expired registration or delay the trip. The three-year registration option relieved owners from having to remember registration each year. Owners would pay the full amount of the three-year registration at the time of registration.

Assemblyman Healy said he wanted one more change on page 5, section 3, subsection 7. The last sentence stated, "The Department shall remit the governmental services tax collected pursuant to this subsection to the Department of Taxation." That language was incorrect. Pursuant to chapter 371 of *Nevada Revised Statutes*, the governmental services tax was

remitted to the counties and the General Fund. He requested that the entire last sentence be deleted from the bill.

Chair Carlton confirmed that Assemblyman Healy wanted the last sentence of section 3, subsection 7 deleted. She said she would work with the Legal Division of the Legislative Counsel Bureau to properly word his suggestions. She understood that the bill would create a deficit in the county budgets because \$86 was less than the amount that otherwise would have been paid.

Dawn Lietz, Supervising Auditor 2, Motor Carrier Division, Department of Motor Vehicles, presented [Exhibit M](#) and testified that she prepared the fiscal note. She submitted an amendment in April to change the registration option from a five-year registration to a three-year registration. Page 1 of [Exhibit M](#) included the assumption to move the registration to a three-year trailer registration period with a start date of January 1, 2015, instead of July 1, 2013. The conversion would take two fiscal years before most trailers were registered for the three-year period. Page 1 of [Exhibit M](#) showed the revenue to be received for fiscal years (FY) 2015, 2016, and 2017, which was the three-year period under discussion. The first table was calculated under the current registration method and showed how much revenue would be received during that period. The second table on page 1 of [Exhibit M](#) showed the increased revenue resulting from the amendment to a three-year registration period. Revenue from the recreational trailers that moved to the three-year registration would increase by \$1,512,923 for the Highway Fund and \$1,613,965 to the counties for FY 2015. She explained the summaries for FY 2015, FY 2016, and FY 2017.

In response to a question from Assemblywoman Kirkpatrick concerning the increased revenue, Ms. Lietz replied that the increase was shown on page 1 of [Exhibit M](#). A total of \$1,512,923 would be received by the Highway Fund and \$1,613,965 by the counties. The increased revenue would be recognized in both FY 2015 and FY 2016 because the January 1, 2015, implementation date covered two fiscal years. The first six months would be the first year when owners changed the registration to a three-year registration and the next six months (July to December) of revenue would be reflected in FY 2016. There would be a revenue increase in the first two years, and there would be a slight decrease in FY 2017, but in FY 2018 the three-year cycle would begin again, and the revenues would level off.

Assemblywoman Kirkpatrick said currently the state experienced a decrease in revenues for those types of registrations and the state was losing revenue steadily. She knew that Arizona and Idaho had a similar registration program.

She thought that Nevada was losing money and had an opportunity to balance out the funds at some point as opposed to continuing to lose revenue.

Ms. Lietz replied that the bill contained two different parts. The first part was the three-year registration option for the utility trailers, and registrations for utility trailers were not decreasing. The bill would provide an opportunity for owners to register for three years instead of one year. Revenue was decreasing for motor carrier registrations and those registrations were being moved to the semipermanent trailer registrations. On page 1 of [Exhibit M](#) under "as amended" in the second table, she listed the motor carrier semipermanent registrations, and the page showed the difference in the revenues in the motor carrier line. That revenue would be offset by the governmental services tax paid on the utility trailers, because those trailers would be registered for a longer period of time.

Paul J. Enos, Chief Executive Officer, Nevada Trucking Association, testified in support of Assembly Bill 336 (1st Reprint). He said there had been a steady decrease in trailers registered in Nevada since Idaho began offering permanent trailer registrations. An owner could register a trailer anywhere under federal law if the business was interstate commerce. The state had seen about a 30 percent decrease in trailer registrations during the last five years. He believed the passage of the bill would allow Nevada to compete for that business. Assembly Bill 336 (1st Reprint) would not only stem the loss of revenue, but increase the number of trailer registrations in Nevada.

