

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

**Seventy-Seventh Session
May 20, 2013**

The Committee on Ways and Means was called to order by Chair Maggie Carlton at 9:12 a.m. on Monday, May 20, 2013, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at nelis.leg.state.nv.us/77th2013. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

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

COMMITTEE MEMBERS EXCUSED:

Assemblyman Joseph M. Hogan



GUEST LEGISLATORS PRESENT:

Assemblywoman Lesley E. Cohen, Clark County Assembly
District No. 29
Assemblyman James Ohrenschall, Clark County Assembly
District No. 12

STAFF MEMBERS PRESENT:

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

Following call of the roll, Chair Carlton advised the Committee that not all of the bills on the agenda would be heard by the Committee at this hearing. Chair Carlton opened the hearing on Assembly Bill 74 (1st Reprint).

Assembly Bill 74 (1st Reprint): Establishes provisions governing document preparation services. (BDR 19-84)

Assemblywoman Lucy Flores, Clark County Assembly District No. 28, testified that although the fiscal note had not been removed from Assembly Bill 74 (1st Reprint), she believed the bill was important legislation that should move forward. The bill was developed because Assemblywoman Flores had received complaints from constituents regarding services rendered by paralegals or "multiservice" establishments that had been performed incorrectly. Such businesses dealt with divorce services, immigration issues, driving under the influence (DUI) violations, and other similar services in the legal field. The multiservice establishments were basically practicing law without a license. This had created a serious problem throughout the state, especially in the Latino communities.

Assemblywoman Flores explained that when services were rendered ineffectively, there was no recourse for the person victimized. If there was an attorney involved, the victim could file a complaint with the State Bar of Nevada, but since there was no longer a consumer affairs division, she was at a loss as to where constituents could go for assistance unless there were charges of fraud or deceit filed. She explained that, for example, a person with immigration problems would pay thousands of dollars in fees to a person who was represented as an "expert" in the field, only to find out the "expert" did nothing and the person was facing deportation proceedings.

Because there were no resources in the state to provide consumer protection, Assemblywoman Flores developed A.B. 74 (R1) to create regulation for "legal document preparers." Although the document preparers were not licensed attorneys, they had the ability to provide legal representation. She noted that on page 13 of Exhibit C, section 27 read, "The provisions of this chapter do not authorize the practice of law by any person who is not an active member of the State Bar of Nevada or otherwise authorized to practice law in this state." The practice of law was clearly defined. Legal advice could not be given without a law license. On the other hand, Assemblywoman Flores pointed out there were excellent paralegals who would only prepare and file documents without assisting a person with legal advice.

Assemblywoman Flores testified there were two changes included in the proposed amendment (Exhibit C). The first change removed the registration fee. The second change exempted certain entities, such as commercial wedding chapels that could provide a legal document such as a marriage license. Other exempted entities were shown on page 3, lines 3 and 4 of the exhibit as "an individual or a domestic or foreign entity listed as a commercial registered agent. . . ."

Chair Carlton requested Assemblywoman Flores explain whether the exemptions had an effect on the fiscal note of the bill. In response, Assemblywoman Flores stated that the exemptions had no effect on the fiscal note. The fiscal note was associated with the Secretary of State (SOS). The note could not be totally eliminated from the bill because the bill created a registration scheme for legal document preparers. The SOS would have to make changes in the computer software to allow a person to register online. The fingerprinting cost had been removed from the bill.

Chair Carlton confirmed with Assemblywoman Flores that the application and renewal fees had been removed, and the fiscal note would be changed.

Assemblywoman Flores pointed out that the Office of the Secretary of State had determined that staff members would be able to perform the duties required by this bill. The only cost associated with the bill would be a one-time charge for the SOS to set up a computer program for the registration process system.

Assemblyman Sprinkle clarified the amount of the fiscal note. Originally, the fiscal note had been about \$75,000 annually for the cost of personnel.

Nicole Lambole, Chief Deputy, Office of the Secretary of State, testified that the SOS had not been requested to submit a revised fiscal note based on the changes to the bill; however, following further discussions internally, she was

agreeable to removing the personnel costs by reclassifying existing vacant positions. She anticipated appearing before the Interim Finance Committee (IFC) for authorization to make the adjustments. There would be no additional personnel costs. The SOS could not absorb the costs for development of the registration system, which was anticipated to be about \$150,000. The cost was based on similar changes to the system for items such as notary public registration.

In response to Chair Carlton, Ms. Lamboley said the approximately \$150,000 was a one-time cost. There could possibly be additional data storage requirements, but that could be built into the future biennial budget requests.

Chair Carlton requested Ms. Lamboley provide an updated fiscal note to keep the records in order.

Assemblyman Hickey recalled that an amendment was presented by Assemblyman Wesley Duncan, Clark County Assembly District No. 37, to Assemblywoman Flores that was unacceptable. Assemblyman Hickey requested information on how Assemblyman Duncan's concerns had been addressed.

Assemblywoman Flores replied that the bill was drafted by the Legal Division of the Legislative Counsel Bureau using the standard format. On page 16, line 6, of A.B. 74 (R1) it said, "If the court determines that the State of Nevada is the prevailing party in an action brought pursuant to this section, the court shall award the State the costs of suit and reasonable attorney's fees incurred in the action." This would be a method by which the state could recoup the cost if it prevailed over the other party. As far as other concerns expressed by Assemblyman Duncan, the amendment ([Exhibit C](#)) had been prepared with that in mind, removing the registration fee and fingerprint requirement and providing an exemption for registered agents.

