

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

**Seventy-Seventh Session  
April 1, 2013**

The Assembly Committee on Ways and Means was called to order by Chair Maggie Carlton at 8:07 a.m. on Monday, April 1, 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](http://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](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

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

**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 opened the hearing on Assembly Bill 449.

**Assembly Bill 449: Revises the use of certain proceeds received for purposes relating to vital statistics. (BDR 40-1139)**

Marla McDade Williams, Deputy Administrator, Health Division, Department of Health and Human Services, testified that A.B. 449 allowed the Health Division to retain fees collected for activities related to the State Registrar of Vital Records. The Division collected fees pursuant to *Nevada Revised Statutes* (NRS) 440.700 for services including the issuance of birth and death records.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained she had worked on an amendment with Stephanie Day, Deputy Director, Budget Division, Department of Administration, to change the effective date in section 2 from "passage and approval" to July 1, 2013.

In response to a question from Assemblyman Horne, Ms. McDade Williams replied that the "other proceeds accruing to the State of Nevada" referenced in section 1, subsection 2 of A.B. 449 included fees and some grants.

Ms. Jones clarified that the intent of the Legislature of the 76th Session (2011) was to allow the Health Division, Department of Health and Human Services, to retain the fees to support the costs of the Health Statistics and Planning budget account (BA) 3190 rather than reverting the fees to the General Fund. The General Funds were removed from BA 3190, but the enabling legislation to replace the General Funds with fees was not processed because of technical problems. The purpose of A.B. 449 was to clarify the legislative intent of the 76th Session (2011) and allow the agency to retain its fees in the operating account rather than reverting the fees to the General Fund. General Funds would be needed to support BA 3190 if the fees were deposited in the General Fund.

In response to a question from Assemblyman Horne, Ms. McDade Williams replied that the language in section 1, subsection 2 A.B. 449 directed that a portion of the fees collected must be deposited in the Children's Trust Account and the Review of Death of Children Account. Some fees were remitted to the county treasurers for support of the county coroners' operations.

Ms. Jones commented that the money deposited with the Office of the State Treasurer was in the normal course of business because

the State Treasurer handled all state money, and the fees were not for use by the Office of the State Treasurer in its operating budget.

In response to a question from Assemblyman Horne, Ms. Jones replied that instead of sending fees collected by the Health Division, Department of Health and Human Services, to the Office of the State Treasurer for deposit in the General Fund, this bill would allow the Health Division to retain the fees in BA 3190 to support its operating expenditures. Assembly Bill 449 would eliminate both the need to deposit fees in the General Fund and the requirement to provide General Fund support for some agency expenditures.

In response to a question from Assemblywoman Flores, Ms. McDade Williams replied that the majority of the fees would be used to support expenses of the activities of the State Registrar of Vital Records. The Division issued birth certificates, death certificates, and other records, and the majority of the fees supported those activities. The Health Division administered the vital statistics activities pursuant to chapter 440 of NRS. Assembly Bill 449 amended NRS 440.690 that specified the fees may be used by the Health Division "to administer and carry out the provisions of this chapter and any regulations adopted pursuant thereto."

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. 449 and opened the hearing on Assembly Bill 471.

**Assembly Bill 471: Makes a supplemental appropriation to the Department of Health and Human Services for an unanticipated shortfall relating to the operation of the vital records and statistics program in Fiscal Year 2012-2013. (BDR S-1191)**

Marla McDade Williams, Deputy Administrator, Health Division, Department of Health and Human Services, testified that A.B. 471 appropriated \$519,243 from the State General Fund for a shortfall in the operations of the State Registrar of Vital Records program.

Stephanie Day, Deputy Director, Budget Division, Department of Administration, proposed an amendment to change the appropriation from a supplemental appropriation to a "one-shot" appropriation. The intent of the Legislature of the 76th Session (2011) was to authorize the Health Division, Department of Health and Human Services, to retain the fees from the vital statistics transactions instead of those fees being deposited in the General Fund. The legislation failed to pass during the 76th Session (2011), and therefore, no General Fund

appropriation was placed in the budget account. No supplemental appropriation could be approved unless there was General Fund revenue in the account. The appropriation must be considered a "one-shot" appropriation for the Health Division budget account.

