

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-Seventh Session  
May 6, 2013**

The Senate Committee on Finance was called to order by Chair Debbie Smith at 8:09 a.m. on Monday, May 6, 2013, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Debbie Smith, Chair  
Senator Joyce Woodhouse, Vice Chair  
Senator Moises (Mo) Denis  
Senator David R. Parks  
Senator Pete Goicoechea  
Senator Ben Kieckhefer  
Senator Michael Roberson

**GUEST LEGISLATORS PRESENT:**

Senator Justin C. Jones, Senatorial District No. 9  
Senator Pat Spearman, Senatorial District No. 1  
Assemblyman James Oscarson, Assembly District No. 36

**STAFF MEMBERS PRESENT:**

Mark Krmpotic, Senate Fiscal Analyst  
Alex Haartz, Principal Deputy Fiscal Analyst  
RJ Keetch, Committee Secretary

**OTHERS PRESENT:**

Christopher B. Smith, Administrator, Division of Emergency Management and  
Office of Homeland Security, Department of Public Safety  
Jim R. Barbee, Director, State Department of Agriculture  
Neena Laxalt, Nevada Cattlemen's Association

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Lynn Hettrick, Executive Director, State Dairy Commission, Department of Business and Industry  
Bruce Breslow, Director, Department of Business and Industry  
Shawna DeRousse, Chief Operating Officer, Silver State Health Insurance Exchange  
Jon Hager, Executive Director, Silver State Health Insurance Exchange  
Adam Plain, Insurance Regulation Liaison, Division of Insurance, Department of Business and Industry  
Evan Dale, Administrator, Administrative Services Division, Department of Administration  
Steve Hill, Executive Director, Office of Economic Development, Office of the Governor  
Michael Pagni, McDonald Carano Wilson, LLP  
Sumiko Maser, Deputy Executive Director, Department of Taxation  
Richard C. Merritt, President, Elliott D. Pollack & Company  
Mike Kazmierski, President and CEO, Economic Development Authority of Western Nevada  
Justine Harrison, Nevada Business Aviation Association  
Pat Conmay, Chief, Records and Technology Division, Department of Public Safety  
Julie Butler, Records Bureau Chief, Records and Technology Division, Department of Public Safety  
Duncan R. Mackie, Nevada Firearms Coalition  
Juanita Clark, Charleston Neighborhood Preservation  
Daniel Reid, National Rifle Association  
Richard Brengman  
Janine Hansen, President, Nevada Families for Freedom  
Eric McGovern, Nevada Firearms Coalition  
Bill Welch, Nevada Hospital Association

**Chair Smith:**

I will now open the hearing on Senate Bill (S.B.) 44 regarding an allocation from the disaster relief account.

**SENATE BILL 44:** Revises provisions relating to allocations from the Disaster Relief Account. (BDR 31-341)

**Christopher B. Smith (Administrator, Division of Emergency Management and Office of Homeland Security, Department of Public Safety):**

My office is a coordination agency that ensures State resources are ready to be deployed during a disaster or significant event. Our vision is to enhance security and preparedness through strong leadership and collaboration with tribal jurisdictions and municipalities. The Division of Emergency Management merged with the Office of Homeland Security in 2010.

The administrator serves as the representative for grant applications when working with the Federal Emergency Management Agency (FEMA). We serve the State as the approving agency for grants with the U.S. Department of Homeland Security (DHS). I am the DHS security advisor to Governor Brian Sandoval.

The three major threats relevant to Nevada are floods, earthquakes and wildfires. The other threats under our domain are storms, hazardous materials, terrorism and cybersecurity.

I am here to ask for changes in the disaster relief account to allow State agencies and local jurisdictions adequate time to gather data for complete and accurate applications after an event. There are a variety of funding opportunities when disasters happen. Costs are not always clear several months after an event, therefore the current timeframe of 60 days to submit an assistance application after an event is unrealistic. I often visit the Interim Finance Committee (IFC) for application extensions.

The legislation proposes streamlining disaster relief so that funding can quickly get to those in need.

**Senator Kieckhefer:**

How does allowing local entities to be able to use State funds to apply for federal assistance expand our ability to obtain grants?

The bill states that funds can be used to prevent or reduce the likelihood of damage to property. For example, could we use funds to build flood control infrastructure, if a disaster took place within a certain timeframe, within a certain geographic area?

**Mr. Smith:**

The bill is written to allow for grant applications to other agencies besides FEMA. For example, the Small Business Administration may offer federal grants during a disaster.

The preventative measure in the bill clarifies the cost-share. For example, if a fire station in Washoe County experienced a flood situation they would be responsible for 25 percent of that project.

**Mark Krmpotic (Senate Fiscal Analyst):**

This bill is before the Committee because the disaster relief account is funded through transfers from the General Fund and because the bill modifies the policy of the account. There are four pending requests for disaster relief funds. Fiscal Analysis Division Staff recommends that the Agency be required to report to the Legislative Counsel Bureau (LCB) since these requests are ultimately reviewed by the IFC.

**Chair Smith:**

In section 7 of S.B. 44, there is a reference to the State charging a local government for technical assistance. I do not see a fiscal note on this bill for that type of activity. Another bill I am involved with has a fiscal note for this type of activity. I would like us to be consistent in our treatment of fiscal notes and bills.

**Mr. Smith:**

We provide technical assistance to local jurisdictions. This is a part of our job, and we do not expect any additional fiscal impact.

**Mr. Krmpotic:**

In section 9 the bill addresses the timeline and the agency's written notice to request a grant. In subsection 2 of section 9 the bill language indicates that no later than 10 working days after receiving a notice from a State agency or local government, the Division shall forward a copy of the notice to the State Board of Examiners (BOE). Fiscal Staff recommends that the Agency be required to report back to the LCB with respect to this portion of the bill.

In section 9 of the bill there are reporting requirements for the BOE to submit a request for disaster relief. Fiscal Staff recommends that the Agency be required to report back to the LCB with respect to this portion of the bill.

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**Chair Smith:**

Will you agree to the reporting agreements as outlined by Mr. Krmpotic?

**Mr. Smith:**

Yes, we will provide reporting to the LCB.

**Chair Smith:**

I will close the hearing on S.B. 44 and open the hearing on S.B. 464.

**SENATE BILL 464:** Renames the State Sealer of Weights and Measures and the Division of Measurement Standards within the State Department of Agriculture. (BDR 50-1148)

**Jim R. Barbee (Director, State Department of Agriculture):**

Several of the bills the Committee will be considering are reflective of the reorganization and merger of programs into the Food and Nutrition Division at the Nevada Department of Agriculture (NDA).