Assemblyman Hickey requested additional information regarding the effect of the bill on registered agents and the advantage of removing them from the bill.

Assemblywoman Flores answered that she was not in agreement with Assemblyman Duncan's reasoning; however, she believed there should be regulations for registered agents, who were often guilty of deceitful business practices. The SOS, along with other legal document preparers, had no way to investigate or penalize persons who acted irresponsibly in preparing these documents unless the preparer committed a crime. There was another bill being considered that provided a level of regulation especially for the registered agents. Assemblywoman Flores believed the registered agents should have

been included in A.B. 74 (R1), but because they were included in a separate bill, she had removed them from this bill. Assemblyman Duncan agreed that the registered agents should be bonded like a notary public, which was included in A.B. 74 (R1) but was not required in the other bill.

Chair Carlton was happy to learn there was other legislation to cover the areas omitted from this bill and that the fiscal note had been adjusted.

Assemblyman Horne asked for clarification regarding what was required of the SOS in this bill and how it differed from requirements for other entities. He was not clear why changes were required in the data collection system.

Ms. Lamboley responded that the responsibilities for the SOS in this bill were similar to the requirements for appointment of a notary public; however, the SOS noted there were different statutory requirements which would require a separate filing process. The separate process had been done for domestic partnerships, registration of advanced directives, and other specific filings. Many of the same tools and protocols developed for other filings could be used for A.B. 74 (R1) requirements, but regulations and forms would have to be developed. If a complaint was filed against the applicant, procedures had to be established for investigation and action. This required a computer program to manage the registrations, applications, and data. The fiscal note was required to set up the software for the registration program.

Assemblyman Grady wondered why, if the agents were licensed, the city or county did not control the violations.

Assemblywoman Flores answered that there was no mechanism for controlling the violations. There was no consumer affairs agency. Unless the person performing the deceitful business practices was breaking the law, there was no mechanism for enforcement. Assemblywoman Flores had referred people who were harmed to law enforcement or the Office of the Attorney General, but nothing had been done because there was not enough evidence to open an investigation.

Assemblyman Grady inquired whether these agents had applied for a business license. If the entity had a business license, he believed the agency that issued that license should be responsible for withdrawing the license for deceitful business practices.

Chair Carlton explained that a business license was only a document that allowed the entity to do business. The agency that issued the license had no authority to police professional conduct.

Assemblyman Grady thought if there were enough complaints received, the agency that issued the license should be able to question what was happening and why deceitful business was occurring.

Ms. Lamboley stated that when a person applied for a state business license, the SOS did not collect information regarding the type of business that would be conducted. It was a basic license for conducting business in the state. The SOS provided the information to the local jurisdictions. The local jurisdictions might inquire as to the type of business, but they had no authority to regulate bad business practices.

Assemblyman Grady said he was referring to a local business license. He thought it was a part of the portal being developed so the business operator would have state and local business licenses.

Chair Carlton asked whether there were any questions relevant to the fiscal note for the bill. Hearing none, she asked whether there were others testifying in support of A.B. 74 (R1).

Dan Musgrove, representing LegalZoom.com, Inc., believed that A.B. 74 (R1) was a critical step toward abolishing misrepresentation by persons preparing legal documents. He expressed support for the bill and encouraged the Committee to pass the legislation.

Assemblywoman Lesley E. Cohen, Clark County Assembly District No. 29, supported A.B. 74 (R1). Ms. Cohen had been contacted by constituents who had seen paralegals disposing of private documents that contained social security numbers and other private information. The constituent wanted to file a report with the proper authorities but did not know who to contact. Ms. Cohen thought that passage of A.B. 74 (R1) was important for the protection of Nevada citizens. She also believed requiring a bond was important so a complainant would have a place to file a grievance.

Matthew Taylor, representing the Nevada Registered Agent Association, voiced appreciation for changes made in the proposed amendment ([Exhibit C](#)) [mockup of A.B. 74 (R1)]. He believed the objections to the original bill were addressed fully, and the Association supported the bill.

Carla Castedo, representing Mi Familia Vota, expressed support for A.B. 74 (R1). Mi Familia Vota dealt with many Hispanic constituents. The bill was needed to assist the communities and constituents that dealt with "multiservice" establishments. The bill would allow those constituents who were treated unfairly to seek assistance.

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 A.B. 74 (R1) and opened the hearing on Assembly Bill 466.

Assembly Bill 466: Revises provisions relating to governmental financial administration. (BDR 32-236)

Assemblywoman Marilyn K. Kirkpatrick, Clark County Assembly District No. 1, presented Assembly Bill 466. The bill dealt with tax expenditure reporting. Assemblywoman Kirkpatrick testified that Nevada was one of five states that did not have a mechanism in place to determine the revenue that would have been collected when it came to exemptions and abatements or a mechanism to identify when the exemptions and abatements were no longer necessary. Assemblywoman Kirkpatrick said she had discovered an exemption on the books since 1989 that had not been used. She believed cleanup language was required for exemptions that were not meant to be on the books for a lifetime.