In response to a question from Chair Carlton, Ms. Day replied that there must be General Fund money in the account to allow a supplemental appropriation. If there was no General Fund revenue in an account, the account must receive a "one-shot" appropriation.

In response to a question from Assemblyman Eisen, Stacey Johnson, Administrative Services Officer 4, Health Division, Department of Health and Human Services, replied that in fiscal year (FY) 2012, vital statistics fees totaling \$1,024,903 were deposited in the General Fund.

In response to a question from Assemblyman Horne, Ms. Day replied that the fee revenue would be placed in the General Fund in FY 2013. Assembly Bill 471 allowed the fees to be retained by the agency beginning in FY 2014 and continuing into the future. After FY 2013, any fee revenue that was not expended during a year would balance forward to the subsequent year. All the fees would remain in the budget account in the future.

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 A.B. 471 and opened the hearing on Assembly Bill 470.

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

Dennis Osborn, Captain, Nevada Highway Patrol, Department of Public Safety, testified that A.B. 470 funded the replacement of fleet vehicles and motorcycles that had exceeded the mileage threshold.

Assemblyman Bobzien commented that he had received a letter [entered into the record as Exhibit C] from Steve Weinberger, CPA, Administrator, Division of Internal Audits, Department of Administration, related to fleet replacement and the audit conducted of the Nevada Highway Patrol, Department of Public Safety. He appreciated the communication back and forth between the Executive Branch agencies, but the Legislative Branch had requested details of the audit methodology on March 19, 2013. The Subcommittees wanted more information about the fleet replacement request. He needed an understanding

of how the request for replacement vehicles complied with the audit recommendation to reduce the number of vehicles in the fleet.

Charles Powell, Lieutenant, Nevada Highway Patrol, Department of Public Safety, replied that he had sent additional audit information that should be received in two days.

In response to a question from Assemblyman Horne, Lieutenant Powell replied the Nevada Highway Patrol had a vehicle replacement and maintenance schedule. The motorcycles were replaced when the mileage reached 50,000 miles, sedans were replaced when the mileage reached 105,000 miles, and sport utility vehicles (SUVs) were replaced when the mileage reached 125,000 miles. Each vehicle was serviced every 5,000 miles. The intent was to retain the vehicles over a five-year life cycle.

Chair Carlton commented that a patrol vehicle was not a typical car. The agency wanted to replace the fleet with vehicles that contained all the necessary special equipment. She wondered whether the necessary special equipment was added after the vehicle was purchased.

Lieutenant Powell replied that the replacement vehicles requested in A.B. 470 would be modified by the agency after the purchase. The vehicles were equipped through an agency process. The value of a fully equipped vehicle was approximately \$65,000 to \$80,000, which included the radio and lighting systems. The wiring harnesses for the vehicles and the passenger cages must be added to the vehicles along with any other supplemental emergency equipment that was needed.

In response to a question from Assemblyman Kirner, Lieutenant Powell replied that the Nevada Highway Patrol tried to recycle most of the special equipment. Currently, the fleet was undergoing a vehicle model change and transitioning from Crown Victoria models to Ford SUVs. Some of the new SUVs were built with wiring harnesses that were specific to the Ford SUVs. The Nevada Highway Patrol's intent was to recycle any special equipment as best it could. However, replacement equipment would still need to be added to the vehicles. Removing equipment from a vehicle sometimes caused the equipment to break, which then must be replaced. Equipment generally had a short anticipated life expectancy.

In response to a question from Assemblyman Horne, Lieutenant Powell said some vehicles were sold at auction for an average price between \$5,000 to \$8,000. The revenue from a sale was returned to the fund that provided the original resources, meaning the sales proceeds were returned to the

General Fund if the General Fund provided the initial revenue, or the sales proceeds were returned to the State Highway Fund if the State Highway Fund provided the initial revenue.

In response to a question from Chair Carlton, Lieutenant Powell replied that the agency tried to limit its use of trucks to special enforcement vehicles such as commercial units because of the weight and the equipment that was carried. The K-9 [canine] equipment was built into the SUVs.