Senate Bill 464 is simply a name change of the State Sealer of Weights and Measures and the Division of Measurement Standards. We want the public to have a better understanding of the role and purpose of the Division. The term "consumer equitability" is more reflective of the role and purpose of the Division than "measurement standards."

**Senator Goicoechea:**

I support this bill. The Senate Committee on Natural Resources has reviewed this bill and approved it unanimously.

**Chair Smith:**

Is there a fiscal impact associated with this bill?

**Mr. Barbee:**

Our documents will be electronic so there is not much of an expense. We were already planning to replace signage as part of an update, so this change is timely and will not require additional funds from the Legislature.

**Chair Smith:**

I will close the hearing on S.B. 464 and open the hearing on S.B. 465.

**SENATE BILL 465 (1st Reprint)**: Revises provisions governing the special tax on certain livestock. (BDR 50-1147)

**Mr. Barbee:**

This bill revises the provisions governing the special tax on certain livestock. The animal identification account and the enforcement officer's account were about \$100,000 underfunded and slowly depleting reserve account funds. Without changes these accounts would be depleted by approximately fiscal year (FY) 2014-2015. We determined the yearly revenue needs to increase by approximately \$150,000.

We met with the Nevada Farm Bureau and the Nevada Cattlemen's Association to talk about what the industry was willing to support in the way of new taxes and what they wanted us to cut from our budgets. Senate Bill 465 is a result of those meetings. The head tax has not been adjusted since it was established in 1961. The industry will end up paying approximately \$52,000 more if this bill is adopted. The additional approximately \$100,000 budget shortfall will be remedied by reducing our personnel by one full-time equivalent position.

Head tax will increase from 28 cents to 50 cents for stock cattle and from 53 cents to 60 cents for dairy cattle. The rate for hogs and pigs will increase from 7 cents to 30 cents. Goats will increase from 6 cents to 10 cents per year.

**Chair Smith:**

What did the Committee on Natural Resources discuss regarding this bill?

**Senator Goicoechea:**

The livestock industry is supporting this increase in their taxes to protect their animal identification program and the general health and security of the livestock industry.

**Chair Smith:**

Would this type of tax raise more funding than what has been projected?

**Senator Goicoechea:**

The livestock industry is in a tailspin. The number of livestock in Nevada is below 1940s levels.

**Senator Kieckhefer:**

Would someone with a single goat in his or her backyard, for example, be required to pay this tax?

**Mr. Barbee:**

Yes, they would be responsible for the tax.

**Neena Laxalt (Nevada Cattlemen's Association):**

The Nevada Cattlemen's Association supports this bill.

**Chair Smith:**

I will close the hearing on S.B. 465 and open the hearing on S.B. 466.

**SENATE BILL 466:** Transfers authority over programs of nutrition from the Department of Education to the Director of the State Department of Agriculture. (BDR 34-1146)

**Mr. Barbee:**

This bill will change the *Nevada Revised Statutes* (NRS) to reflect the nutrition programs reporting to the NDA.

**Chair Smith:**

I am comfortable that this bill has been sufficiently vetted.

Will the State Board of Agriculture play a role in the nutrition programs once they report to the NDA?

**Mr. Barbee:**

No, the State Board of Agriculture will not be involved. The Board is not involved in our federal grant programs. We would probably use an entity similar to the advisory group that was involved in our food security planning.

**Senator Denis:**

I know we are going to provide better nutrition to our children with this program, but I am wondering if this will help our local growers. Will local growers be able to sell their products to our schools?

**Mr. Barbee:**

Yes, that is our intent. We want local, fresher agricultural products in our schools.

**Chair Smith:**

I support getting fresh, local foods into our schools. I will close the hearing on S.B. 466 and open the hearing on S.B. 469.

**SENATE BILL 469:** Transfers the State Dairy Commission from the Department of Business and Industry to the State Department of Agriculture.  
(BDR 51-1145)

**Mr. Barbee:**

This bill eliminates the unclassified executive director position. The manager of operations will be the *ex officio* member that coordinates and reports to the State Dairy Commission. Lynn Hettrick is the current executive director of the State Dairy Commission and will be the new deputy director of the NDA after the proposed merger.

**Lynn Hettrick (Executive Director, State Dairy Commission, Department of Business and Industry):**

We support S.B. 469. There will be a synergistic effect from merging the State Dairy Commission with the NDA. We see opportunity to promote State agriculture in the current environment.

**Chair Smith:**

Is there a new agricultural facility under construction?

**Mr. Hettrick:**

There is a new dairy powder plant currently under construction in Fallon. The facility is an \$84 million plant. The plant will provide stability to the State dairy industry. We hope to attract another 15,000 to 20,000 dairy cows to support the plant. We expect the new facility to provide around 2,000 jobs if the multiplier effect is considered. The dairy plant will open in October and will produce a powdered whole milk. This is a desirable and unique product because most powdered milk is nonfat. One hundred percent of the powdered milk will be exported, which is good for the local and State economy.



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Dairy and agricultural production have been shrinking for many years. This new facility will make Nevada one of a few growing dairy producing states.

**Bruce Breslow (Director, Department of Business and Industry):**

We support the transfer of the State Dairy Commission from the Department of Business and Industry (B&I) to the NDA.

**Chair Smith:**

Will the new dairy cows be taxed under the new head tax?

**Senator Goicoechea:**

Yes, the new cows will be taxed using the revised rate structure.

**Chair Smith:**

I will close the hearing on S.B. 469 and open the hearing on S.B. 490.

**SENATE BILL 490:** Revises provisions relating to certain commodity food programs. (BDR 27-1149)

**Mr. Barbee:**

Senate Bill 490 keeps the existing statutory language, but changes the statutory authority and the management of the federal commodity food grant/feed producing program to the NDA.

**Chair Smith:**

I support this bill. This program can be better administered within the NDA.

**Senator Kieckhefer:**

The bill states that not less than 95 percent of funds must be used to purchase and distribute nutritious foods that are infrequently donated. Is this provision overly restrictive?

**Mr. Barbee:**

This provision in the bill is copied from the federal program.

**Senator Kieckhefer:**

Are peanut butter, tuna fish, fruit, vegetables, dry milk and stew the items that are frequently donated or infrequently donated? The language in the bill is unclear.

**Mr. Barbee:**

I will review and clarify the language in this portion of the bill.

**Chair Smith:**

The purpose of the commodity program is to provide foods that are not often donated.

**Mr. Barbee:**

Yes, that is correct. The purpose is also to stabilize agricultural product prices.