Hearing no response to her request for further testimony in support of or in opposition to the bill, Chair Carlton called for public testimony. There being no public testimony, she closed the hearing on Assembly Bill 336 (1st Reprint) and opened the hearing on Assembly Bill 404 (1st Reprint).

**Assembly Bill 404 (1st Reprint): Revises provisions relating to time shares.
(BDR 10-960)**

Assemblyman Jason M. Frierson, Clark County Assembly District No. 8, presented Assembly Bill 404 (1st Reprint) that revised provisions regarding time shares. A problem was brought to his attention regarding the regulation of the sale and management of time shares. He saw a need to ensure that the problem was addressed appropriately.

Samuel McMullen, representing the American Resort Development Association (ARDA), testified ARDA, the time-share industry, supported the amendment to Assembly Bill 404 (1st Reprint) to allow the industry to raise its fees. Last summer, ARDA worked on time share proposals and held meetings

with the Real Estate Division, Department of Business and Industry. All parties agreed to the changes in Assembly Bill 404 (1st Reprint). The poor economy resulted in a lack of transactions that had decreased revenue for the Real Estate Division. Consequently, there was insufficient staff to process the normal applications and the burgeoning applications received as the industry began to grow. The amendment was a self-help amendment. In addition to all the other fees the industry paid, the amendment added \$150,000 to cover the fiscal note. The fiscal note was unsolicited, but ARDA agreed the Real Estate Division should file the fiscal note to obtain the staff needed for the Division.

Mr. McMullen presented a proposed amendment ([Exhibit N](#)) to section 32 of Assembly Bill 404 (1st Reprint). The first important change was an increase in fees that added \$1,000 per annual renewal of a permit to sell time shares by businesses with multiple sites around the country. There were at least 60 annual renewals, and the fees would total \$60,000. The ARDA proposed to raise the fees for renewals of Nevada-only sites. The second part of the amendment was the simplification of the unit fees that were the fees for the number of time shares sold and registered with the applications. Every time the units were offered for sale, fees were assessed to the business. The ARDA submitted an amendment and the Real Estate Division reworked its numbers. He requested the Assembly Committee on Ways and Means approve the amendment and rework the budget to include one new position for the Division. The industry supported and was in favor of the negotiated fees.

In response to a question from Chair Carlton concerning amending the fees, Mr. McMullen replied that the industry did not object to a change by the Assembly Committee on Ways and Means to amend or reduce the fees proposed. The industry was concerned that adequate revenue be provided. There were few initial filings, and the industry hoped for more initial filings, resort filings, and construction filings. When Las Vegas began to grow again, the industry would also regenerate.

Gail J. Anderson, Administrator, Real Estate Division, Department of Business and Industry, testified that the Division had worked with time-share industry representatives and was in agreement with the bill and amendment. She presented [Exhibit O](#), "AB 404 Transaction Counts," and [Exhibit P](#), "Timeshare Revenue Proposal." The Real Estate Administration budget account 3823 was a General Fund hybrid account with a revenue source from time-share fees that were directly deposited into the account.

Ms. Anderson said the Division placed a fiscal note on the bill because the Division needed one new position, and the bill reduced some of the existing timelines that developers needed. The Division worked through the timeline

problems and agreed to the terms. It was important for consumer protection that the Division had the ability to review and process filings in a timely manner and notify the developer of any deficiencies. The reduction in the staffing levels in the program from three positions to one position had created a backlog and caused an inability to process filings timely. The new program officer position was needed to replace the position the Division lost in 2009. The projects section worked on time shares, the sale of subdivided land in the state, and campground memberships.

Ms. Anderson explained the new position was dedicated to time-share processing within the projects section to meet its needs. The proposed fee adjustments would result in a net revenue increase that would cover the cost of the program officer 1 plus a small cushion. The Division used a simplified projection based on fiscal year (FY) 2012 filings. The Division had two initial filings in FY 2012. The agency had about 80 renewals per year and some amendments were filed. The increment fees for amendment filings were not included in the bill. There was a basic filing fee for an amendment, and the fee structure depended on the number of units or increments that were being added as shown in section 32, subsection 2. The proposed amendment decreased the fees and reduced the tiers from five tiers to two tiers. It reduced the rate in the lower tier and raised the rate in the upper tier.