Jeff Mohlenkamp, Director, Department of Administration, presented the background of A.B. 466. There had initially been a fiscal note on the bill to request an economist 3 position and money to contract for gathering historical facts and data. Mr. Mohlenkamp believed the development of a tax expenditure report was valuable for the state. A report had been recently completed by the U.S. Public Interest Research Group wherein Nevada had received the grade of "D" for transparency. Although Nevada did well in the areas of contracting and expenditure data, the report stated that Nevada received zero out of ten points for tax expenditures. Mr. Mohlenkamp stated that Nevada had to improve in this area, and he was supportive of the initiative.

Working in coordination with the Department of Taxation, Mr. Mohlenkamp believed resources could be unified to prepare to move forward. He was confident that it could be accomplished without additional resources; therefore, he was comfortable with removing the fiscal note. He noted, however, that because the fiscal note was removed, there could be limitations on the levels of detail provided in the initial report. Mr. Mohlenkamp stated that the Department of Administration would attempt to provide the volume of the data requested, but when it came to the nuances of the purpose of the tax expenditure, there could be limitations on the abilities of the Department to delve into the legislative minutes to retrieve information. The Department would work with Fiscal Analysis Division staff to ensure proper development of the report.

Chair Carlton understood the detail involved in the implementation of this plan and believed that working together and combining resources would benefit the state.

Chris Nielsen, Executive Director, Department of Taxation, agreed with Mr. Mohlenkamp and supported A.B. 466. The Department of Taxation would be assisting the Department of Administration to complete the report of tax expenditures. He suggested reaching out to the university system to seek a graduate student to assist with the project.

Chair Carlton requested Mr. Mohlenkamp send the Fiscal Analysis Division staff a letter stating that the Department of Administration was withdrawing the fiscal note.

Assemblyman Sprinkle inquired about the reason for the original request for \$80,000 to continue the reporting process for future years. He understood it had been removed with the fiscal note but was curious about the original intent.

Mr. Mohlenkamp testified that there was no way of knowing what resources would be needed to maintain the data once it was collected. There could be additional resources needed. If that was the case, Mr. Mohlenkamp would inform the Legislature. He did not want to prevent the legislation from moving forward because of a cost that could not be quantified.

Assemblywoman Kirkpatrick opined that once the bulk of the data had been collected, the state would probably save money by determining where the dollars were being spent and what was being collected or not collected. An exemption that was beneficial to most people in the state was no sales tax on food. If it became necessary to hire a full-time economist 3 to work with the Fiscal Analysis Division staff, it would be a small amount to pay considering the dollars that could be lost without transparency for the long term.

Chair Carlton requested testimony from those in support or opposition to A.B. 466. Hearing none, Chair Carlton requested any public comment. Hearing none, Chair Carlton closed the hearing on A.B. 466 and opened the hearing on Assembly Bill 215 (1st Reprint).

Assembly Bill 215 (1st Reprint): Provides for the collection and application of graywater for a single-family residence. (BDR 40-3)

Assemblyman James Ohrenschall, Clark County Assembly District No. 12, presented an overview of Assembly Bill 215 (1st Reprint). Mr. Ohrenschall believed the bill had great potential from an environmental and conservation

point of view because it provided for safe and responsible use of graywater for irrigation. Depending on the source, Nevada was either the most arid state or one of the most arid states. Use of graywater had been successful under various statutory schemes in Arizona and California. He believed A.B. 215 (R1) would be a good first step toward the goal of conservation of the precious resource.

Speaking to the fiscal note, Mr. Ohrenschall thought there could be more economical ways to accomplish the goal because building and plumbing codes already provided for use of graywater. The Department of Health and Human Services' Health Division had regulations in place, because graywater was permitted to be used in the frontier counties.

Chair Carlton pointed out the fiscal note was for \$8,500, the standard price for regulations. She asked whether there were any additional fiscal notes.

Assemblyman Ohrenschall responded that he was only aware of the \$8,500 fiscal note. He thought \$8,500 was too high; however, Chair Carlton said that was a standard regulatory cost and included workshops, notices of hearings, mailings, and costs for workshop staff. Chair Carlton advised Assemblyman Ohrenschall that all regulatory costs had to be reviewed because of the number of requests that were received.

Assemblyman Ohrenschall could not provide the actual cost savings for A.B. 215 (R1), but noted the bill was limited to residents on a septic system. In reviewing the potential savings of energy and water, he believed more than \$8,500 would be saved.

Assemblyman Kirner noted the bill required a permit. He was curious whether a fee would be charged for the permit.

In response, Assemblyman Ohrenschall thought that would be determined by the state Health Division or the county health districts if the regulations were adopted. The bill provided that a year would be given to the county health districts to decide what regulations they wanted to adopt. If the county decided not to adopt regulations, the state Health Division regulations would apply. He believed that the state Health Division charged a fee for the less-populated counties that wanted to use graywater for those on a septic system.

Joe Pollock, Program Manager, Environmental Health Services, Health Division, Department of Health and Human Services, informed the Committee that there were regulations in place for graywater. The graywater system aspect was

treated as part of the septic system. The bill would remove the graywater system from the definition of an individual sewage disposal system. As a part of the regulation revision, a new fee would have to be adopted by the Health Division to charge for plan review and inspection of the graywater system. The current charge was \$498 for a residential sewage disposal system review and an inspection that included the graywater portion.