**Senator Goicoechea:**

We need to define what products are coming from the U.S. Department of Agriculture food programs and what products are coming from other sources.

**Chair Smith:**

I will close the hearing on S.B. 490 and open the hearing on S.B. 454.

**SENATE BILL 454 (1st Reprint):** Makes various changes relating to the Silver State Health Insurance Exchange. (BDR 57-1167)

**Shawna DeRousse (Chief Operating Officer, Silver State Health Insurance Exchange):**

Section 2 of S.B. 454 gives the Silver State Health Insurance Exchange (SSHIX) the ability to retain interest earned on Exchange reserves. The interest will reduce fees charged to the qualified health plans, reducing health insurance premiums.

Sections 3 and 8 of the bill exempt the fees charged by the Exchange from the premium tax. An insurance premium and a premium tax are currently paid to the General Fund. We estimate that there will be approximately 118,000 newly insured individuals in Nevada the first year the Exchange is operating. New insurance premiums will result in additional premium taxes for the State.

We are requesting the \$4.95 fee that the Board of Directors of the SSHIX has approved as the first-year Exchange fee not be included in the calculations of the premium tax. Of the \$9 million to \$10 million in new premium tax funds, we are asking that approximately \$100,000 the first year, and about \$300,000 the second year, not be included in the premium tax calculation.

**Senator Kieckhefer:**

Will we not charge a tax on the \$4.95 fee used to subsidize the Exchange?

**Ms. DeRousse:**

Yes, that is correct.

**Chair Smith:**

Did the Economic Forum consider this legislation and the fact it will remove approximately \$400,000 from other uses?

**Ms. DeRousse:**

Yes, they did. There were questions about whether the calculations were made using a fiscal or calendar year.

We have spoken with the Department of Taxation about how they would account for the \$4.95 fee. They stated that a software change would be needed. The Exchange has agreed to pay about \$120,000 for this software update. We can use federal funds to pay for this upgrade.

**Senator Kieckhefer:**

Under the rules, do plans that are offered inside and outside the Exchange have to have the same rate?

**Ms. DeRousse:**

The plans must be the same, but the price for the plans can be different.

**Senator Kieckhefer:**

Will the fee be applied to plans sold inside the Exchange, but not outside the Exchange?

**Ms. DeRousse:**

Yes, that is correct.

**Senator Kieckhefer:**

Is the premium price the same?

**Ms. DeRousse:**

The premium price is decided by the insurance carrier. I do not know what the rates are today.

**Jon Hager (Executive Director, Silver State Health Insurance Exchange):**

The Exchange fees will only be charged for enrollment in the Exchange. If a carrier does not choose to participate, the carrier will not be assessed any fees.

The fees are based on administrative costs and are built into the premiums. The premiums are required to be the same both inside and outside the Exchange to spread out the risk-pool. If a qualified health plan is offered in the Exchange, it will be offered for the same price outside the Exchange, if the carrier chooses to offer the product.

**Senator Kieckhefer:**

Are the carriers indicating that they will offer the product inside and outside the Exchange?

**Mr. Hager:**

I do not know. We expect that there will be qualified health plans offered outside the Exchange directly between the carrier and individuals.

**Senator Kieckhefer:**

If you have an equal product inside and outside the Exchange, with equal premiums, then will the Exchange fee be deducted from the Exchange premium?

**Mr. Hager:**

The federal rules state that the administrative costs shall be absorbed by the entire risk-pool. The fees shall be shared by those both inside and outside the Exchange.

**Senator Kieckhefer:**

Does the carrier receive less for the same plan inside the Exchange than outside the Exchange due to the necessity of the fee?

**Mr. Hager:**

Yes, that is correct.

**Senator Goicoechea:**

Will the fee be profit for the carrier if they sell outside the Exchange?

**Mr. Hager:**

Yes, that is correct.

**Senator Goicoechea:**

Is the Exchange at a disadvantage?

**Ms. DeRousse:**

The Exchange has the unique ability to offer individuals a premium tax credit. The credit is not available outside the Exchange.

**Senator Goicoechea:**

Is there enough of a difference to give the Exchange an advantage?

**Ms. DeRousse:**

Yes, there is an advantage.

Section 4 of the bill authorizes the Exchange to offer supplemental products. The products would only be offered to persons who purchase a qualified health plan within the Exchange. The Patient Protection and Affordable Care Act of 2010 (ACA) currently states that the Exchange should offer a qualified health plan and a dental plan. We are requesting that the federal government allow us the ability to offer standalone dental plans, vision plans and other supplemental products.

**Chair Smith:**

If someone wants a supplemental plan that is only offered outside the Exchange, will they be able to purchase it?

**Ms. DeRousse:**

We will allow anyone to purchase insurance within the Exchange if they want to pay full price. The supplemental plans will help us offset expenses. The ACA provides us funds until December 31, 2014. After this date, the Exchange is required to be self-sufficient.

Sections 5 and 6 of the bill revise the expertise required of the Board members on the Exchange. Section 7 allows the Board to delegate authority to submit federal reports to the executive director. Sections 9 and 10 repeal unused definitions and effective dates of the bill.

**Mr. Hager:**

There were three opposing votes when this bill was heard by the Senate Committee on Commerce, Labor and Energy. The opposing votes were due to the federal law being in flux. This bill provides us the structure we need to offer supplemental products. The supplemental dental and vision portions align us with federal guidance standards. We want to be in alignment with federal law and Nevada law. Please support this bill.

**Chair Smith:**

Is this a new fee?

**Mr. Krmpotic:**

We will check with the Legal Division of LCB to verify if this is a new fee.

**Senator Kieckhefer:**

There is a flat premium rate inside the Exchange which we deduct before we apply the insurance premium tax. Does the Exchange set the fee deduction rate?

**Ms. DeRousse:**

Yes, the Exchange Board approves the fees on a yearly basis. After the first year, we will understand what the fees need to be the next year to cover our expenses. Long-term, we expect the fee to be between \$9 and \$10.

**Senator Kieckhefer:**

Do federal rules say that the fees for the Exchange cannot be in addition to the premium rate?

**Ms. DeRousse:**

No, that is not a federal rule. The Exchange is requesting this provision to help keep the premium rate as low as possible.

**Mr. Hager:**

Let us pretend that we have an insurance premium of \$100, and a premium tax of 3 percent. Using this example, the State would collect \$3. We are not proposing to change the \$3 based on the premium, we are asking to not charge the additional premium tax on the Exchange fee. As premiums rise, the State would still collect the \$3 on the basic premium, but would not collect the additional premium tax on the fee charged by the Exchange. In the future, if the

premium is \$110 because the Exchange fee is absorbed into that premium, the 3 percent would not be charged on the \$110, but on the \$100, which is what is done today.