Ms. Anderson commented that she saw a number of the consolidations of projects into collections. She saw a vacation ownership plan, or a club, that might have 30 to 50 different projects in it. Businesses were ceasing to register as individual projects and were consolidating into one club or collection. Fees were added when those increments were added. Ms. Anderson was comfortable with the conservative projection. The projection excluded increment fees but included the adjustments to the basic filing fees. The total amount of fees was an increase that paid for the program officer costs, but it was greater than the increment filings. She could not calculate and did not know how many increment filings would be made.

Hearing no response to her request for further testimony in support of or in opposition to the bill, Chair Carlton called for public testimony. There being no public testimony, she closed the hearing on Assembly Bill 404 (1st Reprint) and opened the hearing on Assembly Bill 410 (1st Reprint).

Assembly Bill 410 (1st Reprint): Directs the Office of Economic Development to create a pilot program to encourage the growth of existing businesses in the State. (BDR S-33)

Assemblywoman Dina Neal, Clark County Assembly District No. 7, presented [Exhibit Q](#) and testified that [Assembly Bill 410 \(1st Reprint\)](#) would create a pilot program to encourage the growth and expansion of existing businesses in the state. The data collaboration between the north and the south would provide technical assistance to existing businesses. The Office of Economic Development, Office of the Governor (GOED), would provide oversight of data for business use. The responsibilities included assisting with data acquisition, mapping, generating the deliverables, and tracking clients' success as they used the data that was provided.

Assemblywoman Neal explained that the fiscal note had been eliminated. A majority of the fiscal note was replaced by an appropriation of \$300,000 to pay for the geographic information system (GIS) specialists that would be located in the north and the south. The College of Southern Nevada campus would need a GIS specialist to help with the data. There was software that would be applied to systems both in the north and the south. The northern site was the University of Nevada, Reno that would be the Center for Economic Development. The cost for two years was \$300,000.

Steve Hill, Executive Director, Office of Economic Development, Office of the Governor (GOED), testified in support of the bill. He said that the information in the program could be useful. He cited an example of a company that wanted to open a child-care center and could use information such as the number and ages of children in a specific zip code. The information could be valuable for a broad range of businesses across the state.

Hearing no response to her request for further testimony in support of or in opposition to the bill, Chair Carlton called for public testimony. There being no public testimony, she closed the hearing on [Assembly Bill 410 \(1st Reprint\)](#) and opened the hearing on [Assembly Joint Resolution 8](#).

Assembly Joint Resolution 8: Proposes to amend the Nevada Constitution to provide for the appointment of a Student Regent to the Board of Regents of the University of Nevada. (BDR C-201)

Alex Bybee, representing Associated Students of the University of Nevada (ASUN), testified in support of [Assembly Joint Resolution 8](#). The resolution proposed to amend the *Nevada Constitution* to provide for the appointment of a Student Regent to the Board of Regents of the University of Nevada.

According to Mr. Bybee, there were a host of benefits to having a student member on the Board of Regents, University of Nevada, Nevada System of Higher Education (NSHE). A Student Regent would provide an essential modern perspective to the Board of Regents that was not currently enjoyed. In kindergarten through 12th grade (K-12) education, the State Board of Education (SBOE) had a student member that represented students. The Board of Regents did not enjoy a student perspective on the Board. Forty of the 50 states included some form of student representation. The bill would allow Nevada to join the trend by giving students a voice in policymaking decisions for issues that directly affected students.

Mr. Bybee said several weeks ago ASUN hosted an event to engage students in the legislative process to give them ownership of Assembly Joint Resolution 8 because the measure directly affected students. The ASUN engaged students in the process and asked students why they felt their voices mattered and why they needed better representation on the Board of Regents. A couple of students said their voices mattered because they mattered. Some wanted to leave a legacy for Nevada. Others wanted to contribute to the different sectors where they would seek employment after graduation. Students wanted a voice and were ready for a voice. One student, who was the niece of Assemblywoman Kirkpatrick, said her voice mattered because she was the future of public health. The ASUN engaged students in the legislative process. Nevada should join the trend of 40 other states that had some form of student representation on the governing boards. The benefits were endless. The ASUN urged the Assembly Committee on Ways and Means to pass the resolution.