Assemblywoman Kirkpatrick clarified that the purpose of the graywater usage was irrigation and not everyone was affected. She believed a fee would be acceptable.

Assemblyman Ohrenschall responded that there was nothing in the bill mandating graywater must be used. Part of the compromise was that the use of graywater was restricted to those using a septic system or those not connected to municipal sewer systems. He pointed out that in discussion with residents on septic systems in northern Nevada, they were willing to have plans reviewed and pay a fee to be able to install a graywater system.

Assemblywoman Kirkpatrick disclosed that her spouse was a plumber, and she had the opportunity to ask many questions about this proposal. In the past when cisterns were used, graywater was available. She believed that those who would benefit from using the graywater should have to pay a fee. She thought there would be much discussion on this matter.

Assemblyman Ohrenschall said although he had no plumbing background, he had learned a few things when working on A.B. 215 (R1). It was his understanding that most people would only put in a graywater system when building a house. It was costly to retrofit a house to install a graywater system.

Assemblyman Hardy believed this was not only a conservation effort, but an economic benefit in that it would create jobs. The knowledge existed for this product. It had been tried in Clark County in the past, but with no regulations supporting the plan, it had not been successful. In his opinion, there was an opportunity to create an industry to save those conservation dollars to put back into the water commodity.

Assemblyman Ohrenschall agreed with Assemblyman Hardy, but reminded the Committee there was also a cost for electricity. In southern Nevada the water had to be pumped to various locations. The Las Vegas Valley Water District tried not to pump the water uphill which required electricity. If the graywater could be used for gardening, it would be beneficial in several ways. There had been effort put into ensuring the safety of the water and nothing would be

released above ground. The program was successful in Arizona and California, and Assemblyman Ohrenschall believed it should be tried in Nevada.

Dennis P. Campbell, Environmental Health Manager, Solid Waste and Compliance Section, Southern Nevada Health District, opposed A.B. 215 (R1) because the financial effect on the jurisdiction would be considerable. The regulations would have to be modified, which was an extensive process. The current fees were nearly \$500 for a permit. The cost for inspection and review of graywater systems would have to be reevaluated. There had never been regulations for graywater systems, and the Board of Health was hesitant to go forward with the plan because there had never been requests for graywater systems.

Chair Carlton clarified that the bill did not apply to Clark County.

Assemblyman Ohrenschall interjected that the bill did apply to the entire state; however, as a part of the compromise, it was limited to residences on a septic system. At a prior hearing before the policy committee, the Southern Nevada Health District's attitude was that all water was black water and should not be reused. In his opinion, that was a shortsighted view.

Chair Carlton reminded Assemblyman Ohrenschall that the Committee did not want to get into a policy debate between northern and southern Nevada because the objective was to address the fiscal note.

Assemblyman Ohrenschall agreed.

Chair Carlton stated that the Committee was not going to rehear the bill. Basically, there was opposition from the Southern Nevada Health District regarding enactment of the bill. Mr. Campbell agreed.

Chair Carlton requested comments or questions.

Mr. Pollock believed there could be minor revisions to remove the fiscal note, and he was willing to work with the sponsor of the bill. The reason there were regulation revisions was because of definitions in the bill that did not match the language in the *Nevada Administrative Code*. Additionally, the graywater system definition had been removed from the residential individual sewage disposal system. The reasoning was that originally the bill was to apply to residents on sewer systems. Because the compromise had been made with Southern Nevada Health District that only graywater systems attached to individual sewage disposal systems were applicable, there was no reason to

remove the language from the definition. Once those two items were resolved, additional regulations would not be necessary.

Chair Carlton requested Mr. Pollock provide the Committee with documentation addressing those concerns so it could be included in the file. Mr. Pollock agreed to provide the requested documentation.

Chair Carlton asked whether there was anyone wanting to speak in support of A.B. 215 (R1).

Scott Leedom, representing the Southern Nevada Water Authority, expressed support for A.B. 215 (R1) and thanked Assemblyman Ohrenschall for working with the Authority on their concerns.

Kyle Davis, representing the Nevada Conservation League, supported the bill.

Chair Carlton requested testimony from anyone in opposition to or neutral on A.B. 215 (R1). Hearing no response, Chair Carlton closed the hearing on A.B. 215 (R1) and opened the hearing on Assembly Bill 162 (1st Reprint).

As an aside, Chair Carlton requested Mr. Pollock provide a list of the septic systems in the state, and the county where they were located.

Assembly Bill 162 (1st Reprint): Revises provisions governing class-size reduction. (BDR 34-724)

Assemblywoman Marilyn K. Kirkpatrick, Clark County Assembly District No. 1, presented Assembly Bill 162 (1st Reprint) to the Committee. The bill addressed class-size reduction to ensure students got the tools they needed, and the teachers had appropriate classrooms to make the students successful. The bill was a part of a broader discussion underscoring that class size mattered in Nevada. The proposed amendment ([Exhibit D](#)) that clarified the variance was tied to the quarterly reports of the Department of Education pursuant to section 1 of the bill and that the requirements for class size applied per school quarter. The request for a variance was also tied to a school quarter rather than an entire school year. In the past, budget cuts had required larger class sizes.