**Senator Kieckhefer:**

The Exchange will be funded by fees collected to the detriment of the State's ability to collect the full premium tax. This will be to the detriment of the carrier.

**Mr. Hager:**

By creating this exception to the premium tax calculation, we reduce the tax burden on the insurance carrier, which then reduces the premium charged to the Nevada consumer. We want to get costs low for Nevada's consumers.

**Senator Kieckhefer:**

I understand the goal. Is the consumer's cost reduced when you add in the federal subsidy?

**Mr. Hager:**

Yes, it will be.

**Senator Kieckhefer:**

What is the price difference between the subsidized Exchange price and the full-price fee inside the Exchange?

**Mr. Hager:**

The difference would be the 3.5 percent of Exchange fee. Long-term, the difference may be 35 cents per member, per month.

**Senator Kieckhefer:**

I am not sure that having the fee wrapped into the ultimate premium is legitimate for making the Exchange self-sufficient.

**Chair Smith:**

Let us discuss the fiscal impacts of this bill. Will the development of regulations within the Exchange require a fiscal note?

**Ms. DeRousse:**

There is no fiscal impact for the Exchange account, only the General Fund. We did not produce a fiscal note for our regulations.

**Chair Smith:**

I would like consistency across agencies with regard to the application of fiscal notes.

**Adam Plain (Insurance Regulation Liaison, Division of Insurance, Department of Business and Industry):**

We are neutral on the bill. The definition of premium is broadly defined in NRS 679A. The State has always interpreted premium to include a direct premium or any consideration paid on behalf of a consumer for an insurance product. For example, if an insurance carrier assesses a surcharge for monthly payments, the surcharge would be subject to the premium tax. The Exchange fee is a consideration for insurance as defined by NRS 679A.

If an insurance plan is sold both inside and outside of the Exchange, it must be sold for the exact same price. The Division of Insurance expects that insurance carriers will project how many plans they expect to sell within and outside the Exchange and blend their administrative costs. The Exchange fee is paid by those inside and outside the Exchange.

The federal government has stated that every plan offered in the Exchange must be offered outside the Exchange. Because the State of Vermont does not have an off-exchange market, this is to ensure that all people have the opportunity to purchase some sort of health insurance. Unlawful immigrants are not allowed to purchase insurance within an exchange, but there is some ambiguity about this provision.

Currently, the federal subsidy limits the recipient's out-of-pocket maximum insurance premium to a percentage of their income. Maximum premiums for someone making about 200 percent of the federal poverty level would pay about 4 percent of their income per year. If the premium tax is levied against the Exchange fees, those who receive a subsidy will still only pay 4 percent. In effect, the premium tax is paid for by the federal government for those that qualify for a subsidy. Those that do not qualify for a subsidy will see an increase in their premiums.

The Economic Forum did not account for the provisions of this bill. The Forum is prohibited from considering legislation that has not been enacted.



In NRS 616, the B&I's Division of Industrial Relations has a fee that they assess to workers' compensation insurers. The fee is meant to ensure solvency for failing companies and the Division's operations. This fee is exempt from premium taxes and is treated as a premium tax credit.

The Nevada Insurance Guaranty Association and the Nevada Life and Health Insurance Guaranty Association provide assistance if an insurer goes insolvent. These associations have assessments that are broken into two parts. The part that deals with insolvencies is given a tax exemption. The part that deals with the operations is not given a tax exemption.

The Division of Insurance is an enterprise fund, meaning it receives all of its funding from fees and assessments from the insurance industry. These fees are not tax exempt. All of these examples show a precedence for a fee structure similar to the one proposed in this bill.

**Senator Kieckhefer:**

Could we charge a fixed-price administrative fee in addition to the insurance premium inside the Exchange, but not outside the Exchange?

**Mr. Plain:**

No, the statutes state that any consideration for insurance is considered a premium. We would need a specific statutory exemption. In addition, the federal guidelines say that premiums must be the same inside and outside the Exchange.

**Senator Kieckhefer:**

The individual carriers are setting insurance premiums. Did I understand correctly that premiums outside the Exchange would increase because of the blending of the administrative fee?

**Mr. Plain:**

No, I did not intend to say that. The premiums will be blended, but the fees for those outside the Exchange will not get the advantage of the premium tax credit. Any increase in premiums is paid by those who pay full-price. Plans within the Exchange are not charging commissions so fees may be less due to blending of all fees.

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**Senator Kieckhefer:**

The subsidy inside of the Exchange insulates those within the Exchange from increases, but those outside the exchange will be subject to fee increases. Is this correct?

**Mr. Plain:**

Yes, this is correct.

**Chair Smith:**

I will close the hearing on S.B. 454 and open the hearing on S.B. 473.

**SENATE BILL 473:** Revises provisions relating to certain internal service funds.  
(BDR 18-1128)

**Evan Dale (Administrator, Administrative Services Division, Department of Administration):**

This bill will allow the State's internal service funds to receive interest on reserves. The bill will help match the State accounting method with the federal government accounting method. I support S.B. 473.

**Chair Smith:**

Is this a budget implementation bill?

**Mr. Dale:**

Yes, this is a budget implementation bill. The bill is reflected in the budget accounts.

**Chair Smith:**

This bill was heard and approved by the Senate Committee on Government Affairs.

**Mr. Krmpotic:**

This fee will remove about \$120,000 from the General Fund over the biennium.

**Chair Smith:**

I will close the hearing on S.B. 473 and open the hearing on S.B. 385.

**SENATE BILL 385**: Authorizes certain businesses to apply to the Office of Economic Development for a partial abatement from certain taxes.  
(BDR 32-822)

**Senator Michael Roberson (Senatorial District No. 20):**

I proposed S.B. 385 on behalf of the Governor and Nevada aviation stakeholders to provide a partial abatement of sales, use taxes and personal property taxes for certain qualifying businesses in the aviation sector. This bill seeks to restore legislative policy established almost 3 decades ago, to reignite critically needed economic development in Nevada's aviation industry.

The bill eliminates provisions in Nevada's tax code that are pushing jobs out of the State. The goal is to attract cutting-edge industries, high-technology jobs and unmanned aerial vehicle (UAV) development to Nevada. Schools will still receive their 2.25 percent share of sales and use taxes if this bill is approved.