Chair Carlton asked whether anyone wished to provide testimony in support of or in opposition to the bill.

Craig Madole, Senior Associate, Nevada Chapter The Associated General Contractors of America, testified he opposed the use of State Highway Funds for fleet replacement during this difficult economic period. In January, Rudy Malfabon, P.E., Director, Department of Transportation, testified to the Board of Directors, Department of Transportation, that a \$250 million annual shortfall to maintain the roads existed in the State Highway Fund. That shortfall suggested that State Highway Funds should not be used for fleet replacement.

Mr. Madole spoke about the audit released in December by the Division of Internal Audits, Department of Administration, which stated that the Nevada Highway Patrol needed to reduce its fleet by 119 vehicles to match the number of authorized sworn positions or reduce its fleet by 177 vehicles to match the number of filled sworn positions. The audit suggested that the Nevada Highway Patrol could save over \$7 million in procurement costs and over \$2 million in annual costs by reducing the fleet. Assembly Bill 470 was a request for \$11,630,063 from the State Highway Fund to procure new vehicles for a fleet that was too large. He wanted to ensure that all the due diligence had been completed before purchasing new vehicles. He would prefer to see the fleet funding come from a source other than the State Highway Fund.

In response to a question from Chair Carlton, Mr. Madole agreed he would favor the General Fund paying for the vehicles. He wanted to ensure that these 200 new vehicles were not the replacements for the suggested fleet reduction of 177 vehicles. He committed the contractors' industry to participate in any conversation to restructure Nevada's tax structure. The restructuring would be encouraging, and the industry would be happy to participate in that effort.

Hearing no response to her request for additional 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. 470 and opened the hearing on Assembly Bill 478.

**Assembly Bill 478: Makes supplemental appropriations to the Nevada Highway Patrol Division of the Department of Public Safety as reimbursement for unanticipated visiting dignitary protection assignments and for an unanticipated shortfall resulting from an increase in fuel costs. (BDR S-1192)**

Johnean J. Morrison, Administrative Services Officer 3, Nevada Highway Patrol, Department of Public Safety, testified that A.B. 478 requested a supplemental appropriation from the State General Fund of \$14,803 to cover unanticipated visiting dignitary protection assignments, and \$731,409 from the State Highway Fund to cover unanticipated shortfalls resulting from increases in fuel costs. She said the agency would withdraw section 2 that requested an appropriation from the State Highway Fund to cover the increase in fuel costs because the agency believed it could pay for those costs within the agency's legislatively approved budget. Withdrawal of the request would require the Nevada Highway Patrol to bring forward a work program to transfer authority from the personnel category to the operating category at the June meeting of the Interim Finance Committee (IFC).

In response to a question from Assemblyman Horne, Ms. Morrison replied that the agency was required to use the fiscal year (FY) 2010 actual expenditures to build its base budget for the 2013-2015 biennium. The agency rarely provided visiting dignitary protection in FY 2010, and \$3,000 was built into the base budget. During the past few years, the agency had seen an increase in the numbers of dignitaries that had visited Nevada, which increased the cost of protection services. Cabinet members and governors from other states visited Nevada. She was unsure how to make a projection or build a budget with an estimate of who would visit the state. She thought it was fortunate for Nevada that many dignitaries visited the state during the past few years.

Assemblyman Horne suggested Ms. Morrison study the history of dignitary visits to gather data over the past eight years to determine the level of importance of Nevada to visiting dignitaries starting with the President, other governors, or cabinet members. He wondered whether she had looked at the actual number of visits served by the agency in each of the past eight years.

Ms. Morrison replied that the agency looked at the number of visits and thought the visits were cyclic depending upon whether there was an election in that year. In the last three years, the agency had noted an increase in the number of dignitary visits, but was uncertain about the purpose of the visits to Nevada. She thought the visits were not linked to a presidential election.

In response to a question from Assemblyman Horne about the number of gallons of fuel the agency used each year and possible bulk future purchases of fuel, Ms. Morrison replied that she tracked the number of gallons of fuel used. She specifically looked at fiscal year (FY) 2010 and tracked the number of gallons used and the average cost of fuel. The Department of Transportation (NDOT) made the majority of fuel purchases, but she was not familiar with the mechanism used by NDOT to purchase fuel in bulk.