According to Assemblywoman Kirkpatrick, the Clark County School District (CCSD) averaged over 30 students per class. The kindergarten, first, second, and third grades averaged over 25 students per class. Assemblywoman Kirkpatrick believed more information would be gathered before the end of the legislative session; however, the policy had to move forward. Current policy allowed waivers on a regular basis. The language in

this bill clarified that reporting had to be made on a quarterly basis. The count date was also changed. As far as the fiscal notes, Assemblywoman Kirkpatrick explained she was surprised by the fiscal note [for the one-time cost of new schools] attached by the CCSD of \$641,744,186 ([Exhibit E](#)). Washoe County School District ([Exhibit F](#)) estimated a cost of \$20,819,851, not including the potential cost for additional classrooms. The Department of Education fiscal note ([Exhibit G](#)) was \$66,117,322 in fiscal year (FY) 2014.

Assemblywoman Kirkpatrick was aware that it was not possible to get to 100 percent of where the state would like to be during this legislative session, but the state needed to start making inroads on class-size reductions. She did not think anyone had changed their fiscal notes.

Assemblywoman Flores inquired about the policy change and whether the state was allowing waiver applications but changing how the waiver would be granted.

Assemblywoman Kirkpatrick confirmed Assemblywoman Flores' understanding of the policy outlined in A.B. 162 (R1). In the past, the waiver procedure had been available, but counties were granted the waivers regardless of the circumstances. Earlier legislation stipulated the waiver process would sunset during the 2013 Legislative Session. One of the things found when counting class size was that some districts counted a specialist teacher, a roving art teacher, or similar teaching situations. This skewed the numbers for the teacher to student ratios. The bill would clarify the counting process to provide accurate ratios.

Chair Carlton noted that in looking at the ratios, it appeared that prior to the budget cuts, the state was on track with class-size reductions. It was important to regain the lost ground and get back on track.

Assemblywoman Kirkpatrick pointed out that the policy was put into place years earlier. The bill clarified the policy, she believed, and the state could fund a good portion of the bill this session.

Chair Carlton requested testimony from others in support of or neutral on A.B. 162 (R1).

Julia Teska, Director of Finance and Planning, Office of Fiscal Accountability, Department of Education, testified that there were two elements to the fiscal note attached to the bill. The first was the potential bearing on the Distributive School Account (DSA) regarding funding class-size reduction for kindergarten. Looking at a school-by-school basis the revised numbers of

\$66,117,322 in FY 2014 and \$70,341,473 in FY 2015 ([Exhibit F](#)) were projected. Ms. Teska opined that it was a good idea except there was an influence on the Department as far as changing the reporting and the variance requirements. Previously the information was collected once a year and was submitted to the Legislature, not to the Interim Finance Committee (IFC), once per biennium. The bill increased the reporting requirements for the Department, which was understaffed administratively. To accommodate the additional reporting requirements, there was a fiscal note submitted for a half-time position at a cost of about \$35,000 per year.

Chair Carlton commented that to get the job done, staff resources were needed.

Craig M. Stevens, Director of Government Relations, Nevada State Education Association, deferred to Ruben Murillo, Jr., representing the Nevada State Education Association. Mr. Murillo spoke in support of A.B. 162 (R1). He had collected thousands of postcards from Clark County teachers [delivered by Mr. Stevens to the Committee members.] The postcards addressed the need to reduce class sizes in the schools. Teachers were sharing information on class sizes and numbers in the classes at the worksites. This showed a clear picture of the overcrowding epidemic in the schools.

Mr. Murillo noted that at a recent town hall meeting the topic of class-size reduction was discussed by students, teachers, and community members. Personal stories were told of how overcrowded classrooms affected the quality of education the students received. Clark County School District (CCSD) recently developed a four-year blueprint to reduce class sizes. This blueprint provided a smart, effective, and systematic way of reducing classroom overcrowding that eroded student learning and achievement. The blueprint called for hiring 1,935 teachers in the first two years and reducing class sizes by an average of three to five students in most classrooms.

Chair Carlton assumed that Mr. Stevens had bundles of postcards for each legislator from teachers the legislator represented. Mr. Stevens confirmed Chair Carlton's statement. The postcards would be delivered to each legislator later in the day.

Lindsay Anderson, Government Affairs Director, Washoe County School District (WCSD), expressed support for A.B. 162 (R1). She pointed out the fiscal note ([Exhibit F](#)) had been revised to \$20,819,851 to fund the bill in WCSD. The largest portion of the funding was \$13,468,000 to fund the 16:1 kindergarten ratios, which had not been funded in the past. Ms. Anderson believed the bill was an important policy decision and was supported by WCSD.

Joyce Haldeman, Associate Superintendent, Community and Government Relations, Clark County School District, provided supportive testimony for A.B. 162 (R1). She understood that the fiscal note submitted by CCSD was daunting. She explained that part of the reason for the high cost was that over the past biennia as CCSD was making budget cuts, class size was an area that had been cut several times. When the CCSD increased class size by one student in grades K-12, that saved \$32 million. The reverse was also true. That had been a method used to make the budget balance when cuts were necessary. The current CCSD class sizes were:

- Kindergarten—26 students.
- Grades 1 and 2—19 students.
- Grade 3—22 students.
- Grades 4 and 5—34 students.
- Grades 6 through 12—38 students.