**Steve Hill (Executive Director, Office of Economic Development, Office of the Governor):**

This bill resets our aviation competitiveness with surrounding states. We are not currently competitive with other states from a tax standpoint. The aviation sector is important to our State. The aviation industry is small, but provides high-paying jobs and a great potential for growth.

The bill was introduced about a month ago. Since that time, we have worked with your Fiscal Staff and with the industry. We will be offering a few amendments that will help this bill's passage. Some of the amendments are technical corrections to clarify the intent of the bill. Another amendment will eliminate Federal Aviation Administration (FAA), Federal Aviation Regulations (FAR) part 121 operators from eligibility, which greatly reduces the fiscal impact of the bill, while retaining the economic development impacts. The FAR part 121 operators are considered major airline carriers, such as Southwest Airlines and Allegiant Air. These airlines would not be eligible for this abatement. The major airlines are okay with being excluded from this bill and excluding them does significantly reduce the fiscal impact.

An economic impact study will be completed with respect to this bill. Currently, the study proposal does not include two important components. The study proposes reviewing existing businesses and how they may grow, but it does not

include companies outside of the State potentially relocating to Nevada, or the potential for UAV development.

We are currently seeking approval to bring UAV development to Nevada. As a part of this approval process, an economic impact report was developed. This report provides information for the next 10 years and estimates that there will be nearly 15,000 jobs in this new industry in Nevada. The overall industry is expected to create nearly 100,000 jobs between now and calendar year 2025. This represents about 1.5 percent of the overall employment in Nevada. The direct economic impact of the unmanned aerial systems industry is between \$2.5 billion and \$8 billion, each year, over the next 10 years. The entire economic impact for the State is about \$150 billion per year. This bill is a major part of helping this industry develop.

The State is positioned to obtain a UAV designation and realize growth from the industry. The Governor's Office of Economic Development received a letter this week from Lockheed Martin Aeronautics Advanced Development Program. The letter supports our application to the FAA for approval of UAV designation status. The letter states that the Nevada UAV test site proposal is the best proposal Lockheed Martin has reviewed.

**Michael Pagni (McDonald Carano Wilson, LLP):**

The aviation committee mock-up has been combined with the attached document entitled "Mock-Up, Proposed Amendment 8731 to Senate Bill No. 385" ([Exhibit C](#)). The first change is found on page 1, lines 5 through 7, to help more accurately describe a partial abatement for local and use taxes.

Page 1, lines 7 through 13 and page 4, lines 8 through 14, add provisions to allow a business to apply for an abatement of local and use taxes, paid by the business on behalf of a purchaser.

Page 2, lines 34 through 35, correct a reference to one of the kinds of certificates that could be used to qualify for an abatement and adds a citation to regulations adopted by the FAA.

Page 3, lines 3 through 7, is a change provided by the aviation industry and adds a provision that limits the applicability of the personal property tax abatement for large aviation carriers referenced earlier.

Pages 6 through 8 of [Exhibit C](#) add a number of provisions to NRS 374 to make that chapter consistent with this bill, should it be adopted.

**Senator Denis:**

Please define FAR part 121, part 125 and part 135 operators.

**Mr. Pagni:**

Larger airline carriers, like Southwest Airlines, would be considered part 121 operators. Tour operators are oftentimes considered part 125 and part 135 operators.

**Senator Denis:**

Are private aircraft owners included in this bill?

**Mr. Pagni:**

Private operators would not be classified or impacted by this bill.

**Chair Smith:**

We do not have a tour aircraft business in northern Nevada like southern Nevada. What are the implications for northern Nevada?

**Mr. Hill:**

Part 121 operators are aircraft with 20 or more seats and/or 6,000 pounds, or more, of cargo. Part 135 operators are on-demand charter aircraft and would be impacted in all portions of the State.

**Chair Smith:**

Where is the provision that holds the schools harmless?

**Mr. Pagni:**

The provision is in the original bill, and it is found on page 4, section 1, subsection 11, paragraph (d) ([Exhibit C](#)).

**Chair Smith:**

I would like to discuss changes to the fiscal note based on the amendment.

**Sumiko Maser Deputy (Executive Director, Department of Taxation):**

My analysis, entitled "Description of Fiscal Effect" ([Exhibit D](#)), provides additional details related to my comments. The Department of Taxation is

neutral on this bill. We have submitted a revised fiscal note which reflects the exclusion of the FAR part 121 aircraft operators.

The expenses have not changed. A management analyst is included for FY 2013-2014. This position will assist us with database changes and support. A tax examiner position will manage the abatements starting in FY 2014-2015. An auditor position is also requested for future biennia.

From a revenue standpoint, the Department originally forecast an approximately \$3.6 million loss of revenue per year. Based on the amendments, the loss of revenue is now forecasted to be between approximately \$468,000 and \$1.8 million. The estimated revenue loss does not consider the growth of the aviation industry that would likely result from passage of this legislation.

**Chair Smith:**

Was this included in the Executive Budget by the Department of Taxation? Is this part of the Governor's agenda for economic development?

**Mr. Hill:**

Yes.

**Chair Smith:**

Please provide the Committee with an update regarding the expected economic impact of this bill.

**Mr. Hill:**

The primary target of the bill is the supply chain that supports aircraft. The major aircraft companies are more concerned with supporting the possibility of maintenance facilities relocating near them, rather than how this bill would affect their tax situation.

**Senator Denis:**

Larger aircraft companies will benefit from having new maintenance and manufacturing companies in the State.

**Mr. Hill:**

Yes, that is correct. Having a supply chain in the State will help with airline logistics. The airlines currently fly out of State for maintenance because Nevada is not a competitive tax environment.

**Senator Denis:**

Will small aircraft operators benefit from this bill?

**Mr. Hill:**

Yes, the supply chain benefits would benefit all aircraft operators in Nevada.

**Senator Kieckhefer:**

I am employed by McDonald Carano Wilson, LLP. I do not foresee any conflicts of interest related to this bill.

**Richard C. Merritt (President, Elliott D. Pollack & Company):**

We were retained by the aviation industry working-group to assess the economic impact of S.B. 385. As described on page 2 of my presentation titled "Economic Impact of S.B. 385" ([Exhibit E](#)), Nevada is at a significant disadvantage compared to other surrounding states with aircraft tax exemptions. The aviation industry is a high wage sector. These are the types of jobs the Committee should promote for Nevada.

We developed assumptions for our economic growth analysis and reviewed research from other states. We used questionnaires to gather information from those involved in the aviation business and interviewed representatives of major repair stations and charter companies.