Mr. Bybee stated one of the fiscal notes was from the Office of the Secretary of State to reimburse the counties for printing the general election ballots for the constitutional amendment. The fiscal note from NSHE would pay for the stipend and per diem expenses of adding another member to the Board of Regents.

Chair Carlton wondered whether the Office of the Secretary of State provided a fiscal note anytime the Legislature approved a bill for a constitutional amendment that must be placed on the general election ballot. She did not recall seeing a fiscal note for an election before and would investigate the matter.

In response to a question from Assemblyman Hickey concerning who would appoint the Student Regent, Mr. Bybee responded that the current language provided that the Board of Regents would appoint the Student Regent to serve as a voting member of the Board of Regents. The costs in the fiscal note were associated with putting the question on the ballot for a vote at the

general election to approve the amendment to the *Nevada Constitution* to permit the change.

In response to a question from Chair Carlton concerning the position on the measure from the Board of Regents, Mr. Bybee stated that the Board of Regents held a meeting in April to consider the matter, and voted 12 to 1 to oppose Assembly Joint Resolution 8. He said the Board of Regents believed that the Nevada Student Alliance served to represent students across the different institutions of NSHE and student governments. The students that represented the Nevada Student Alliance attended the meetings of the Board of Regents. The students provided updates to the Board of Regents but did not have the opportunity to discuss all the items on the agenda considered by the Board. Assembly Joint Resolution 8 provided real-time participation in the Board of Regents discussions and gave the Board a student perspective about policies that the Board of Regents considered.

Mr. Bybee said the Student Regent would be responsible for reaching out to students and providing information to the Board regarding public opinion polls. There were concerns about communications with the NSHE institutions located in the north, south, east, and west. Pursuant to Assembly Joint Resolution 8, the Board of Regents was charged with the duty to appoint a voting student member to the Board. Mr. Bybee hoped the Board would keep in mind that where the student attended school should not be a factor in appointing the student member. The appointment should be based on the student's qualifications and merit. The voting student member would mirror the duties of the student member on the SBOE. The duties would include working with the Board of Regents and NSHE, and communicating and cooperating with the Board on what students wanted.

Assemblyman Aizley wondered what the problem was because he believed that students were currently able to speak about any problem at a meeting of the Board of Regents.

Mr. Bybee replied that intent of the legislation was to allow students to engage in the discourse and debate that occurred at the Board of Regents meetings. He believed that having a student participate in those policymaking decisions would allow for a different perspective that the Board might not currently enjoy in making its decisions. The K-12 education population had student representation on the SBOE. Students served on the Nevada Youth Legislature. Mr. Bybee sought to fill the gap between student representation for K-12 education and higher education.

Assemblyman Aizley said Mr. Bybee was acting as a politician and not answering his question. He asked again what was preventing the students from speaking out because students already attended the Board of Regents meetings. There was student representation at the Board of Regents meetings, and students were free to speak about any matters.

Mr. Bybee replied that the Board of Regents discussed matters on the agenda and matters addressed by its specific committees. Students were able to provide public comment, but public comment was only available during one part of the agenda. The Nevada Youth Legislature discussed policy and reported back to lawmakers on the opinions from the town hall meetings conducted with students of K-12 education. The ASUN wanted to mirror those duties. Nothing was stopping the students from actively participating in the Board of Regents meetings. Students had representation at all Board of Regents meetings. However, students sought to increase that voice. Students wanted to increase student participation in decisions that affected students.