Ms. Haldeman explained that classes were funded at those levels, but students came and went during the school year. It was not unusual for an elementary school classroom to have 40 students. Many of the secondary school class sizes were 40 to 45 students. The CCSD recognized this was a problem for student achievement. Unfortunately, as class sizes were reduced to manageable levels, that required additional classroom space. The \$76,111,200 fiscal note was for the cost of the teachers, but the \$641,744,166 was related to space. The cost could be reduced by using portable classrooms, but the fiscal note included school construction.

Chair Carlton believed the CCSD had bonding capacity for additional schools. The number of schools to be constructed was reduced because of the economic downturn. There should be availability within the bonding to build more schools in Clark County.

Ms. Haldeman responded that was not correct. The building program had been completed, and only about \$10 million was left in the bonding program, not enough to build a new school. The CCSD had placed a question on the November 2012 ballot, but the question had failed.

Chair Carlton suggested Fiscal Analysis Division staff assist with the calculations.

Dotty Merrill, representing the Nevada Association of School Boards, expressed support for A.B. 162 (R1). The situation in CCSD was not unique, and it was happening in other school districts in Nevada. As school boards looked at how to cut budgets and reviewed many of the cuts that had taken place, they had to

look at raising class sizes. School board members, not unlike legislators, consistently heard from parents, students, and teachers that class sizes were too high, but it was a balancing act. Everyone was aware there was an adverse impact on student achievement as class sizes increased. The fiscal impact and funding to reduce class sizes was crucial, but it was a policy matter.

Assemblyman Hambrick asked how the CCSD developed the student/teacher ratios. He was interested to know whether only classroom teachers were counted or all licensed teachers in the district.

Ms. Haldeman explained there were about 17,140 licensed personnel in the CCSD. Of those licensed, 5,661 were considered off-ratio teachers or teachers who did not have a specific classroom assigned to them. Of the 5,661 staff, there were 806 off-ratio teachers because of the collective bargaining agreement. That meant in the CCSD the way prep time was set aside for teachers was by assigning music, art, physical education, humanities, or librarian teachers to take the class while the teachers had prep time. There were 806 teachers who worked with students on a rotating basis for the students to have the extracurricular activities and the teachers needed to have prep time. As a result, the CCSD had award-winning art and music elementary programs recognized throughout the United States. There were also 2,534 teachers associated with special education classes that were required either through federal law or the *Nevada Administrative Code* to have smaller classrooms.

Chair Carlton inquired whether the special education teachers were outside the formula.

Ms. Haldeman responded that the special education teachers were off-ratio teachers. There were about 1,000 teachers who were counselors/medical classification, about 100 teachers who were secondary librarians or media specialists, and about 1,164 learning strategists who were placed in schools as "pull-out" models. In the "pull-out" model, a child struggling in class could be removed from a classroom for specific intervention. The strategist category was one of the most effective categories in helping teachers who had large class sizes meet the needs of specific children. The classification was repeatedly reduced as budgets had been cut. The remaining personnel were the ones divided into the school-based calculation to determine how many teachers were in the school based on the population.

To confirm the testimony, Chair Carlton repeated that the number of licensed personnel was 17,140 and the off-ratio teachers (5,661) were subtracted and

the ratios were developed. Ms. Haldeman confirmed Chair Carlton's understanding.

Assemblyman Kirner commented that it made sense to not count the off-ratio teachers. He found it interesting that the number of licensed teachers who were off-ratio in CCSD versus Washoe County School District (WCSD) were quite different. The CCSD was about 30 percent and WCSD was about 6 percent. He did not understand why the large difference.

Ms. Anderson responded that the comparison was "apples and oranges." For example, in the numbers reported as part of the Distributive School Account (DSA), the WCSD did not include counselors, only classroom teachers. If the Committee preferred, the numbers could be recalculated to match the categories used by CCSD. That would provide a clearer picture.

Assemblyman Kirner agreed it would be a better comparison if categories were the same.

Ms. Anderson pointed out that WCSD had a different model than CCSD because there were no elementary art teachers in the WCSD. The positions were used differently. The categories would be trued up for the Committee.

Mary Pierczynski, representing the Nevada Association of School Superintendents, commented that the WCSD and CCSD presenters provided a clear picture of classrooms and the need to reduce the classroom sizes. Classroom management was the key to academic performance. When there were 35 or 40 students in a classroom, the learning environment was much different. Ms. Pierczynski expressed full support for A.B. 162 (R1).

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 none, she closed the hearing on A.B. 162 (R1) and opened the work session on Assembly Bill 466.

Assembly Bill 466: Revises provisions relating to governmental financial administration. (BDR 32-236)

There being no questions or discussion on Assembly Bill 466, Chair Carlton requested a motion.

ASSEMBLYMAN EISEN MOVED TO DO PASS
ASSEMBLY BILL 466.

ASSEMBLYWOMAN FLORES SECONDED THE MOTION.