We reviewed studies in New York, Pennsylvania and Massachusetts that analyzed the issues of this bill. All of the studies determined that providing exemptions is a major benefit to a state that is surrounded by other states with tax exemptions. The states of Maine and Indiana have also approved aviation tax exemption bills and experienced great success. There are 44 states with tax exemptions for aviation businesses.

We gathered information from 11 percent of the aviation sector, excluding the FAR part 121 carriers. Eighty-nine percent of these stakeholders pay wages that are higher than the statewide average of approximately \$20 per hour. These stakeholders thought the abatements would benefit their business, but only 79 percent would apply for abatements. The reminder of businesses are smaller businesses that were unsure of how the bill would impact them. The stakeholders believed that the abatement bill would increase their employment level by 8.5 percent.

When we interviewed Nevada repair and charter companies, we learned that the aviation industry is highly mobile. It is less expensive for companies to fly aircraft out of state to avoid taxes, especially for major repairs.

We also learned that Las Vegas receives a high amount of business jet traffic. The problem is that the repair stations in Las Vegas are only providing minor maintenance. Virtually all of the business jets based at McCarran International Airport fly out of State for major repair operations. This is a significant loss of business for Nevada. The business jet sector of the economy is growing rapidly and is a significant opportunity for Nevada.

We also interviewed charter and tour companies. These companies have large fleets and require a significant amount of maintenance. Many of these companies have their major maintenance operations outside the State. These companies want to consolidate and come back to Nevada, but the sales tax rates are prohibitive. One Nevada tour company informed us that they were spending approximately \$1 million per year in sales and use taxes on the purchase of aircraft and parts. This is limiting investment and the development of the aviation industry in Nevada.

The second slide shown on page 5 of [Exhibit E](#) details the economic impact of the bill. The top of the chart shows the baseline impact of the aviation industry today. The chart shows the direct jobs, indirect jobs and industry earnings. Ranges of projected growth scenarios are also detailed. Conservatively, the bill will grow the aviation industry by 8 percent. Optimistically, the bill will grow the aviation industry by 30 percent. These projections will take 2 or 3 years to take effect.

The first slide on page 6 of [Exhibit E](#) details the tax benefit to the State from this bill. Conservatively, the bill will increase tax revenues by approximately \$6.6 million. Optimistically, the bill will increase tax revenues by approximately \$24.7 million.

We support S.B. 385. The bill will bring major investment in the aviation industry. California, especially, is overregulated and overtaxed. Those in the aviation industry there are looking to get out of the state and Nevada could attract those businesses.



**Chair Smith:**

What is the time frame for the estimated tax impact?

**Mr. Merritt:**

The fiscal note addresses the cost to the State over the next biennium. The tax benefits will take place after the next biennium.

**Mr. Hill:**

It will take 3 years before we begin to see tax benefits. The benefits will offset the tax revenue losses projected by the Department of Taxation.

**Chair Smith:**

I would like to see a single analysis of the projected losses and gains.

I would also like to discuss how aircraft drones relate to this bill, and get a complete financial understanding of what is needed in the aviation industry.

**Mr. Hill:**

To receive an FAA designation for drones the State needs to submit a proposal. Twenty-seven different organizations across the State have completed the proposal and it has been submitted. The State needs to show that it is prepared to execute the submitted proposal. We need designated airspace corridors. We need to be able to certify every UAV and UAV pilot. We have requested about \$1 million to fund and demonstrate that we can execute our proposal. We have also requested an additional approximately \$4 million to make the Nevada UAV operation self-supporting.

**Chair Smith:**

This bill will help the UAV industry indirectly by building up the maintenance and manufacturing capability in Nevada.

**Mr. Hill:**

Yes, that is correct.

A test site designation would allow us to require companies to work with us to integrate UAVs into the national airspace. The designation would allow us to work through the privacy issues, and to prove the vehicles are airworthy and safe.

**Senator Denis:**

Please provide further detail of the expected economic impact of the UAV industry.

**Mr. Hill:**

We expect a \$2.5 billion to \$8 billion direct impact to Nevada from the UAV industry.

**Senator Denis:**

What is the economic impact of non-UAV aviation?

**Mr. Hill:**

The numbers presented in [Exhibit E](#) represent the economic impact of non-UAV aviation.

**Senator Goicoechea:**

Does the economic analysis consider losses to local governments?

**Mr. Hill:**

Yes, the economic analysis does consider losses to local governments.

**Mike Kazmierski (President and CEO, Economic Development Authority of Western Nevada):**

Economic development is strongly correlated with the aviation industry. This bill will help us attract businesses that will provide quality jobs. Aircraft manufacturing and repair is important to northern Nevada. We support this bill.

**Chair Smith:**

Do we have the needed workforce for the suggested growth of the aviation industry?

**Mr. Kazmierski:**

Yes, in northern Nevada we have the needed workforce. Our education system is prepared to produce additional workers according to the needs of aviation companies.

**Chair Smith:**

Do we have the land in northern Nevada to support this industry?

**Mr. Kazmierski:**

We have everything we need to develop this industry, except a favorable tax climate.

**Justine Harrison (Nevada Business Aviation Association):**

In southern Nevada, we are educating workers and qualifying them for this industry. In southern Nevada, we also have a tremendous number of aviation trained workers leaving the military that we want to retain in the State. We support S.B. 385.

**Chair Smith:**

I will close the hearing on S.B. 385 and open the hearing on S.B. 221.

**SENATE BILL 221 (1st Reprint)**: Makes certain changes relating to public safety.  
(BDR 14-943)

**Senator Justin C. Jones (Senatorial District No. 9):**

Senate Bill 221 addresses issues of mental health and firearms for those that have been adjudicated as mentally defective. The Department of Public Safety (DPS) submitted a fiscal note related to section 6 of the bill, which expands background checks for certain firearms sales.

I worked with the DPS to reduce the costs, but the fiscal impact is still substantial. So I am proposing an amendment to the bill to allow federally licensed firearms dealers to contact the National Instant Criminal Background Check System (NICS) directly, rather than contacting the DPS. The details of the amendment are listed in my document entitled "Proposed Amendment to Senate Bill No. 221 (First Reprint)" ([Exhibit F](#)).

In 35 states, all firearms background checks go directly to the NICS. In eight states, some background checks are conducted by the state, while others are conducted using the NICS. If the dealer contacts the NICS directly for private-party background checks, there will be no fiscal impact. The purchaser of a firearm will no longer have to pay \$25 to the DPS for a background check.

Nevada is a point-of-contact state, as well as 13 other states. This means all firearm background checks are conducted by the State. In many other states the firearms dealer calls the NICS hotline directly to conduct background checks. I am proposing that private-party sales of firearms must conduct

background checks by going to a firearms dealer. Other states conduct background checks through the NICS and their state law enforcement agencies.