Rama Raja, representing Associated Students of the University of Nevada, testified in support of Assembly Joint Resolution 8. The functions of the Nevada System of Higher Education (NSHE) were to provide programs of instruction, sponsor and conduct continuing programs of public service, and sponsor programs of research. A voting Student Regent would provide the perspective of someone who clearly understood the needs of everyday students, a perspective that was necessary for the Board to better conduct its stated functions. A Student Regent could potentially allow for academic and institutional growth. Students could potentially hold the only position on the Board that would visit campuses and speak with other students on a daily basis. The value of student members as participants of higher education governing boards was evident because 40 states currently provided for at least one student regent, and 32 student regents were voting members. Moreover, the influence of student regents and trustees had increased two-fold between 1997 and 2010. The number of student regents who had been granted voting power had increased from 20 percent to 50 percent. Nevada students wanted to be included in that trend. Students understood that there would be an annual appropriation along with the appropriation needed for the general election ballot but believed that having a voice for students was equally important. Students were capable, intuitive, and motivated to deserve the voice to represent NSHE.

Elliot Malin, Vice President, Associated Students of the University of Nevada, had been with ASUN for three years and witnessed the power of the student voice first hand. Two years ago he worked with students to oppose the budget cuts to education considered by the 76th Legislative Session (2011). Students from across the state representing the University of Nevada, Las Vegas (UNLV),

University of Nevada, Reno (UNR), College of Southern Nevada, Truckee Meadows Community College, and Western Nevada College (WNC) mobilized and voiced their concerns about the state of education and the budget cuts affecting it. He saw the power of the voice of students to facilitate and grow the involvement of student peers in civic engagement. He believed there was a need to expand the voice of students in the policymaking process. Currently, 40 out of 50 states had increased the voice of students in the process by giving students a member on the Board of Regents. He suggested that Nevada follow suit. Placing a student regent on the Board of Regents was an investment in students, in education, and in the state.

Assemblyman Horne commented that the fact that the students were testifying before the Assembly Committee on Ways and Means was evidence that students had a voice in the process. The students were over the age of 18 and could vote for the regent of their choice now.

Mr. Bybee said the hearing on Assembly Joint Resolution 8 before the Assembly Committee on Education included student representation from UNLV, UNR, and WNC. The ASUN mobilized quickly for tonight's hearing, and it was more convenient for UNR students to testify. He assured the members of the Assembly Committee on Ways and Means that he held conversations with the Nevada Student Alliance, other student representatives, and other student governments across all NSHE institutions, confirming full support of Assembly Joint Resolution 8. He stated students would see the weight that the voice of students had as the Legislature moved forward in making its decision on the resolution.

Mr. Bybee stated that he believed that having a student representative on the Board of Regents was important when policy decisions were made. Students should have a voice during the discourse and debate on policies that ultimately affected them as was seen in K-12 education governing boards. Student representation was a trend that he believed higher education should follow. He knew colleagues that served in a representative capacity on the State Board of Education and had influenced and provided resources to the SBOE regarding student perspectives that would otherwise not have been enjoyed by the Board. He was seeking to have student representation and a student voice on the Board of Regents, directly influencing policy that affected students.

Constance J. Brooks, Ph.D., Director, Government Relations, Nevada System of Higher Education, presented [Exhibit R](#) and testified the Board of Regents voted to oppose to Assembly Joint Resolution 8.

In response to Assemblyman Bobzien's question about why the Board of Regents had not provided an official position prior to the hearing on Assembly Joint Resolution 8, Ms. Brooks explained that a vote by the Board of Regents was taken at the meeting on April 19, 2013, after the initial hearing of Assembly Joint Resolution 8 before the Assembly Committee on Education. She attended the Assembly Committee on Education hearing, but at that time she had no direction from the Board of Regents on the measure. The Board of Regents voted on the measure after the policy hearing, and she provided its decision as [Exhibit R](#).

Assemblyman Bobzien was trying to fathom why no official position was taken until now by NSHE and the Board of Regents on a matter that was discussed during the interim by the Legislative Committee on Education

Ms. Brooks agreed to relay Assemblyman Bobzien's comments to NSHE and the Board of Regents. The official proposed legislation was heard by the Assembly Committee on Education on April 8, 2013, but the Board of Regents had not met as yet to vote on the measure. The problem was a matter of timing. The Board of Regents held a special meeting on April 19, 2013, to vote on various legislative matters, and Assembly Joint Resolution 8 was one of those items. She was now authorized to provide the Board of Regent's decision.