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

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Assembly Bill 470: Makes appropriations to the Nevada Highway Patrol Division of the Department of Public Safety to replace fleet vehicles and motorcycles that have exceeded the mileage threshold. (BDR S-1188)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, provided a summary of Assembly Bill 470 for the Committee. The bill was heard by the Assembly Committee on Ways and Means on April 1, 2013. The bill made one-shot Highway Fund appropriations to the Nevada Highway Patrol Division of the Department of Public Safety (DPS) of \$10,936,337 to replace fleet vehicles that had exceeded the mileage threshold and \$693,726 to replace fleet motorcycles that had exceeded the mileage threshold. No amendments had been submitted, and the recommendation appeared reasonable to Fiscal Analysis Division staff.

Chair Carlton asked whether there had also been a request for DPS Division of Parole and Probation (P&P) vehicles. She requested Ms. Jones investigate the matter.

Mark Teska, Administrative Services Officer, Department of Public Safety, commented that P&P used motor pool for their vehicles. There was no direct purchase, and P&P ensured there was a vehicle for every filled P&P officer position. As requested by Chair Carlton, Mr. Teska would provide written confirmation.

Hearing no response to her request for questions or discussion, Chair Carlton requested a motion on A.B. 470.

ASSEMBLYMAN SPRINKLE MOVED TO DO PASS
ASSEMBLY BILL 470.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

MOTION PASSED. (Assemblymen Hogan and Horne were not present for the vote.)

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Chair Carlton requested the Committee consider Assembly Bill 447 (1st Reprint) and the proposed amendment ([Exhibit H](#)).

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

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, provided a summary of Assembly Bill 447 (R1) for the Committee. The bill revised provisions relating to the construction, operation, and maintenance of certain facilities to provide information and assistance services to the traveling public and increased fines for certain violations committed in roadside parks or rest areas. The bill was originally heard by the Assembly Committee on Ways and Means on May 6, 2013. An amendment was submitted by the Department of Employment, Training and Rehabilitation (DETR) regarding the provisions of the bill pertaining to services and products. However, there was another amendment drafted and submitted by the Department of Transportation (NDOT) to the Fiscal Analysis Division on May 15, 2013, striking all language relating to the provision of goods and services from the bill and allowing for sponsorship of rest areas ([Exhibit H](#)). If that amendment was adopted, Ms. Jones believed the DETR amendment was unnecessary.

Assemblywoman Kirkpatrick acknowledged that the proposed amendment removed the services and goods reference, which was the major concern of the Assembly Committee on Ways and Means Subcommittee on Public Safety, Natural Resources and Transportation.

Chair Carlton stated that with the amendment, sponsorship of the rest areas was the other area of interest. She requested Assemblyman Sprinkle explain the amendment to the Committee.

Assemblyman Sprinkle explained that in his discussions, it was determined the true intent of the bill was to allow for sponsorship of roadside parks and rest areas for litter cleanup. The amendment cleaned up the language to meet the original intent of the bill.

Chair Carlton did not believe both amendments were necessary, only the NDOT ([Exhibit H](#)) amendment. She requested additional information from a DETR representative.

Maureen Cole, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation, stated that DETR was happy to

withdraw its proposed amendment contingent upon the acceptance of the NDOT amendment.

Ms. Jones explained that the amendment ([Exhibit H](#)) had not been prepared as worked out with Assemblyman Sprinkle and the agency; however, the bill could be moved with agreement on the concept to remove the provisions related to services and products out of the bill. Ms. Jones would work with the Legal Division to ensure the amendment was appropriate.

Chair Carlton agreed that if the Committee was comfortable, she was happy to move the bill.

ASSEMBLYMAN SPRINKLE MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 447 (1ST REPRINT).

ASSEMBLYMAN HARDY SECONDED THE MOTION.

MOTION PASSED. (Assemblymen Hogan and Horne were not present for the vote.)

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Assembly Bill 480: Revises provisions relating to the Tahoe Regional Planning Agency. (BDR 22-1168)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, provided a summary of Assembly Bill 480 for the Committee. The bill was originally heard by the Assembly Committee on Ways and Means on April 15, 2013. The bill provided for additional requirements regarding financial reporting and budgeting. The bill facilitated a request by the Department of Administration to change the methodology by which the Tahoe Regional Planning Agency (TRPA) budget was technically submitted. The budget was closed by the full money committees, signifying their approval of the change. An amendment ([Exhibit I](#)) had been prepared on behalf of this Committee that strengthened the reporting requirements.

Hearing no response to her request for questions or discussion, Chair Carlton requested a motion on A.B. 480.

ASSEMBLYMAN KIRNER MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 480.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

Assemblyman Bobzien wanted to ensure that with the amendment, the TRPA would be required to submit budget information to Fiscal Analysis Division staff.

MOTION PASSED. (Assemblymen Hogan and Horne were not present for the vote.)