**Senator Denis:**

What are the benefits of using the NICS system, besides cost?

**Senator Jones:**

There are no other benefits. If a dealer is using the State background check system, they will have access to the State databases. The NICS background check will not provide information from all Nevada databases.

**Senator Kieckhefer:**

What is the "transfer" detailed in section 1, page 2 of [Exhibit F](#)?

**Senator Jones:**

A firearms dealer would temporarily place a firearm into their inventory. This is required for the dealer to be able to contact the NICS. This is how it is done in many other states. The NICS check generally takes about 5 minutes.

**Senator Kieckhefer:**

Does this amendment change us from a point-of-contact state to a hybrid system? Why not change completely to a NICS-based system?

**Senator Jones:**

I do not want to significantly change our system. The current system is effective for checking against State records.

**Senator Kieckhefer:**

Are federally licensed dealers allowed to charge a fee for conducting a background check?

**Senator Jones:**

Yes, they are able to charge a fee. The fee is determined by the dealer.

**Senator Kieckhefer:**

Would a dealer transfer a firearm back to the individual that is selling the firearm or to the purchaser of the firearm?

**Senator Jones:**

The firearm would transfer back to the seller.

**Senator Kieckhefer:**

Would the seller be required to get a background check?

**Senator Jones:**

No, they would not need a background check.

**Pat Conmay (Chief, Records and Technology Division, Department of Public Safety):**

The amendment has language requiring the DPS' Records and Technology Division to enter into an agreement with the NICS administrators for hybrid background checks. It is unclear if the NICS administrators would agree to enter into an agreement with the State.

**Chair Smith:**

Can you provide the Committee with an analysis of the fiscal impacts of the amendment?

**Mr. Conmay:**

If we operate the way the amendment proposes, the private-party background checks will not fiscally impact the Records and Technology Division.

**Senator Kieckhefer:**

Are there any other states that have a similar hybrid system?

**Mr. Conmay:**

The partial point-of-contact states conduct background checks on particular types of firearms. For example, some states conduct state background checks for handguns, but allow the federal government to conduct long-gun background checks. There are not any states that conduct a hybrid background check such as we are proposing.

I am concerned about how we track which firearms are in the dealer's inventory versus which firearms are private-party firearms.

**Senator Kieckhefer:**

Which databases incur an expense when the DPS conducts a background check?

**Julie Butler (Records Bureau Chief, Records and Technology Division, Department of Public Safety):**

A State point-of-contact background check would include the State criminal-history database, the State wants-and-warrants database, the State protection-orders database, the State supervised-release database, the U.S. Department of Homeland Security's Immigration and Customs Enforcement database, the Las Vegas Metropolitan Police Department's criminal-history database, the FBI criminal-history database, the FBI wants-and-warrants database and the NICS database.

If only the dealers use the FBI databases, the information obtained will only be FBI information. This could be a problem because we do not submit most of our protection orders to the FBI. We do not submit protection orders because the FBI requires that protection orders must be confirmed and validated.

The FBI supervised-release files would not be included in a direct NICS background check. We are concerned about what the mechanism would be for the dealer to go directly to the NICS and obtain all needed information.

**Senator Kieckhefer:**

Are you able to transfer State database information to the NICS?

**Ms. Butler:**

There is no mechanism for the NICS to obtain data from Nevada State databases directly.

**Senator Kieckhefer:**

How many people in State databases would be prohibited from purchasing a firearm? How many would be prohibited using the NICS?

**Ms. Butler:**

I do not know.

**Senator Goicoechea:**

Is it correct that the background check will be much less extensive if we only use the NICS?

**Ms. Butler:**

Yes, that is correct.

**Mr. Conmay:**

Currently, there is no background check for private-party sales. Using the NICS for background checks would provide more information than is currently provided.

**Senator Goicoechea:**

It would be an additional requirement for firearm purchasers, but I am not convinced it would be effective.

**Duncan R. Mackie (Nevada Firearms Coalition):**

We oppose S.B. 221. As amended, the bill does not cap the amount dealers can charge for background checks. The bill, as amended, applies to all private transfers and may reduce DPS revenue. The bill is not enforceable. There is no language in the bill related to how enforcement would be implemented.

**Juanita Clark (Charleston Neighborhood Preservation):**

We do not support S.B. 221. We do not support criminalizing the transfer of private firearms that are not NICS-checked by a licensed dealer. There is another bill mandating mental health checks at every government school. There are many factors contributing to the infringement of our right to bear arms. I have provided detailed points for the Committee to consider in my written testimony entitled "Charleston Neighborhood Preservation" ([Exhibit G](#)).

**Daniel Reid (National Rifle Association):**

We are against S.B. 221 as it pertains to criminalizing private-party transfers absent a background check. We are concerned about expanding background checks that are ineffective and difficult to enforce. There are major fiscal impacts as the bill is currently drafted. I would encourage the Committee to review my written testimony entitled "National Rifle Association of America" ([Exhibit H](#)) and to evaluate the questions I posed in the letter.

The proposed amendment states that the firearms should be provided to a federal firearms licensed (FFL) dealer. There are certain requirements for releasing a firearm to a person. There may be exceptions to allow a firearm to enter a dealer's inventory temporarily and be released without a background check, but I am not sure this amendment would be consistent with those exceptions. Typically, the firearm goes back to the transferor, rather than entering the FFL dealer's inventory. If the firearm is in the dealer's exclusive possession, the dealer would be required to conduct another background check.

The NICS can only be accessed for certain reasons, including compliance with the Brady Handgun Violence Prevention Act, a request from the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), or for licensing of firearms and explosives. A new memorandum has been released by the ATF regarding private-party firearms transfers that may have some new guidance for private-party firearms sales. It is an open question whether the NICS can be used for private party sales. We need to understand if Nevada would be able to use the NICS as a point-of-contact state, or if it would make more sense to change to a strictly NICS firearms check.

**Richard Brengman:**

I am an FFL holder from Gardnerville. This bill raises many new questions. I do not think this bill is legal in its original form or amended form. The FFL dealers do not exist in every town in the State. This bill is a major imposition on individuals.

Firearms that are brought to an FFL dealer for gunsmithing are exempt from the required background checks. This is the only current exemption. Not every FFL dealer is a gunsmith. If a firearm is taken to a pawnshop, a background check is required to get the firearm back from the pawnshop. This bill will not provide an exemption for required background checks. A background check will need to be conducted on both the seller and buyer.