In response to a question from Chair Carlton, Ms. Morrison clarified that the agency would amend the bill to delete section 2 that included the request for an appropriation for fuel purchases. The agency proposed presenting a work program to the IFC to request approval to use existing revenues in the FY 2013 budget to pay for fuel purchases.

In response to a question from Assemblyman Hickey, Dennis Osborn, Captain, Nevada Highway Patrol, Department of Public Safety, replied that the agency studied expenses for the dignitary visits to determine whether some expenses were reimbursable expenses. Some dignitary visits were related to campaign visits and not official visits to Nevada. Unfortunately, the Nevada Highway Patrol costs were not deemed reimbursable costs because the agency was performing general highway safety activities, escorting vehicles, and maintaining traffic control.

Assemblyman Kirner commented that using a simple regression analysis on anticipated dignitary visits over a number of years would be a better predictor than using FY 2010 as a base year or any other year as a base year.

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. 478 and opened the hearing on Assembly Bill 479.

**Assembly Bill 479: Makes a supplemental appropriation to the Investigation Division of the Department of Public Safety for an unanticipated shortfall resulting from increases in fuel costs. (BDR S-1193)**

Mark Teska, Administrative Services Officer, Department of Public Safety, testified that A.B. 479 requested a supplemental appropriation of \$27,844 to pay for an unanticipated shortfall resulting from increases in fuel costs for the Investigation Division, Department of Public Safety. A similar shortfall occurred in fiscal year (FY) 2012 that required an allocation from the Interim Finance Committee's contingency fund. The agency's current projection showed that there was a shortfall of approximately \$23,000 in FY 2013.



It appeared the agency could cover this shortfall with the legislatively approved budget for FY 2013 by transferring funds from one category to another. However, the Division requested that the supplemental appropriation not be withdrawn at this time to allow the agency to acquire one more month's worth of data for the projections. Once the agency obtained that data that was expected within the next two weeks, the Department would analyze whether it had the ability to cover the unanticipated costs. At that time, it may withdraw the request for the supplemental appropriation. The March fuel costs would be available along with the other relevant bills within the next 10 to 14 days, and the Department would update its projections at that time. Mr. Teska agreed to work with the Fiscal Analysis Division, Legislative Counsel Bureau, and make that determination.

Chair Carlton agreed to hold A.B. 479 until the Department worked with Fiscal staff to determine whether the bill needed to be processed.

Assemblywoman Kirkpatrick asked how often the agency made fuel estimates. It appeared that agencies were constantly underprojecting the fuel usage and costs. She understood that the Purchasing Division, Department of Administration was conservative in projecting fuel costs. She thought that the agencies should work with the Purchasing Division rather than the Department of Transportation. She preferred that agencies project a higher cost rather than a lower cost because it did not appear that fuel costs would decrease in the future. It appeared agencies had a consistent problem, and she wondered whether there was a better solution to making more accurate projections of fuel costs. Fuel was generally purchased three months in advance.

Mr. Teska explained the budget for FY 2013 was based on the actual expenditures for FY 2010. The average price per gallon of fuel paid by the Investigation Division, Department of Public Safety in FY 2010 was \$2.37 per gallon. The average price increased to \$2.87 per gallon in FY 2011, and increased to \$3.14 per gallon in FY 2013. The Department tried to purchase as much fuel as possible through the Department of Transportation (NDOT) because NDOT purchased bulk fuel at a lower price than offered by individual gas stations. Some small purchases were unavoidable given the work that the Investigation Division performed. The Department was at the mercy of the market fuel prices, and no one had anticipated the sharp increase in fuel prices. Prices had started to decrease recently, and the agency hoped that trend continued. The Department believed the bulk fuel purchases made by NDOT provided the best prices, and the agency lacked a better method to project future fuel costs.

Assemblywoman Kirkpatrick said persons typically used the most recent 18 months of data to make projections. She thought using a base year of FY 2010 for the budget was imprecise. She wondered why the Department did not use the fourth quarter data from FY 2011 rather than FY 2010.