Hearing no response to her request for further testimony in support of or in opposition to the bill, Chair Carlton called for public testimony. There being no public testimony, she closed the hearing on Assembly Joint Resolution 8.

Chair Carlton said the Assembly Committee on Ways and Means acted on the bills heard during its work session but would not act on any of the bills on the regular agenda heard tonight. She asked the members to be aware that there would be extra meetings this week on some of the bills that had been rescheduled. The Assembly Committee on Ways and Means would schedule another meeting on Thursday evening. She thanked the members for their dedication and hard work. The Assembly Committee on Ways and Means had started the morning with a meeting at 8:00 a.m. and would finish its work tonight at 9:00 p.m., and those were long days, but the work must get processed.

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There being no further business before the Assembly Committee on Ways and Means, Chair Carlton adjourned the meeting at 8:43 p.m.

RESPECTFULLY SUBMITTED:

Janice Wright
Committee Secretary

APPROVED BY:

Assemblywoman Maggie Carlton, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Ways and Means

Date: May 13, 2013

Time of Meeting: 5:39 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 213 (R1)	C	Neena Laxalt, National Home Service Contract Association	Proposed Amendment from the Division of Insurance, Department of Business and Industry
A.B. 166 (R2)	D	Terri L. Carter, C.P.M., Administrator, Management Services and Programs Division, Department of Motor Vehicles	Revised Fiscal Note
A.B. 167 (R2)	E	Terri L. Carter, C.P.M., Administrator, Management Services and Programs Division, Department of Motor Vehicles	Revised Fiscal Note
A.B. 224 (R1)	F	Assemblyman Elliot T. Anderson, Clark County Assembly District No. 15	Letter from Washoe County School District withdrawing fiscal note
A.B. 224 (R1)	G	Assemblyman Elliot T. Anderson, Clark County Assembly District No. 15	Letter from Department of Education withdrawing fiscal note
A.B. 260 (R1)	H	Assemblyman Elliot T. Anderson, Clark County Assembly District No. 15	Letter of Support from the Nevada System of Higher Education
A.B. 272 (R1)	I	Assemblywoman Olivia Diaz, Clark County Assembly District No.11	Proposed Amendment 8739 to <u>Assembly Bill 272</u> (1st Reprint)
A.B. 272 (R1)	J	Sylvia R. Lazos, Professor of Law, William S. Boyd School of Law, University of Nevada, Las Vegas	"AB 272:Nevada's ELL Policy"

A.B. 272 (R1)	K	Rorie Fitzpatrick, Interim Superintendent of Public Instruction, Department of Education	" <u>AB 272 (1st Reprint)</u> Revised Fiscal Note Calcs"
A.B. 328	L	Assemblyman Elliot T. Anderson, Clark County Assembly District No. 15	"School Financing Adequacy" Legislative Counsel Bureau Bulletin No. 07-7
A.B. 336 (R1)	M	Dawn Lietz, Supervising Auditor 2, Motor Carrier Division, Department of Motor Vehicles (DMV)	DMV Trailer Assumptions and Revenue Projections
A.B. 404 (R1)	N	Samuel McMullen, representing the American Resort Development Association	Proposed Fee Schedule Amendments
A.B. 404 (R1)	O	Gail J. Anderson, Administrator, Real Estate Division, Department of Business and Industry	"AB 404 (1st Reprint) Transaction Counts"
A.B. 404 (R1)	P	Gail J. Anderson, Administrator, Real Estate Division, Department of Business and Industry	Timeshare Revenue Proposal
A.B. 410 (R1)	Q	Assemblywoman Dina Neal, Clark County Assembly District No. 7	Economic Development Testimony
A.J. R. 8	R	Constance J. Brooks, Ph. D. Director, Government Relations, Nevada System of Higher Education	Letter from Board of Regents opposing <u>A.J.R. 8</u>