The amendment shifts the financial burden from the State to the FFL holder. Forty percent of firearms sales are conducted between private parties. The FFL dealer's burden would be increased by 40 percent. I do not support the amendment.

Most dealers I know would prefer to only deal with the NICS. They have longer hours and are open more days of the week. If this bill is approved, we will have



two separate record and reporting requirements. The bill will increase our administrative costs and burdens.

This bill does not address how we deal with movie productions that require firearms. This is a very poor bill.

I do not want to be responsible for holding expensive, private-party firearms in my inventory. I do not want to have to buy a second, or third, safe to hold expensive collectible firearms. I do not want to be responsible for holding a \$20,000 firearm for an undetermined fee. This bill will make many customers resent their FFL dealer. This is bad policy. I do not support this bill.

In other states where similar legislation is being enacted, firearms companies are leaving. Having this bill under consideration in Nevada has cost the State the opportunity to attract several firearms companies. I would consider expanding my company in Nevada, but with this bill under consideration, I will not sign a lease for additional space, and I will not hire additional personnel. I would also consider leaving the State after being here for 23 years.

I have asked many Legislators to contact me to discuss this bill. No one has responded to my requests.

**Janine Hansen (President, Nevada Families for Freedom):**

We oppose the requirement for background checks for private-party transfers of firearms. The bill does not address what it will cost an individual to transfer a firearm. It will cost an FFL dealer and individuals time to comply with this bill and amendment. We concur with the other concerns raised about this bill. We do not support S.B. 221.

**Eric McGovern (Nevada Firearms Coalition):**

I am strongly opposed to this bill. This is another example of government complicating and greatly increasing expenses to citizens. This bill will not stop crime. This will cost government and the citizens more money.

**Senator Jones:**

The NICS check has been effective for 35 other states and would be an improvement for Nevada. Background checks, per the amendment, do not apply to all private transfers, only those specified in section 8 of the bill.

The financial burden for background checks will not be shifted to the FFL dealers by the amendment. The existing bill language also included a cost for the FFL dealer. The amendment will reduce the FFL dealer cost by \$25.

The FFL dealers should not leave the State. This bill will benefit them.

**Chair Smith:**

I will close the hearing on S.B. 221 and move to our Work Session and S.B. 362.

**SENATE BILL 362 (1st Reprint)**: Makes various changes concerning certain health care facilities that employ nurses. (BDR 40-710)

**Mr. Krmpotic:**

Senate Bill 362 was originally heard on April 24. The bill was referred to the Committee based on the submitted fiscal notes. Based on the submitted amendment, the director of the Department of Health and Human Services indicated that the fiscal note was removed that related to the Division of Health Care Financing and Policy and the Division of Child and Family Services. The fiscal note was pooled for the University Medical Center of Southern Nevada. Their fiscal note has been removed.

I have provided the Committee with an amendment entitled "Proposed Amendment 8691 to Senate Bill No. 362 (First Reprint)" ([Exhibit I](#)). This mock-up addresses the information provided by the hospital association and makes changes as proposed in [Exhibit I](#).

**Senator Pat Spearman (Senatorial District No. 1):**

I am pleased to report that the various stakeholders agree with the bill and amendment. The amendment provides the hospitals with a good management tool. The amendment improves patient care and does not jeopardize the license of the nursing staff or certified nursing assistants.

**Assemblyman James Oscarson (Assembly District No. 36):**

This is a good piece of legislation. All of the entities were involved and consulted. This bill provides a transparent process to ensure that the hospitals are fulfilling their requirements.

**Bill Welch (Nevada Hospital Association):**

We support the amended version of S.B. 362.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED S.B. 362 WITH AMENDMENT NO. 8691.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

**Mr. Krmpotic:**

The next bill for consideration by the Committee is S.B. 461. This bill was heard by the Committee on April 10. This appropriation is included in the Executive Budget. An appropriation of \$29,553 will provide computer hardware and software replacement funds to the Division of State Lands, State Department of Conservation and Natural Resources.

SENATE BILL 461: Makes an appropriation to the Division of State Lands of the State Department of Conservation and Natural Resources for the replacement of equipment beyond its normal scheduled replacement. (BDR S-1187)

The bill is a one-time appropriation and is effective upon approval. The appropriation would be funded from FY 2012-2013 surplus funds. The *Constitution of the State of Nevada* requires that funds be spent on education first. It would be appropriate for the Committee to approve a one-time appropriation, but the Nevada Assembly would need to hold the bill until after education bills are funded. Fiscal Staff recommends approval of this bill.

SENATOR PARKS MOVED TO DO PASS S.B. 461.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

**Mr. Krmpotic:**

Senate Bill 480 was heard by the Committee on April 10. The bill appropriates \$2,000,436 to the State Gaming Control Board (GCB) to change from a Common Business-Oriented Language (COBOL) based technology system to a modern technology system. It is well known that COBOL is an outdated language and is being phased-out. The one-time appropriation will fund consulting to assist the Board in converting its computing systems.

**SENATE BILL 480**: Makes an appropriation to the State Gaming Control Board to change from a COBOL-based technology system to a modern technology system. (BDR S-1183)

Fiscal Staff has reviewed the one-time appropriation request and found it does not include a technology investment provision. This is a formal request that should be prepared by agencies seeking significant technology investment funds.

During the budget closing for the GCB it was requested that the Board submit a technology investment request. The total cost of the project is about \$11 million and will last until calendar year 2019. Fiscal Staff anticipates future appropriation requests for this project. The appropriation will be effective upon approval and taken from FY 2012-2013 funds.

SENATOR KIECKHEFER MOVED TO DO PASS S.B. 480.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

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**Chair Smith:**

Seeing no further business before the Committee, we will adjourn at 10:59 a.m.

RESPECTFULLY SUBMITTED:

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RJ Keetch,  
Committee Secretary

APPROVED BY:

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Senator Debbie Smith, Chair

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

<b><u>EXHIBITS</u></b>				
<b>Bill</b>	<b>Exhibit</b>		<b>Witness / Agency</b>	<b>Description</b>
	A	2		Agenda
	B	10		Attendance Roster
S.B. 385	C	10	Michael Pagni	Proposed Amendment 8731
S.B. 385	D	8	Department of Taxation	Description of Fiscal Effect
S.B. 385	E	6	Richard C. Merritt	Economic Impact
S.B. 221	F	3	Senator Justin C. Jones	Proposed Amendment
S.B. 221	G	1	Juanita Clark	Testimony
S.B. 221	H	2	Daniel Reid	Testimony
S.B. 362	I	12	Legislative Counsel Bureau	Proposed Amendment 8691