* * * * *

Assembly Bill 473: Revises the provisions governing the fees charged to defray the costs of producing license plates. (BDR 43-1170)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, summarized Assembly Bill 473 for the Committee. The bill was originally heard by the Assembly Committee on Ways and Means on April 15, 2013. The bill provided a means of transferring the costs associated with license plate production to the customer and allowed the Department of Motor Vehicles (DMV) to create a new license plate factory budget (budget account 4712) as approved in the budget closing. Recovering costs assessed in the plate production process would enable the License Plate Factory to become a self-funded program no longer subsidized by Highway Fund appropriations. The bill also provided for the DMV to establish these fees by regulation. The budget was closed by the money committees with a fee of \$3 per plate, which was 50 cents higher than the Governor recommended. The fee would allow for the repayment of the required appropriation of about \$3.4 million of Highway Funds to build the new license plate factory. The fee would also allow the agency to accrue a reserve of approximately \$500,000 over the biennium. No amendments to this bill had been presented to Fiscal Analysis Division staff.

Chair Carlton noted that the budget was closed and that A.B. 473 matched the budget closing appropriation.

Assemblywoman Kirkpatrick stated that she pushed for the additional 50-cent fee. She had told Senator Goicoechea that she would talk to the Office of the Governor regarding the fee; however, this was part of Highway Fund dollars, and she believed the 50-cent increase would not make a big difference and the loan would be repaid sooner. Assemblywoman Kirkpatrick believed this was the right thing to do.

Chair Carlton agreed and noted that the Highway Fund dollars should be evaluated closely to ensure proper spending.

Hearing no response to her request for additional questions or discussion, Chair Carlton requested a motion on A.B. 473.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO DO PASS
ASSEMBLY BILL 473.

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

MOTION PASSED. (Assemblymen Hogan and Horne were not present for the vote.)

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**Assembly Bill 464: Revises provisions relating to the tax on special fuel.
(BDR 32-1160)**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, provided a brief summary of Assembly Bill 464 for the Committee. The full money committees approved the Governor's recommendation for a new fee for the administration of the International Fuel Tax Agreement decal program projected to generate revenues of \$44,556 in fiscal year (FY) 2014 and \$45,312 in FY 2015. The decals were effective for a calendar year and must be reissued annually at a cost of \$6 per decal. The revenues resulted in a corresponding offset in Highway Funds. The enactment of the fee was contingent on the passage of this bill. An amendment ([Exhibit J](#)) offered by the Department of Motor Vehicles (DMV) incorporated a definition of the International Fuel Tax Agreement.

Chair Carlton confirmed with Ms. Jones that there were no other amendments.

Hearing no response to her request for additional questions or discussion, Chair Carlton requested a motion on A.B. 464.

ASSEMBLYMAN HARDY MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 464.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

MOTION PASSED. (Assemblymen Hogan and Horne were not present for the vote.)

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

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, provided a summary of Senate Bill 470 for the Committee. The bill was originally heard by the Assembly Committee on Ways and Means on May 6, 2013. The bill revised certain fees, some of which were established in 1975 and the 1990s but were never increased. The bill also added a fee for the approval of alcohol awareness training providers. The fees were to be deposited into the General Fund. Fiscal Analysis Division staff noted that the provision required a majority to pass out of Committee, but required a two-thirds approval by the full body of the Assembly.

Chair Carlton confirmed the new fee was outlined in section 1, subsection 2, paragraph (d) of the bill. There was an increase for the renewal of an agent's permit in section 1, subsection 2, paragraph (g), but no renewal fee for existing programs. It appeared the existing programs would not have to renew.

Ms. Jones responded that was her understanding of the bill.

Chair Carlton requested additional information from a representative from the Commission on Postsecondary Education. She expressed concern that the fee had not been charged to other programs. Usually when there was an initial fee charged for a program, a renewal fee was charged. It appeared there could be a step missing from the bill. There being no one present to provide clarification, Chair Carlton decided to hold the bill.

Chair Carlton asked whether there were any questions or discussion on S.B. 470. Chair Carlton decided that S.B. 470 would be put on hold until the documentation was received.

Chair Carlton announced there would be documents presented at a later time for Assembly Bill 215 (R1).

Hearing no response to her request for additional public testimony, Chair Carlton recessed the meeting at 11:00 a.m. and announced the meeting would be reconvened at the call of the Chair. Chair Carlton later adjourned the meeting at 5:46 p.m. on May 20, 2013.

RESPECTFULLY SUBMITTED:

Linda Blevins
Committee Secretary

APPROVED BY:

Assemblywoman Maggie Carlton, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Ways and Means

Date: May 20, 2013

Time of Meeting: 9:12 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 74 (R1)	C	Lucy Flores, Clark County Assembly District No. 28	Proposed Amendment
A.B. 162 (R1)	D	Assemblywoman Marilyn K. Kirkpatrick, Clark County Assembly District No. 1	Proposed Amendment
A.B. 162 (R1)	E	Assemblywoman Marilyn K. Kirkpatrick, Clark County Assembly District No. 1	Clark County School District Fiscal Note
A.B. 162 (R1)	F	Assemblywoman Marilyn K. Kirkpatrick, Clark County Assembly District No. 1	Washoe County School District Fiscal Note
A.B. 162 (R1)	G	Assemblywoman Marilyn K. Kirkpatrick, Clark County Assembly District No. 1	Department of Education Fiscal Note
A.B. 447 (R1)	H	Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau	Nevada Department of Transportation Proposed Amendment
A.B. 480	I	Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau	Assembly Committee on Ways and Means Proposed Amendment
A.B. 464	J	Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau	Department of Motor Vehicles Proposed Amendment