Mr. Teska replied that FY 2012 and FY 2013 budgets were based on the actual expenditures from FY 2010. The average price for fuel was \$2.37 per gallon in FY 2010. The Governor's budget and the legislatively approved budget did not include an inflation factor for fuel prices. An allowance for inflation would have eliminated the need for a supplemental appropriation. Because no adjustment was made during the last budget cycle, the Department used the FY 2010 fuel price data.

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. 479.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, requested the Assembly Committee on Ways and Means approved the same action as was approved by the Senate Committee on Finance. There were a variety of technical adjustments that must be made when closing budgets. The adjustments included changes to statewide cost allocations, internal service rates, pay adjustments, and others. She requested the Assembly Committee on Ways and Means grant authority to the Fiscal Analysis Division, Legislative Counsel Bureau, to make those technical adjustments to all 438 budget accounts as opposed to asking for the approval of the Assembly Committee on Ways and Means on each adjustment in the individual budget accounts. She believed this action would expedite the process of closing the budgets.

Ms. Jones read the following statement into the record:

Certain items pertaining to global closing issues would not be decided this week as the closing process begins. In each of the budget accounts throughout state government there were decision units that cannot be closed until the Committee closes certain budget accounts that allocate costs. This includes decision units Maintenance (M) 100, statewide inflation, that change various rates paid to internal service agencies such as the Office of the Attorney General, the Department of Administration divisions including the Motor Pool Division, Division of Enterprise Information Technology Services, and State Public Works Division, vehicle insurance, purchasing assessment, property and contents

insurance, and statewide cost allocation. Generally, these issues would be decided upon once the Committee closes certain budget accounts that allocate these costs. Further, global decision units that were impacted in this way include decision units M-300, fringe benefits, Enhancement (E) 670, employee pay decreases, E-671, merit salary freeze, and E-672, longevity pay suspension. Therefore, Fiscal staff requests the Committee grant Fiscal staff the authority to make technical adjustments to these items in the budget accounts as they are closed. Fiscal staff generally requests the same authority to make adjustments to the payroll and personnel assessments, Division of Enterprise Information Technology Services allocations, purchasing assessments, Office of the Attorney General cost allocations, building rents, vehicle insurance, property and contents insurance, and the statewide cost-allocation plan, once they were finalized.

Chair Carlton asked whether the Assembly Committee on Ways and Means members had any questions or were secure with the request. If the Committee approved this request, it meant the Committee would typically allow Fiscal staff the authority to make technical adjustments, but Fiscal staff would not adjust anything that was delineated in a motion.

ASSEMBLYMAN HORNE MOVED TO AUTHORIZE THE FISCAL ANALYSIS DIVISION, LEGISLATIVE COUNSEL BUREAU STAFF TO MAKE TECHNICAL ADJUSTMENTS TO THE BUDGETS AS NEEDED.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

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

Chair Carlton encouraged the members of the Assembly Committee on Ways and Means to contact the Fiscal staff if they had questions or needed clarification on any budget closing matter. She asked whether the members had any questions about the work sessions or budget closing hearings that would be held.

Ms. Jones commented that she sent an email to the members that provided links to the five budget implementation bills for their review. She wanted them to become familiar with the bills. She included a reminder about the materials that were available to the members for review before closing any specific budget.

Chair Carlton asked the members not to hesitate to ask for information about any matters that may arise during the Subcommittees' work sessions.

Chair Carlton asked for public comment and there was none. There being no further business before the Committee, she adjourned the meeting at 9:01 a.m.

RESPECTFULLY SUBMITTED:

---

Janice Wright  
Committee Secretary

APPROVED BY:

---

Assemblywoman Maggie Carlton, Chair

DATE: \_\_\_\_\_

**EXHIBITS**

**Committee Name:** Assembly Committee on Ways and Means

**Date:** April 1, 2013

**Time of Meeting:** 8:07 a.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Attendance Roster
A.B. 470	C	Steve Weinberger, CPA, Administrator, Division of Internal Audits, Department of Administration	Letter dated March 29, 2013